

# SENATE BILL 829

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SB 443/09 – B&T

0lr2539

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By: **Senator Madaleno**

Introduced and read first time: February 10, 2010

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 23, 2010

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

1 AN ACT concerning

2 **Teachers' Retirement and Pension Systems – Reemployment of Retirees –**  
3 **Retired Higher Education Faculty**

4 FOR the purpose of requiring that certain retirees of the Teachers' Retirement System  
5 or Teachers' Pension System ~~who, prior to retirement received their salary in a~~  
6 ~~certain manner~~, are subject to a certain earnings limitation calculated in a  
7 certain manner if they are reemployed by a certain employer; and generally  
8 relating to the reemployment of retired higher education faculty.

9 BY repealing and reenacting, without amendments,  
10 Article – State Personnel and Pensions  
11 Section 22–406(c)(1) and 23–407(c)(1)  
12 Annotated Code of Maryland  
13 (2009 Replacement Volume and 2009 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – State Personnel and Pensions  
16 Section 22–406(c)(2) and 23–407(c)(2)  
17 Annotated Code of Maryland  
18 (2009 Replacement Volume and 2009 Supplement)

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

21 **Article – State Personnel and Pensions**

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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 22-406.

2 (c) (1) Except as provided in § 22-407 of this subtitle, the Board of  
3 Trustees shall reduce the allowance of an individual who accepts employment as  
4 provided under subsection (b) of this section if:

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

10 (ii) the individual's current employer is any unit of State  
11 government and the individual's employer at the time of the individual's last  
12 separation from employment with the State before the individual commenced  
13 receiving a service retirement allowance or vested allowance was also a unit of State  
14 government; or

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

17 (2) (I) **[The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**  
18 **THIS PARAGRAPH, THE** reduction required under paragraph (1) of this subsection  
19 shall equal:

20 [(i)] 1. the amount by which the sum of the individual's  
21 initial annual basic allowance and the individual's annual compensation exceeds the  
22 average final compensation used to compute the basic allowance; or

23 [(ii)] 2. for a retiree who retired under the Workforce  
24 Reduction Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the  
25 retiree's annual compensation and the retiree's annual basic allowance at the time of  
26 retirement, including the incentive provided by the Workforce Reduction Act, exceeds  
27 the average final compensation used to compute the basic allowance.

28 (II) 1. **THIS SUBPARAGRAPH APPLIES TO A RETIREE OF**  
29 **THE TEACHERS' RETIREMENT SYSTEM WHO AS FACULTY RECEIVED A**  
30 **10-MONTH SALARY AND RETIRED DIRECTLY FROM:**

31 **A. THE UNIVERSITY SYSTEM OF MARYLAND;**

32 **B. MORGAN STATE UNIVERSITY;**

33 **C. ST. MARY'S COLLEGE; OR**

1                   D. A COMMUNITY COLLEGE ESTABLISHED OR  
2 OPERATING UNDER TITLE 16 OF THE EDUCATION ARTICLE.

3                   2. THE REDUCTION REQUIRED UNDER PARAGRAPH  
4 (1) OF THIS SUBSECTION SHALL EQUAL THE AMOUNT BY WHICH THE SUM OF  
5 THE RETIREE'S INITIAL ANNUAL BASIC ALLOWANCE AND THE RETIREE'S  
6 ANNUAL COMPENSATION, AS CALCULATED IN SUBSUBPARAGRAPH 3 OF THIS  
7 SUBPARAGRAPH, EXCEEDS THE AVERAGE ANNUAL ~~EARNABLE~~ FINAL  
8 COMPENSATION OF THE RETIREE ~~DURING THE 3 CONSECUTIVE YEARS THAT~~  
9 ~~PROVIDES THE HIGHEST AVERAGE EARNABLE COMPENSATION~~ USED TO  
10 COMPUTE THE BASIC ALLOWANCE.

11                   3. THE CALCULATION OF THE RETIREE'S ANNUAL  
12 ~~EARNABLE COMPENSATION FOR EACH OF THE 3 CONSECUTIVE YEARS IN~~  
13 ~~SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, SHALL BE BASED ON ANY~~  
14 ~~EARNINGS THE RETIREE RECEIVED DURING THE ENTIRE CALENDAR YEAR FROM~~  
15 ~~THE EMPLOYER FROM WHICH THE RETIREE RETIRED~~ COMPENSATION IN  
16 SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH DOES NOT INCLUDE ANY OF THE  
17 FOLLOWING EARNINGS THE RETIREE RECEIVED DURING THE PREVIOUS  
18 CALENDAR YEAR FROM THE EMPLOYER WITH WHOM THE RETIREE IS  
19 REEMPLOYED:

20                   A. BONUSES;

21                   B. OVERTIME;

22                   C. SUMMER SCHOOL SALARIES;

23                   D. ADULT EDUCATION SALARY;

24                   E. ADDITIONAL TEMPORARY PAYMENTS FROM  
25 SPECIAL RESEARCH PROJECTS;

26                   F. HONORARIUMS; AND

27                   G. VEHICLE STIPENDS.

28 23-407.

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

32                   (i) the individual's current employer is a participating employer  
33 other than the State and is the same participating employer that employed the

1 individual at the time of the individual's last separation from employment with a  
 2 participating employer before the individual commenced receiving a service retirement  
 3 allowance or vested allowance;

4 (ii) the individual's current employer is any unit of State  
 5 government and the individual's employer at the time of the individual's last  
 6 separation from employment with the State before the individual commenced  
 7 receiving a service retirement allowance or vested allowance was also a unit of State  
 8 government; or

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

12 (2) (I) **[The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**  
 13 **THIS PARAGRAPH, THE** reduction required under paragraph (1) of this subsection  
 14 shall equal:

15 [(i)] 1. the amount by which the sum of the individual's  
 16 initial annual basic allowance and the individual's annual compensation exceeds the  
 17 average final compensation used to compute the basic allowance; or

18 [(ii)] 2. for a retiree who retired under the Workforce  
 19 Reduction Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the  
 20 retiree's annual compensation and the retiree's annual basic allowance at the time of  
 21 retirement, including the incentive provided by the Workforce Reduction Act, exceeds  
 22 the average final compensation used to compute the basic allowance.

23 (II) 1. **THIS SUBPARAGRAPH APPLIES TO A RETIREE OF**  
 24 **THE TEACHERS' PENSION SYSTEM WHO AS FACULTY RECEIVING A 10-MONTH**  
 25 **SALARY, RETIRED DIRECTLY FROM:**

26 A. **THE UNIVERSITY SYSTEM OF MARYLAND;**

27 B. **MORGAN STATE UNIVERSITY;**

28 C. **ST. MARY'S COLLEGE; OR**

29 D. **A COMMUNITY COLLEGE ESTABLISHED OR**  
 30 **OPERATING UNDER TITLE 16 OF THE EDUCATION ARTICLE.**

31 2. **THE REDUCTION REQUIRED UNDER PARAGRAPH**  
 32 **(1) OF THIS SUBSECTION SHALL EQUAL THE AMOUNT BY WHICH THE SUM OF**  
 33 **THE RETIREE'S INITIAL ANNUAL BASIC ALLOWANCE AND THE RETIREE'S**  
 34 **ANNUAL COMPENSATION, AS CALCULATED IN SUBSUBPARAGRAPH 3 OF THIS**  
 35 **SUBPARAGRAPH, EXCEEDS THE AVERAGE ~~ANNUAL EARNABLE~~ FINAL**

1 ~~COMPENSATION OF THE RETIREE DURING THE 3 CONSECUTIVE YEARS THAT~~  
2 ~~PROVIDES THE HIGHEST AVERAGE EARNABLE COMPENSATION~~ USED TO  
3 COMPUTE THE BASIC ALLOWANCE.

4                   3. THE CALCULATION OF THE RETIREE'S ANNUAL  
5 ~~EARNABLE COMPENSATION FOR EACH OF THE 3 CONSECUTIVE YEARS IN~~  
6 ~~SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, SHALL BE BASED ON ANY~~  
7 ~~EARNINGS THE RETIREE RECEIVED DURING THE ENTIRE CALENDAR YEAR FROM~~  
8 ~~THE EMPLOYER FROM WHICH THE RETIREE RETIRED~~ COMPENSATION IN  
9 SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH DOES NOT INCLUDE ANY OF THE  
10 FOLLOWING EARNINGS THE RETIREE RECEIVED DURING THE PREVIOUS  
11 CALENDAR YEAR FROM THE EMPLOYER WITH WHOM THE RETIREE IS  
12 REEMPLOYED:

13                   A. BONUSES;

14                   B. OVERTIME;

15                   C. SUMMER SCHOOL SALARIES;

16                   D. ADULT EDUCATION SALARY;

17                   E. ADDITIONAL TEMPORARY PAYMENTS FROM  
18 SPECIAL RESEARCH PROJECTS;

19                   F. HONORARIUMS; AND

20                   G. VEHICLE STIPENDS.

21                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 2010.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.