

# MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1958

H. P. 1799

House of Representatives, January 19, 1976

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

EDWIN H. PERT, Clerk

Presented by Mr. Ingegneri of Bangor.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SIX

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= 100, as compiled by the Bureau of Labor Statistics, United States Department of Labor; or, if the index is revised or superseded, the Consumer Price Index shall be the index represented by the Bureau of Labor Statistics as reflecting most accurately changes in the purchasing power of the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 amended by PL 1975, c. 622, § 55 is further amended to read:

4. ~~General salary~~ Cost of living adjustments. At any time that a ~~general salary retirement allowance adjustment is made to state salaries for federal 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 adjustments November 1, 1976.

Participating local districts may provide such adjustments in the survivor benefits provisions of subsection 1, paragraph B 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 ¶, as enacted by PL 1965, c. 337, § 4 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 applied ~~to~~ made to retirement allowances for 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 by at least 3% for 3 consecutive months over the price index and for each adjustment thereafter. 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. Any increase granted federal retirees shall be granted retired state employees, teachers and beneficiaries of either, effective November 1, 1976.

#### STATEMENT OF FACT

This Act changes the method of determining cost-of-living increases in retirement allowances. Under this Act such cost-of-living increases in allowances would automatically follow the Consumer Price Index rather than the cost-of-living adjustments in general state salaries granted 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 state funds required for this Act. All costs will be assumed by the State Retirement Funds as authorized by law.