

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 814

S. P. 235

In Senate, February 26, 1975

Referred to the Committee on Veterans and Retirement. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Collins of Knox.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT to Base Adjustments of Teacher and State Employee Retirement Allowances on the Consumer Price Index.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 5 MRSA § 1001, sub-§ 6-A is enacted to read:

6-A. Consumer Price Index. Consumer Price Index shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers: U. S. City Average, All Items, 1967=100, as compiled by the Bureau of Labor Statistics, United States Department of Labor; or, if the Index is revised or superceded, the Consumer Price Index shall be the index represented by the Bureau of Labor Statistics as reflecting most accurately changes in the purchasing power of the dollar for consumers.

Sec. 2. 5 MRSA § 1124, sub-§ 4, as enacted by PL 1969, c. 488, is amended to read:

4. Cost of living adjustments. At any time that a general salary an allowance adjustment is made to for state salaries retirees, the same percentage increase or decrease shall be applied to the payments made under subsection 1, paragraph B. All adjustments shall become effective on the first day of the month following the effective date of the active state employees' salary same day as such retirees' allowance adjustments.

Participating local districts may provide such adjustments in the survivor benefits provisions by application to the board of trustees and shall supply a certified copy of its action with a statement of agreement of payment of costs.

Sec. 3. 5 MRSA § 1128, 2nd ¶ is amended to read:

~~On any or all future Future general adjustments in state salaries made to active state employees the same percent increase or decrease shall be made to retirement allowances for applied to all retired state employees, teachers or beneficiaries of either, and the effective date shall be the first day of the month following the effective date of the active employees adjustment whenever the Consumer Price Index increases or decreases by at least 3% for 3 consecutive months over the Price Index as of January 1, 1976, or over the Price Index for the month last used to establish an adjustment. Each such adjustment shall be equal to the change in the Index since the last adjustment to the nearest 1/10 of 1% and shall become effective on the first day of the 3rd month after such change in the Index is determined.~~

Sec. 4. 5 MRSA § 1128, last ¶, as last amended by PL 1973, c. 122, § 6, is further amended to read:

Notwithstanding anything to the contrary, any teacher, who is teaching under a valid contract during any school year in which ~~a general salary adjustment to state employees becomes effective and which results in a retirement allowance adjustment is made~~ as provided in this section, may continue to teach until such time as said contract is fulfilled and may then apply for a retirement allowance, the effective date of which can be no earlier than the day following completion of the contractual obligations. The amount of the retirement allowance shall be increased by that percentage that ~~had has~~ been applied to retirement allowances during said school year. This provision shall apply only if the teacher is eligible to retire under any of the provisions of this Title on the date that ~~a general salary adjustment to state employees such retirement allowance~~ becomes effective, and submits a letter of intent to retire upon fulfillment of said contract and which letter shall be countersigned by the pertinent superintendent of schools, headmaster of an academy or other comparative appointing authority, and in possession of the board of trustees no later than the date on which ~~the general salary such retirement allowance adjustment is becomes effective to state employees.~~

STATEMENT OF FACT

This Act changes the method of determining cost-of-living increases or decreases in retirement allowances. Under this Act such cost-of-living changes in allowances would automatically follow the Consumer Price Index instead of following the cost-of-living adjustments in general state salaries to active employees. The Consumer Price Index is the basic index compiled by the U.S. Government that measures changes in the purchasing power of the consumer's dollar. There will be no appropriation required to fund this amendment.