

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** March 14, 2006  
**TO:** **Board of Education**  
**FROM:** Dr. Joe A. Hairston, Superintendent  
**SUBJECT:** **LEGISLATION UPDATE**  
**ORIGINATOR:** Dr. Donald A. Peccia, Assistant Superintendent of Human Resources and Governmental Relations

**RECOMMENDATION**

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That the Board of Education consider taking positions on Key School Legislation.

Attachment I – Key School Legislation Summary  
Attachment II – Senate and House Bills

**BALTIMORE COUNTY PUBLIC SCHOOLS  
KEY SCHOOL LEGISLATION  
March 14, 2006**

**UPDATES ON LEGISLATION PREVIOUSLY CONSIDERED**

(\*Status is as of 2/15/2006)

**Full Funding of Bridge to Excellence (Thornton)**

State aid to Baltimore County is estimated at \$435.8 million (Includes student transportation and other state aid program not linked to adequacy)

Board of Education position: Support

\*Status: No change

**Capital Budget**

To date a total of \$18.058 million state funds for construction has been allotted to BCPS.

A total of \$210 million of the \$280 million in available State funds have been allocated. An additional \$70 million in available funds have not yet been allocated

Board of Education position: Support

**IAC Reports**

The Superintendent has appealed to the Board of Public Works for additional funds. There have been two bills filed requiring the Governor to include up to \$400 million for funding public school construction but have tied it to video lottery terminals.

BCPS needs to continue to stress to legislators the need to fund the full \$400 million needed for public school construction

Board of Education position: Support

\*Status: No change

**Pension Reform**

To date there has been much discussion on reforming the pension system for teachers and state employees. The cost of full retroactivity, increasing the multiplier from 1.4% to 2% and phasing out the current methodology of funding the retirement system (corridor

funding) for teachers is \$314.5 million per year. Other state employees would add an additional \$166.2 million to the cost. Some issues that need to be address are as follows:

1. Legislators intend to improve both teacher and state employee systems equally
2. State employees want no more than 4% employee contribution, up from 2%. Teachers are willing to pay more.
3. As per federal ruling, state must record cost of retiree health care for state employees as a liability (Estimated cost at \$20 billion).
4. Concerns over Triple A bond rating.

**Notes:**

1. Pension is a retention issue. We need to not only recruit, but retain our experienced teachers.
2. Teachers are willing to increase their contribution to get the improvements.
3. Maryland is the third wealthiest state in the nation, but the retirement benefits are the lowest in the country.

Board of Education position: Support

\*Status: Pension Bills have been introduced (HB1430 and SB1019)

**HB133 - Education - Maryland Infants and Toddlers Program - Grants – Funding (Cross Filed with SB367)**

Repealing a limitation that grants provided under the Maryland Infants and Toddlers Program are subject to the availability of funds in the State budget; etc

Board of Education position: Support

\*Status: HB – Hearing on February 9, 2006  
SB – Hearing on February 22, 2006

**HB178 - Income Tax - State and County Income Tax Credit for New Teachers (Cross Filed with SB133)**

Allowing specified classroom teachers to claim an income tax credit in the amount of \$1,200 if the individual meets specified requirements; providing that the tax credit may not be claimed unless the governing body of the county where the individual is employed as a classroom teacher has authorized the tax credit by law; providing for the crediting of the tax credit between the State income tax and county income tax; applying the Act to tax years after 2006; etc.

Board of Education position: Support

\*Status: HB – Hearing on February 23, 2006  
SB – First Reading on January 18, 2006

**NEW - HB1430 - State Retirement and Pension System - Administration – Simplification**

Requiring the Board of Trustees of the State Retirement and Pension System to reduce the retirement allowance of a member of the State Retirement and Pension System if the member does not make member contributions by a specified amount, including regular interest at the rate of 5%, compounded annually; authorizing members of the Employees' Retirement System, the Teachers' Retirement System, or the State Police Retirement System to purchase specified service credit; etc.

Recommended Board of Education Position:            Informational Only

\*Status:        Hearing on March 2, 2006

**SB1 - Registered Sexual Offenders - Supervision, Notification, and Penalties (Cross Filed with HB4)**

Authorizing the Maryland Parole Commission to administer extended sexual offender parole supervision; requiring a local law enforcement unit to provide a notice to a county superintendent of a change of address of a sexual offender within a specified time period; requiring a local law enforcement unit to provide a notice to a specified police department of a change of address of a sexual offender within a specified time period; etc.

Board of Education position:            Support

\*Status:        SB – Hearing on January 19, 2006  
                  HB – Hearing on February 7, 2006

**SB4 - Education - Geographic Cost of Education Index – Funding (Cross Filed with HB242)**

Requiring the State to provide certain grants to certain county boards of education to reflect regional differences in the cost of education that are due to factors outside the control of local jurisdictions

Board of Education position:            Support

\*Status:        SB – Hearing on February 1, 2006  
                  HB – Hearing on March 2, 2006

**SB432 - Primary and Secondary Education - School Facilities - Aging Schools Program - Grant Calculation (Cross Filed with HB705)**

Altering a requirement that the State distribute grants to county boards of education under the Aging Schools Program; providing for the calculation of the amount of grants to be distributed to county boards under the Program in specified fiscal years; etc.

Board of Education position: Support

\*Status: SB – Hearing on February 15, 2006  
HB – Hearing on February 21, 2006

**NEW – SB1019 - Employees' and Teachers' Pension Systems - Pension Benefit Enhancement**

Altering the formula used to calculate the normal service retirement allowances for individuals who are members of the Employees' Pension System or the Teachers' Pension System on or after July 1, 2006; providing for an alternate contributory pension selection for individuals who are members of the Employees' Pension System or the Teachers' Pension System on or after July 1, 2006; etc.

Recommended Board of Education Position: Informational Only

\*Status: First Reading on March 2, 2006

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By: **Delegate James (Chairman, Joint Committee on Pensions)**

Introduced and read first time: February 10, 2006

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System - Administration - Simplification**

3 FOR the purpose of requiring the Board of Trustees of the State Retirement and  
 4 Pension System to reduce the retirement allowance of certain members of the  
 5 State Retirement and Pension System under certain circumstances by a certain  
 6 amount, including a certain rate of interest; authorizing certain members of the  
 7 Employees' Retirement System, the Teachers' Retirement System, or the State  
 8 Police Retirement System to purchase certain service credit; clarifying certain  
 9 types, and the amount of, service credit that certain members of certain systems  
 10 in the State Retirement and Pension System may purchase under certain  
 11 circumstances; repealing a certain provision to allow certain members of the  
 12 Employees' Retirement System to purchase certain service credit on an  
 13 installment basis; altering the period of time when a certain offset to a  
 14 retirement allowance is applied for certain members of certain systems in the  
 15 State Retirement and Pension System; prohibiting certain retirees of the State  
 16 Police Retirement System from being rehired within a certain period of time  
 17 under certain circumstances; repealing the requirement that certain disability  
 18 retirees provide the Board of Trustees of the State Retirement and Pension  
 19 System with certain information; providing for the application of certain  
 20 provisions of this Act; and generally relating to simplifying the administration of  
 21 the State Retirement and Pension System.

22 BY repealing and reenacting, with amendments,  
 23 Article - State Personnel and Pensions  
 24 Section 21-312, 22-304(c) and (d), 22-305(c) and (d), 23-307(a) and (b),  
 25 23-308(g), 24-305(a), 24-405, 25-305, 25-306(c), 25-403(b), 28-402(b),  
 26 and 29-115  
 27 Annotated Code of Maryland  
 28 (2004 Replacement Volume and 2005 Supplement)

29 BY adding to  
 30 Article - State Personnel and Pensions  
 31 Section 24-405.1  
 32 Annotated Code of Maryland

1 (2004 Replacement Volume and 2005 Supplement)

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

4 **Article - State Personnel and Pensions**

5 21-312.

6 (a) To determine the earnable compensation of a member in a payroll period,  
7 the Board of Trustees may deem that the rate of annual compensation payable to the  
8 member on the first day of the payroll period continues throughout the payroll period.

9 (b) The Board of Trustees may omit member contributions for a period less  
10 than a full payroll period for an individual who was not a member on the first day of  
11 the payroll period.

12 (c) To facilitate the making of member contributions, the Board of Trustees  
13 may modify the member contribution required of any member by an amount not  
14 exceeding 0.1% of the annual earnable compensation on the basis of which the  
15 member contribution is to be made.

16 (d) (1) The member contributions provided for under this Division II shall be  
17 made notwithstanding any resulting reduction in the actual compensation received  
18 below the minimum compensation provided for by law for a member.

19 (2) Each member is deemed to agree to make the member contributions  
20 required by this Division II and to have received full compensation.

21 (3) Except for the benefits provided under this Division II, payment of  
22 compensation less any member contribution is a complete discharge of all claims for  
23 services rendered by an employee during the time covered by the payment.

24 (E) IF A MEMBER DOES NOT MAKE THE MEMBER CONTRIBUTIONS REQUIRED  
25 BY THIS DIVISION II, ON RETIREMENT, THE MEMBER'S RETIREMENT ALLOWANCE  
26 SHALL BE REDUCED BY THE ACTUARIAL EQUIVALENT OF THE MISSED  
27 ACCUMULATED CONTRIBUTIONS, INCLUDING REGULAR INTEREST ON THOSE  
28 CONTRIBUTIONS AT THE RATE OF 5% PER YEAR COMPOUNDED ANNUALLY.

29 22-304.

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

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

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

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

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

7 (v) by a member of the Senate or House of Delegates or the office of  
8 the Secretary of the Senate or the Chief Clerk of the House of Delegates; [or]

9 (vi) as a member of the Employees' Retirement System or the  
10 Teachers' Retirement System for which the member had withdrawn the member's  
11 accumulated contributions after a prior termination of membership; OR

12 (VII) WHEN MEMBERSHIP WAS MANDATORY BUT FOR WHICH  
13 MEMBER CONTRIBUTIONS WERE NOT MADE.

14 (2) For service credit purchased under:

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

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

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

21 (1) during which a member held an emergency teaching certificate;

22 (2) as a member of the State Police Retirement System for which the  
23 member was not vested in that State system;

24 (3) when membership was mandatory but for which member  
25 contributions were not made;

26 (4) when the member was on an employer-approved leave of absence not  
27 exceeding 2 years that has qualified for purchase under regulations adopted by the  
28 Board of Trustees; [or]

29 (5) as a member of the Employees' Retirement System or the Teachers'  
30 Retirement System for which the member had withdrawn the member's accumulated  
31 contributions after a prior termination of membership; OR

32 (6) BY THE STATE OR A PARTICIPATING GOVERNMENTAL UNIT ON A  
33 PERMANENT BASIS.

1 22-305.

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

4 (1) not exceeding 10 years of out-of-state public school teaching service  
5 [or nonpublic school teaching service];

6 (2) NOT EXCEEDING 10 YEARS FOR PUBLIC OR NONPUBLIC SCHOOL  
7 TEACHING SERVICE;

8 (3) NOT EXCEEDING 5 YEARS FOR POSTSECONDARY SCHOOL TEACHING  
9 SERVICE;

10 [(2)] (4) not exceeding 10 years of federal service or out-of-state service  
11 with a political subdivision; or

12 [(3)] (5) as an employee of a political subdivision of the State if:

13 (i) the member is not otherwise entitled to receive service credit for  
14 the same period under this Division II;

15 (ii) the member is not receiving retirement benefits from a political  
16 subdivision of the State for the same period; and

17 (iii) the member, the political subdivision, or both, pay the amount  
18 required under subsection (b)(1) of this section.

19 (d) A member of the Teachers' Retirement System may purchase service credit  
20 for a period of employment:

21 (1) not exceeding 10 years of out-of-state public school teaching  
22 service[, nonpublic school teaching service, or postsecondary teaching service];

23 (2) NOT EXCEEDING 10 YEARS OF PUBLIC OR NONPUBLIC SCHOOL  
24 TEACHING SERVICE;

25 (3) NOT EXCEEDING 5 YEARS OF POSTSECONDARY SCHOOL TEACHING  
26 SERVICE;

27 [(2)] (4) on or before December 31, 1970, with Baltimore City as a  
28 teacher on a verified leave of absence not exceeding 2 years that is similar in all  
29 respects to leaves of absence approved by the Board of Trustees;

30 [(3)] (5) not exceeding 10 years of federal or out-of-state municipal  
31 service; or

32 [(4)] (6) employment as an employee of a municipal corporation of the  
33 State if the member is not otherwise entitled to receive service credit under this  
34 Division II.

1 23-307.

2 (a) (1) Except as provided in subsection (b) of this section, in the year of  
3 retirement, a member of the Employees' Pension System may purchase credit for  
4 eligibility service of up to 10 years for periods of employment described in paragraph  
5 (4) of this subsection for which the member is not otherwise entitled to service credit.

6 (2) To purchase service credit under this subsection, a member must:

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

9 (ii) pay to the Board of Trustees an amount equal to the annuity  
10 reserve and pension reserve required to fund the additional allowance.

11 (3) A member may only purchase service credit under this subsection for  
12 employment with:

13 (i) the State;

14 (ii) a political subdivision in the State;

15 (iii) an out-of-state school as a teacher;

16 (iv) the federal government;

17 (v) an out-of-state political subdivision; [or]

18 (vi) a public OR NONPUBLIC school as a teacher; OR

19 (VII) A POSTSECONDARY SCHOOL AS A TEACHER.

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

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

26 (3) [A] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION,  
27 A member who purchases service credit under this subsection, may not purchase:

28 (i) more than a total of 10 years of service credit in the Employees'  
29 Pension System; or

30 (ii) service credit for any period of employment during which the  
31 member participated in the optional retirement program.

32 (4) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS  
33 SUBSECTION FOR EMPLOYMENT AS A POST SECONDARY SCHOOL TEACHER MAY NOT

1 PURCHASE MORE THAN A TOTAL OF 5 YEARS OF SERVICE CREDIT IN THE  
2 EMPLOYEES' PENSION SYSTEM.

3 (5) To purchase service credit under this subsection, a member must:

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

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

9 [(5) A member may pay the amount required by paragraph (4) of this  
10 subsection on an installment basis by contributing at least 2% of earnable  
11 compensation per year with the appropriate final adjustments being made in the year  
12 the member retires.]

13 23-308.

14 (g) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
15 SUBSECTION, THE total amount of service credit in the Teachers' Retirement System  
16 or Teachers' Pension System that a member may purchase under this section and §  
17 23-308.2 of this subtitle may not exceed 10 years.

18 (2) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS  
19 SUBSECTION FOR EMPLOYMENT AS A POSTSECONDARY SCHOOL TEACHER MAY NOT  
20 PURCHASE MORE THAN A TOTAL OF 5 YEARS OF SERVICE CREDIT IN THE TEACHERS'  
21 PENSION SYSTEM.

22 24-305.

23 (a) A member may purchase service credit as provided in subsection (b) of this  
24 section:

25 (1) for a period of employment when the member was on an  
26 employer-approved leave of absence not exceeding 2 years that has qualified for  
27 purchase under regulations adopted by the Board of Trustees; OR

28 (2) WHEN MEMBERSHIP WAS MANDATORY BUT FOR WHICH MEMBER  
29 CONTRIBUTIONS WERE NOT MADE.

30 24-405.

31 (a) Except as provided in [subsection (d) of this section] § 24-405.1 OF THIS  
32 SUBTITLE and subject to subsections (b) and (c) of this section, an individual who is  
33 receiving a service retirement allowance or vested allowance may accept employment  
34 with a participating employer on a temporary basis, if:

35 (1) the employment is not in a regularly allocated position; and

36 (2) the individual immediately notifies the Board of Trustees:

1 (i) of the individual's intention to accept the employment; and

2 (ii) of the compensation that the individual will receive.

3 (b) (1) This subsection does not apply to:

4 (i) an individual who has been retired for [more than 10 years] 9  
5 YEARS, BEGINNING ON JANUARY 1, AFTER THE DATE THE INDIVIDUAL RETIRES; or

6 (ii) an individual who participates in the Deferred Retirement  
7 Option Program established under § 24-401.1 of this subtitle.

8 (2) The Board of Trustees shall reduce an individual's allowance by the  
9 amount that the sum of the individual's initial annual basic allowance and the  
10 individual's annual compensation exceeds the average final compensation used to  
11 compute the basic allowance.

12 (c) For purposes of this section, employment is not on a temporary basis if, in  
13 any 12-month period, an individual works:

14 (1) full time for more than 6 months; or

15 (2) part time for the equivalent of more than 6 months of full-time work.

16 [(d) An individual who is rehired under this section may not be rehired within  
17 45 days of the date the individual retired if the individual's current employer is any  
18 unit of State government and the individual's employer at the time of the individual's  
19 last separation from employment with the State before the individual commenced  
20 receiving a service retirement allowance was also a unit of State government.]

21 24-405.1.

22 A RETIREE OF THE STATE POLICE RETIREMENT SYSTEM WHO IS REHIRED ON A  
23 PERMANENT, TEMPORARY, OR CONTRACTUAL BASIS MAY NOT BE REHIRED WITHIN  
24 45 DAYS OF THE DATE THE INDIVIDUAL RETIRED IF THE INDIVIDUAL'S CURRENT  
25 EMPLOYER IS ANY UNIT OF STATE GOVERNMENT AND THE INDIVIDUAL'S EMPLOYER  
26 AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH  
27 THE STATE BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE  
28 RETIREMENT ALLOWANCE WAS ALSO A UNIT OF STATE GOVERNMENT.

29 25-305.

30 (a) A member may purchase service credit as provided in subsection (b) of this  
31 section for periods of employment for which the member:

32 (1) (I) would have been entitled to purchase service credit under the  
33 Employees' Retirement System; and

34 [(2)] (II) is not otherwise entitled to service credit under the Correctional  
35 Officers' Retirement System; OR

1 (2) WAS NOT VESTED IN THE EMPLOYEES' PENSION SYSTEM.

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

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

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

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

10 25-306.

11 (c) A member may purchase service credit for a period of employment:

12 (1) not exceeding 10 years for out-of-state public school teaching service  
13 [or nonpublic school teaching service];

14 (2) NOT EXCEEDING 10 YEARS FOR PUBLIC OR NONPUBLIC SCHOOL  
15 TEACHING SERVICE;

16 (3) NOT EXCEEDING 5 YEARS FOR POSTSECONDARY SCHOOL TEACHING  
17 SERVICE;

18 [(2)] (4) not exceeding 10 years for federal service or out-of-state service  
19 with a political subdivision; or

20 [(3)] (5) as an employee of a political subdivision of this State if the  
21 employee is not receiving retirement benefits from a political subdivision of the State  
22 for the same period of employment.

23 25-403.

24 (b) (1) The Board of Trustees shall reduce the allowance of an individual  
25 who accepts employment as provided under subsection (a) of this section if the  
26 individual's current employer is any unit of State government and the individual's  
27 employer at the time of the individual's last separation from employment with the  
28 State before the individual commenced receiving a service retirement allowance or  
29 vested allowance was also a unit of State government.

30 (2) The reduction under paragraph (1) of this subsection shall equal the  
31 amount by which the sum of the individual's initial annual basic allowance and the  
32 individual's annual compensation exceeds the average final compensation used to  
33 compute the basic allowance.

34 (3) The reduction under this subsection does not apply to:

1 (i) an individual who has been retired for [more than 10 years] 9  
2 YEARS, BEGINNING ON JANUARY 1, AFTER THE DATE THE INDIVIDUAL RETIRES;

3 (ii) an individual whose average final compensation was less than  
4 \$10,000 and who is reemployed on a temporary or contractual basis; or

5 (iii) an individual who is serving in an elected position as an official  
6 of a participating governmental unit or as a constitutional officer for a county that is  
7 a participating governmental unit.

8 28-402.

9 (b) (1) The Board of Trustees shall reduce the allowance of an individual  
10 who accepts employment as provided under subsection (a) of this section if the  
11 individual's current employer is a participating employer other than the State and is  
12 the same participating employer that employed the individual at the time of the  
13 individual's last separation from employment with a participating employer before  
14 the individual commenced receiving a service retirement allowance or vested  
15 allowance.

16 (2) The reduction required under paragraph (1) of this subsection shall  
17 equal the amount that the sum of the individual's initial annual basic allowance and  
18 the individual's annual compensation exceeds the average final compensation used to  
19 compute the basic allowance.

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

23 (i) an individual whose average final compensation was less than  
24 \$10,000 and who is reemployed on a temporary or contractual basis; [or]

25 (ii) an individual who is serving in an elected position as an official  
26 of a participating governmental unit or as a constitutional officer for a county that is  
27 a participating governmental unit; OR

28 (III) AN INDIVIDUAL WHO HAS BEEN RETIRED FOR 9 YEARS,  
29 BEGINNING ON JANUARY 1 AFTER THE DATE THE INDIVIDUAL RETIRES.

30 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
31 read as follows:

32 **Article - State Personnel and Pensions**

33 29-115.

34 (a) (1) This section applies only to a disability retiree who is not eligible to  
35 receive a normal service retirement.



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By: **Senator Klausmeier**

Introduced and read first time: March 2, 2006

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Employees' and Teachers' Pension Systems - Pension Benefit Enhancement**

3 FOR the purpose of altering the formula used to calculate the normal service  
4 retirement allowances of certain members of the Employees' Pension System or  
5 the Teachers' Pension System as of a certain date; providing for an alternate  
6 contributory pension selection for certain members of the Employees' Pension  
7 System and the Teachers' Pension System; providing for the member  
8 contribution rate and benefits for certain members of the Employees' Pension  
9 System and the Teachers' Pension System under a certain alternate  
10 contributory pension selection option; and generally relating to enhancements  
11 and modifications to pension and retirement benefits for State employees and  
12 teachers.

13 BY repealing and reenacting, with amendments,  
14 Article - State Personnel and Pensions  
15 Section 23-212, 23-217, and 23-401  
16 Annotated Code of Maryland  
17 (2004 Replacement Volume and 2005 Supplement)

18 BY adding to  
19 Article - State Personnel and Pensions  
20 Section 23-221 and 23-222 to be under the new part "Part III. Alternate  
21 Contributory Pension Selection"  
22 Annotated Code of Maryland  
23 (2004 Replacement Volume and 2005 Supplement)

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

1 **Article - State Personnel and Pensions**

2 23-212.

3 (a) Except as [provided in subsection (b) of] OTHERWISE PROVIDED IN this  
4 section, a member's contribution rate is 5% of the part of the member's earnable  
5 compensation that exceeds the taxable wage base for each year.

6 (b) The contribution rate of a member who is subject to the contributory  
7 pension benefit under Part II of this subtitle is 2% of the member's earnable  
8 compensation.

9 (C) THE CONTRIBUTION RATE OF A MEMBER OF THE EMPLOYEES' PENSION  
10 SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE  
11 CONTRIBUTORY PENSION SELECTION UNDER PART III OF THIS SUBTITLE IS:

12 (1) 3% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON OR  
13 BEFORE JUNE 30, 2007;

14 (2) 4% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM  
15 JULY 1, 2007, TO JUNE 30, 2008, BOTH INCLUSIVE; AND

16 (3) 5% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON OR  
17 AFTER JULY 1, 2008.

18 23-217.

19 (a) Except as provided in subsection (b) of this section, this Part II of this  
20 subtitle applies to an individual who is:

21 (1) a member of the Employees' Pension System or the Teachers' Pension  
22 System; or

23 (2) a member of the Employees' Retirement System or the Teachers'  
24 Retirement System subject to Selection C (Combination Formula) as provided in  
25 § 22-221 of this article.

26 (b) This Part II of this subtitle does not apply to an individual who is:

27 (1) an employee of:

28 (i) a participating governmental unit that has not elected the  
29 contributory pension benefit for its employees under § 31-116 of this article; or

30 (ii) a former participating governmental unit, other than Frederick  
31 County, that has withdrawn; [or]

32 (2) a member of the Employees' Pension System or Teachers' Pension  
33 System who transferred from the Employees' Retirement System or Teachers'  
34 Retirement System after April 1, 1998; OR

1 (3) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS'  
2 PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION  
3 SELECTION UNDER PART III OF THIS SUBTITLE.

4 23-219. RESERVED.

5 23-220. RESERVED.

6 PART III. ALTERNATE CONTRIBUTORY PENSION SELECTION.

7 23-221.

8 THIS PART APPLIES TO AN INDIVIDUAL WHO IS A MEMBER OF THE EMPLOYEES'  
9 PENSION SYSTEM OR TEACHERS' PENSION SYSTEM ON OR AFTER JULY 1, 2006.

10 23-222.

11 A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

12 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS  
13 FOLLOWS:

14 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN  
15 § 23-401(D) OF THIS TITLE;

16 (II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN § 23-402 OF  
17 THIS TITLE;

18 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN  
19 § 29-108 OF THIS ARTICLE; AND

20 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN  
21 § 29-110 OF THIS ARTICLE;

22 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29,  
23 SUBTITLE 4 OF THIS ARTICLE; AND

24 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN  
25 § 23-212(C) OF THIS SUBTITLE.

26 23-401.

27 (a) A member may retire with a normal service retirement allowance if:

28 (1) the member completes and submits a written application to the  
29 Board of Trustees stating the date when the member desires to retire; and

30 (2) on or before the date of retirement, the member:

31 (i) has at least 30 years of eligibility service;

1 (ii) has a combined total of at least 30 years of eligibility service  
2 from the Employees' Pension System, the Teachers' Pension System, the Employees'  
3 Retirement System, or the Teachers' Retirement System; or

4 (iii) has attained the age and the years of eligibility service as  
5 follows:

6 Age		Years of Eligibility Service
7 62	with	5
8 63	with	4
9 64	with	3
10 65	or more with	2

11 (b) Except as provided in [subsections (c) and (d)] SUBSECTIONS (C), (D), AND  
12 (E) of this section, on retirement under this section, a member is entitled to receive a  
13 normal service retirement allowance that equals the number of years of the member's  
14 creditable service multiplied by:

15 (1) 0.8% of the member's average final compensation that is not in excess  
16 of the Social Security integration level; and

17 (2) 1.5% of the member's average final compensation that exceeds the  
18 Social Security integration level.

19 (c) Except as provided in [subsection (d)] SUBSECTION (E) of this section, on  
20 retirement under this section, a member who is subject to the contributory pension  
21 benefit under Subtitle 2, Part II of this title is entitled to receive a normal service  
22 retirement allowance that equals the sum of:

23 (1) the number of years of the member's creditable service on or after  
24 July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

25 (2) the greater of:

26 (i) the number of years of the member's creditable service on or  
27 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;  
28 or

29 (ii) the number of years of the member's creditable service on or  
30 before June 30, 1998 multiplied by:

31 1. 0.8% of the member's average final compensation that is  
32 not in excess of the Social Security integration level; and

33 2. 1.5% of the member's average final compensation that  
34 exceeds the Social Security integration level.

1 (d) A MEMBER WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY  
2 PENSION SELECTION UNDER SUBTITLE 2, PART III OF THIS TITLE IS ENTITLED TO  
3 RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE THAT EQUALS THE SUM OF:

4 (1) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON  
5 OR BEFORE JUNE 30, 1998 MULTIPLIED BY 1.2% OF THE MEMBER'S AVERAGE FINAL  
6 COMPENSATION; AND

7 (2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON  
8 OR AFTER JULY 1, 1998 MULTIPLIED BY 1.8% OF THE MEMBER'S AVERAGE FINAL  
9 COMPENSATION.

10 (E) (1) This subsection applies only to a member who has a combined total of  
11 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

12 (2) A member is entitled to receive a normal service retirement  
13 allowance that equals:

14 (i) an allowance based on the creditable service the member  
15 earned in the Employees' Pension System;

16 (ii) an allowance based on the creditable service the member  
17 earned in the Employees' Retirement System;

18 (iii) an allowance based on the creditable service the member  
19 earned in the Teachers' Pension System; plus

20 (iv) an allowance based on the creditable service the member  
21 earned in the Teachers' Retirement System.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 July 1, 2006.