

HOUSE BILL 798

K4, P4

8lr2583

By: **Delegate Niemann**

Introduced and read first time: February 6, 2008

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Personnel and Pensions – Contractual Employees – Health Benefits and**
3 **Purchase of Service Credit**

4 FOR the purpose of requiring the Secretary of Budget and Management to include
5 certain State contractual employees in the types or categories of State
6 employees who are eligible to participate in the State Employee and Retiree
7 Health and Welfare Benefits Program with State subsidies under certain
8 circumstances; allowing certain members of the Employees' Retirement System
9 or Employees' Pension System to purchase a certain service credit; requiring
10 certain members of the Employees' Retirement System or Employees' Pension
11 System who purchase certain service credit to file certain documents with the
12 Board of Trustees for the State Retirement and Pension System; providing the
13 rate at which certain service credit may be purchased; making a technical
14 change; and generally relating to health benefits and the purchase of service
15 credit in the Employees' Retirement System or Employees' Pension System for
16 contractual employees.

17 BY repealing and reenacting, without amendments,
18 Article – State Personnel and Pensions
19 Section 2–501 and 13–304(b)
20 Annotated Code of Maryland
21 (2004 Replacement Volume and 2007 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – State Personnel and Pensions
24 Section 2–503, 22–304, and 23–307
25 Annotated Code of Maryland
26 (2004 Replacement Volume and 2007 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
28 MARYLAND, That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (d) (1) The regulations adopted by the Secretary shall include provisions
2 for the enrollment and participation of employees of all:

3 (i) organizations and entities that were participating in the
4 Program as satellite organizations on January 1, 1993; and

5 (ii) employee organizations that qualify for payroll deductions
6 under the provisions of § 2-403 of this title.

7 (2) Employees of organizations and entities covered by this section
8 may participate:

9 (i) without State subsidies; and

10 (ii) with payment by the organization or entity of administrative
11 costs resulting from the participation of its employees in the Program.

12 (3) The regulations adopted by the Secretary under this subsection
13 shall provide that an employee organization specified in paragraph (1)(ii) of this
14 subsection:

15 (i) may not enroll or participate in the Program unless the
16 organization has notified the Secretary, in writing, on or before July 1, 1994 of the
17 organization's intent to enroll and participate in the Program during calendar year
18 1994; and

19 (ii) may not enroll or participate in the Program on or after
20 January 1, 1995 unless the organization has participated in the Program during
21 calendar year 1994.

22 13-304.

23 (b) A contractual employee who transfers to a budgeted position under this
24 subtitle or who is selected to fill a budgeted position shall become a member of the
25 Employees' Pension System of the State of Maryland.

26 22-304.

27 (a) A member may purchase service credit as provided in subsection (b) of
28 this section for periods of employment described in subsection (c) or (d) of this section
29 for which the member is not otherwise entitled to service credit.

30 (b) (1) A member who purchases service credit under this section shall:

31 (i) complete a claim for the service credit and file it with the
32 Board of Trustees on a form that the Board of Trustees provides; and

1 (ii) pay to the Board of Trustees in a single payment the
2 member contributions the member would have made for the period of employment for
3 which service credit is being purchased plus regular interest to the date of payment.

4 (2) A member may pay for service credit purchased under this section
5 at any time before retirement.

6 (c) (1) A member of the Employees' Retirement System may purchase
7 service credit for a period of employment:

8 (i) by the State or a participating governmental unit;

9 (ii) as a member of the State Police Retirement System for
10 which the member was not vested in that State system;

11 (iii) when the member was on an employer-approved leave of
12 absence not exceeding 2 years that has qualified for purchase under regulations
13 adopted by the Board of Trustees;

14 (iv) by the Department of Legislative Services, the Office of the
15 Attorney General, or as secretary to the Speaker of the House of Delegates or as
16 secretary to the President of the Senate during a session of the General Assembly;

17 (v) by a member of the Senate or House of Delegates or the
18 Office of the Secretary of the Senate or the Chief Clerk of the House of Delegates;

19 (vi) as a member of the Employees' Retirement System or the
20 Teachers' Retirement System for which the member had withdrawn the member's
21 accumulated contributions after a prior termination of membership; [or]

22 (vii) when membership was mandatory but for which member
23 contributions were not made; **OR**

24 **(VIII) WHEN THE MEMBER WAS A CONTRACTUAL FULL-TIME**
25 **EMPLOYEE OF THE STATE PRIOR TO JOINING THE EMPLOYEES' RETIREMENT**
26 **SYSTEM.**

27 (2) For service credit purchased under:

28 (i) paragraph (1)(iv) of this subsection, a year or part of a year
29 of employment equals 1 year of service credit; and

30 (ii) paragraph (1)(v) of this subsection, employment for at least
31 130 days per year as a legislative employee equals 1 year of service credit.

32 (d) A member of the Teachers' Retirement System may purchase service
33 credit for periods of employment:

- 1 (1) during which a member held an emergency teaching certificate;
- 2 (2) as a member of the State Police Retirement System for which the
3 member was not vested in that State system;
- 4 (3) when membership was mandatory but for which member
5 contributions were not made;
- 6 (4) when the member was on an employer–approved leave of absence
7 not exceeding 2 years that has qualified for purchase under regulations adopted by the
8 Board of Trustees;
- 9 (5) as a member of the Employees’ Retirement System or the Teachers’
10 Retirement System for which the member had withdrawn the member’s accumulated
11 contributions after a prior termination of membership; or
- 12 (6) by the State or a participating governmental unit on a permanent
13 basis.
- 14 23–307.

15 (a) (1) Except as provided in [subsection] **SUBSECTIONS (b) AND (F)** of
16 this section, in the year of retirement, a member of the Employees’ Pension System
17 may purchase credit for eligibility service of up to 10 years for periods of employment
18 described in paragraph [(4)] **(3)** of this subsection for which the member is not
19 otherwise entitled to service credit.

- 20 (2) To purchase service credit under this subsection, a member must:
- 21 (i) complete a claim for the service credit and file it with the
22 Board of Trustees on the form that the Board of Trustees provides; and
- 23 (ii) pay to the Board of Trustees an amount equal to the annuity
24 reserve and pension reserve required to fund the additional allowance.

- 25 (3) A member may only purchase service credit under this subsection
26 for employment with:
- 27 (i) the State;
- 28 (ii) a political subdivision in the State;
- 29 (iii) an out–of–state school as a teacher;
- 30 (iv) the federal government;

- 1 (v) an out-of-state political subdivision;
- 2 (vi) a public or nonpublic school as a teacher; or
- 3 (vii) a postsecondary school as a teacher.

4 (b) (1) This subsection does not apply to an employee of a participating
5 governmental unit or a former participating governmental unit that has withdrawn.

6 (2) In the year of retirement, a member of the Employees' Pension
7 System may purchase credit for eligibility service for periods of employment with the
8 State for which the member is not otherwise entitled to service credit in a State
9 system.

10 (3) Except as provided in paragraph (4) of this subsection, a member
11 who purchases service credit under this subsection, may not purchase:

12 (i) more than a total of 10 years of service credit in the
13 Employees' Pension System;

14 (ii) service credit for any period of employment during which the
15 member participated in the optional retirement program; or

16 (iii) more than a total of 5 years of service credit in the
17 Employees' Pension System for employment as a postsecondary school teacher.

18 (4) To purchase service credit under this subsection, a member must:

19 (i) complete a claim for the service credit and file it with the
20 Board of Trustees on the form that the Board of Trustees provides; and

21 (ii) pay to the Board of Trustees an amount equal to one-half of
22 the annuity reserve and one-half of the pension reserve required to fund the
23 additional allowance.

24 (c) (1) A member of the Employees' Pension System may purchase credit
25 for eligibility service for previous service in a position described in § 23-204(a) of this
26 title.

27 (2) To purchase the service credit, the member must pay in a single
28 payment, the contributions, with interest, that the Board of Trustees considers
29 appropriate.

30 (d) (1) A member of the Employees' Pension System who is employed by a
31 member of the State Senate or House of Delegates for at least 130 days per year as a
32 legislative employee before becoming a member is considered to have been a
33 permanent part-time legislative employee.

1 (2) A member described in paragraph (1) of this subsection may
2 purchase credit for eligibility service for that period of legislative employment by
3 paying to the Board of Trustees:

4 (i) for a period of employment on or before December 31, 1979,
5 the sum of:

6 1. the amount that the member would have been
7 required to contribute for that period of employment; and

8 2. interest on the member's contributions, compounded
9 annually; and

10 (ii) for a period of employment on or after January 1, 1980, the
11 sum of:

12 1. the amount that the member would have been
13 required to contribute for that period of employment;

14 2. the amount that the State would have been required
15 to contribute for the member for that period of employment; and

16 3. interest on the member's and State's contributions,
17 compounded annually.

18 (3) The rate of interest to be paid under this subsection is the average
19 for the 5 years preceding the year of payment of the yearly rate of interest computed
20 as the sum of the investment income and the realized gains and losses divided by the
21 book value of the total investments.

22 **(F) (1) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM MAY**
23 **PURCHASE CREDIT FOR ELIGIBILITY SERVICE FOR PERIODS OF CONTRACTUAL**
24 **FULL-TIME EMPLOYMENT WITH THE STATE.**

25 **(2) TO PURCHASE SERVICE CREDIT UNDER THIS SUBSECTION, A**
26 **MEMBER MUST:**

27 **(I) COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE**
28 **IT WITH THE BOARD OF TRUSTEES ON THE FORM THAT THE BOARD OF**
29 **TRUSTEES PROVIDES; AND**

30 **(II) PAY TO THE BOARD OF TRUSTEES THE AMOUNT THAT**
31 **THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD**
32 **OF EMPLOYMENT FOR WHICH SERVICE CREDIT IS BEING PURCHASED PLUS**
33 **INTEREST ON THE MEMBER'S CONTRIBUTIONS, COMPOUNDED ANNUALLY.**

1 **(3) A MEMBER MAY PAY FOR SERVICE CREDIT PURCHASED**
2 **UNDER THIS SUBSECTION AT ANY TIME BEFORE RETIREMENT.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2008.