

# SENATE BILL 489

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By: **Senator Peters**

Introduced and read first time: January 29, 2020

Assigned to: Budget and Taxation

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 25, 2020

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Teachers' Retirement and Pension Systems – Reemployment – Clarification**

3 FOR the purpose of clarifying that a reemployed retiree of the Teachers' Retirement System  
4 or Teachers' Pension System is subject to a certain reduction in their retirement  
5 allowance if the retiree's compensation is derived from certain State funds; requiring  
6 the funding for a reemployed retiree's position to be funded in a certain manner to  
7 qualify for a certain exemption from a reduction in a retirement allowance; specifying  
8 the manner in which an employer shall establish that a reemployed retiree's  
9 compensation does not include any State funds; and generally relating to the  
10 reemployment of retirees of the Teachers' Retirement and Pension Systems.

11 BY repealing and reenacting, with amendments,  
12 Article – State Personnel and Pensions  
13 Section 22–406(c)(1), (4)(xii), and (11) and 23–407(c)(1), (4)(x), and (11)  
14 Annotated Code of Maryland  
15 (2015 Replacement Volume and 2019 Supplement)

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

18 **Article – State Personnel and Pensions**

19 22–406.

20 (c) (1) Except as provided in § 22–407 of this subtitle, the Board of Trustees

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 shall reduce the allowance of an individual who accepts employment as provided under  
2 subsection (b) of this section if:

3 (i) the individual's current employer is a participating employer  
4 other than the State and is the same participating employer that employed the individual  
5 at the time of the individual's last separation from employment with a participating  
6 employer before the individual commenced receiving a service retirement allowance or  
7 vested allowance;

8 (ii) 1. the individual's current employer is any unit of State  
9 government;

10 2. the individual's employer at the time of the individual's  
11 last separation from employment with the State before the individual commenced receiving  
12 a service retirement allowance or vested allowance was also a unit of State government;  
13 and

14 3. any portion of the individual's compensation for the  
15 individual's current employment [comes] **IS DERIVED** from State funds, **INCLUDING ANY**  
16 **FEES OR PENALTIES COLLECTED OR RECEIVED BY A UNIT OF STATE GOVERNMENT;**  
17 or

18 (iii) the individual becomes reemployed within 12 months of  
19 receiving an early service retirement allowance under § 22-402 of this subtitle.

20 (4) Except for an individual whose allowance is subject to a reduction as  
21 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance  
22 under this subsection does not apply to:

23 (xii) a retiree whose:

24 1. current employer is any unit of State government; [and]

25 2. compensation from the retiree's current employer does not  
26 include any State funds; **AND**

27 **3. POSITION IS FULLY FUNDED BY A GRANT FROM A**  
28 **NON-STATE SOURCE THAT SPECIFICALLY REQUIRES THE USE OF THE GRANT FUNDS**  
29 **TO PAY THE FULL AMOUNT OF THE COMPENSATION FOR THE POSITION.**

30 (11) (i) Within 30 days after rehiring an individual under paragraph  
31 (4)(xii) of this subsection, and on or before January 31 each year for the 5 calendar years  
32 immediately following the individual's date of retirement, the appointing authority of the  
33 unit of State government employing the individual shall complete and file with the Board  
34 of Trustees a form provided by the Board of Trustees that certifies that the individual  
35 rehired by the individual's current employer under paragraph (4)(xii) of this subsection

1 satisfied the criteria provided in paragraph (4)(xii) of this subsection.

2                   **(II) TO ESTABLISH THAT AN INDIVIDUAL'S COMPENSATION**  
3 **FROM THE CURRENT EMPLOYER DOES NOT INCLUDE ANY STATE FUNDS, THE**  
4 **CURRENT EMPLOYER SHALL PROVIDE THE STATE RETIREMENT AGENCY WITH THE**  
5 **FOLLOWING:**

6                   1.       **EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF**  
7 **THIS PARAGRAPH, A COPY OF THE GRANT AGREEMENT THAT PROVIDES FULL**  
8 **FUNDING FOR THE INDIVIDUAL'S POSITION, AND SPECIFIES THAT THE GRANT FUNDS**  
9 **MUST BE USED TO PAY THE FULL COST OF THE POSITION'S COMPENSATION;**

10                   2.       **PAYROLL RECORDS OF THE CURRENT EMPLOYER**  
11 **THAT DEMONSTRATE THAT THE GRANT FUNDS WERE USED TO PAY THE**  
12 **INDIVIDUAL'S COMPENSATION; AND**

13                   3.       **ANY ADDITIONAL INFORMATION REQUIRED BY THE**  
14 **STATE RETIREMENT AGENCY.**

15                   **(III) A BLOCK GRANT OR MATCHING GRANT MAY NOT BE USED TO**  
16 **SATISFY THE REQUIREMENT UNDER SUBPARAGRAPH (II)1 OF THIS PARAGRAPH.**

17                   **[(ii)] (IV)**     If the Board of Trustees finds that an appointing authority  
18 has rehired an individual that does not satisfy the criteria provided in paragraph (4)(xii) of  
19 this subsection:

20                   1.       on or before July 1 of the year of the finding, the Board of  
21 Trustees shall notify the appointing authority for the unit of State government employing  
22 this individual; and

23                   2.       the unit of State government employing the individual  
24 under paragraph (4)(xii) of this subsection shall reimburse the Board of Trustees the  
25 amount equal to the reduction to the individual's retirement allowance that would have  
26 been made in paragraph (2) of this subsection.

27 23-407.

28                   (c)     (1)     Except as provided in § 23-408 of this subtitle, the Board of Trustees  
29 shall reduce the allowance of an individual who accepts employment as provided under  
30 subsection (b) of this section if:

31                   (i)     the individual's current employer is a participating employer  
32 other than the State and is the same participating employer that employed the individual  
33 at the time of the individual's last separation from employment with a participating  
34 employer before the individual commenced receiving a service retirement allowance or

1 vested allowance;

2 (ii) 1. the individual's current employer is any unit of State  
3 government;

4 2. the individual's employer at the time of the individual's  
5 last separation from employment with the State before the individual commenced receiving  
6 a service retirement allowance or vested allowance was also a unit of State government;  
7 and

8 3. any portion of the individual's compensation for the  
9 individual's current employment [comes] **IS DERIVED FROM STATE FUNDS, INCLUDING ANY**  
10 **FEES OR PENALTIES COLLECTED OR RECEIVED BY A UNIT OF STATE GOVERNMENT;**  
11 or

12 (iii) the individual becomes reemployed within 12 months of  
13 receiving an early service retirement allowance or an early vested allowance computed  
14 under § 23-402 of this subtitle.

15 (4) Except for an individual whose allowance is subject to a reduction as  
16 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance  
17 under this subsection does not apply to:

18 (x) a retiree whose:

19 1. current employer is any unit of State government; [and]

20 2. compensation from the retiree's current employer does not  
21 include any State funds; **AND**

22 **3. POSITION IS FULLY FUNDED BY A GRANT FROM A**  
23 **NON-STATE SOURCE THAT SPECIFICALLY REQUIRES THE USE OF THE GRANT FUNDS**  
24 **TO PAY THE FULL AMOUNT OF THE COMPENSATION FOR THE POSITION.**

25 (11) (i) Within 30 days after rehiring an individual under paragraph  
26 (4)(x) of this subsection, and on or before January 31 each year for the 5 calendar years  
27 immediately following the individual's date of retirement, the appointing authority of the  
28 unit of State government employing the individual shall complete and file with the Board  
29 of Trustees a form provided by the Board of Trustees that certifies that the individual  
30 rehired by the individual's current employer under paragraph (4)(x) of this subsection  
31 satisfied the criteria provided in paragraph (4)(x) of this subsection.

32 **(II) TO ESTABLISH THAT AN INDIVIDUAL'S COMPENSATION**  
33 **FROM THE CURRENT EMPLOYER DOES NOT INCLUDE ANY STATE FUNDS, THE**  
34 **CURRENT EMPLOYER SHALL PROVIDE THE STATE RETIREMENT AGENCY WITH THE**  
35 **FOLLOWING:**

1                   **1. EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF**  
2 **THIS PARAGRAPH, A COPY OF THE GRANT AGREEMENT THAT PROVIDES FULL**  
3 **FUNDING FOR THE INDIVIDUAL’S POSITION, AND SPECIFIES THAT THE GRANT FUNDS**  
4 **MUST BE USED TO PAY THE FULL COST OF THE POSITION’S COMPENSATION;**

5                   **2. PAYROLL RECORDS OF THE CURRENT EMPLOYER**  
6 **THAT DEMONSTRATE THAT THE GRANT FUNDS WERE USED TO PAY THE**  
7 **INDIVIDUAL’S COMPENSATION; AND**

8                   **3. ANY ADDITIONAL INFORMATION REQUIRED BY THE**  
9 **STATE RETIREMENT AGENCY.**

10                   **(III) A BLOCK GRANT OR MATCHING GRANT MAY NOT BE USED TO**  
11 **SATISFY THE REQUIREMENT UNDER SUBPARAGRAPH (II)1 OF THIS PARAGRAPH.**

12                   **[(ii)] (IV) If the Board of Trustees finds that an appointing authority has**  
13 **rehired an individual that does not satisfy the criteria provided in paragraph (4)(x) of this**  
14 **subsection:**

15                   1. on or before July 1 of the year of the finding, the Board of  
16 Trustees shall notify the appointing authority for the unit of State government employing  
17 this individual; and

18                   2. the unit of State government employing the individual  
19 under paragraph (4)(x) of this subsection shall reimburse the Board of Trustees the amount  
20 equal to the reduction to the individual’s retirement allowance that would have been made  
21 in paragraph (2) of this subsection.

22                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
23 1, 2020.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.