

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1143

S. P. 385

In Senate, March 5, 1981

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

MAY M. ROSS, Secretary of the Senate

Presented by Senator Bustin of Kennebec.

Cosponsors: Representative Hickey of Augusta, Representative Kelleher of Bangor and Representative Davis of Monmouth.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Provide Cost-of-living Adjustments to Retired State Employees, Teachers and Beneficiaries.

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

Sec. 1. 5 MRSA § 1128, sub-§ 1, ¶¶ A and B, as enacted by PL 1977, c. 573, § 3, are repealed and the following enacted in their place:

A. Any percentage change in the Consumer Price Index from July 1st to June 30th shall be reflected in an equal percentage increase or decrease in the annual retirement allowance beginning in September.

The board of trustees shall automatically make such adjustments in the retirement allowances up to a maximum annual increase or decrease of 7%.

If the average general salary adjustments made to state employees through collective bargaining agreements exceed 7% for the fiscal year preceding the September adjustment date, the board of trustees shall automatically adjust the retirement allowances of retired state employees and their beneficiaries by the difference between the general salary adjustment and 7%.

This paragraph applies to persons who retire prior to July 1, 1981.

The costs of these adjustments shall be determined by the Board of Trustees of

the Maine State Retirement System and shall be included in their budget requests, if necessary.

B. Any percentage change in the Consumer Price Index from July 1st to June 30th shall be reflected in an equal percentage increase or decrease in the annual retirement allowances beginning in September.

The board of trustees shall automatically make such adjustments in the retirement allowances up to a maximum annual increase or decrease of 7%.

If the general salary adjustments made to teachers through collective bargaining agreements exceed 7% for the fiscal year preceding the September adjustment date, the board of trustees shall automatically adjust the retirement allowances of retired teachers and their beneficiaries by the difference between the general salary adjustment and 7%.

For the purpose of this paragraph, the general salary adjustment made to teachers means the average of salary adjustments made to teachers through collective bargaining settlements for the fiscal year preceding the September adjustment date.

Sec. 2. Annual retirement allowances. Notwithstanding the provisions of the Title 5, section 1128, subsection 1, annual retirement allowances under the Maine State Retirement System shall be increased by 7.3%.

Sec. 3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1981-82
MAINE STATE RETIREMENT SYSTEM	
All Other	\$4,500,000

STATEMENT OF FACT

Section 1 of this bill changes the basis for determining the cost-of-living adjustments for retired state employees and teachers. The bill increases the maximum and minimum level that retirement allowances are adjusted from 4% to 7%.

In addition, the bill also provides a further adjustment based upon the average salary adjustments received by active state employees and active teachers through collective bargaining settlements for the year preceding the date of the retirees' salary adjustments. If active state employees receive more than a 7% general salary adjustment, retired state employees and their beneficiaries would receive an additional adjustment in the year following. If the average salary settlements of teachers covered by the collective bargaining agreements exceeded 7%, retired teachers and their beneficiaries would receive an additional adjustment in the following year.

This bill changes the present law and partially returns to the old system in which all cost-of-living increases for retirees were based on salary increases for state employees.

Because increases in retirement benefits for active state employees are subject to collective bargaining negotiations, this bill only covers those employees who will retire prior to July 1, 1981, when the present collective bargaining agreements expire.

Section 2 of this bill provides for an increase of 7.3% to all retirees and beneficiaries. This figure represents the difference between the amount retirees received under the present law and the amount they would have received had retirees continued under the old law which tied their wages to state employee salaries.

Section 3 of this bill provides the necessary appropriation from the General Fund to fund the cost of this legislation.