

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1939

6
7 S.P. 701

In Senate, January 16, 1984

8 Referred to the Committee on Aging, Retirement and Veterans. Ordered
9 printed and sent down for concurrence.

10 Approved for introduction by the Legislative Council pursuant to Joint
Rule 26.

JOY J O'BRIEN, Secretary

Presented by Senator Dow of Kennebec.

Sponsors: Representative Hickey of Augusta.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FOUR
16

17 AN ACT to Establish Wage-based
18 Cost-of-living Adjustments for Retired
19 State Employees, Teachers and Beneficiaries.
20

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

23 Sec. 1. 5 MRSA §1128, sub-§1, ¶A, as amended by
24 PL 1983, c. 529, is repealed and the following en-
25 acted in its place:

26 A. The annual retirement allowance shall be in-
27 creased in September of each year by a percentage
28 equal to the average increase in salaries and
29 salary-related items received by active state
30 workers and active teachers for the prior year,
31 except that in the year 1984 that increase shall
32 be 5%.

33 The cost of that adjustment shall be determined
34 by the Board of Trustees of the Maine State Re-

1 tirement System and shall be included in their
2 budget requests, if necessary.

3 Sec. 2. 5 MRSA §1128, sub-§1, ¶B, as enacted by
4 PL 1977, c. 573, §3, is repealed and the following
5 enacted in its place:

6 B. The average increase shall be determined by
7 computing the average of salary and
8 salary-related increases received by active state
9 employees and teachers for the period of July 1st
10 to June 30th of the year preceding the year in
11 which the adjustment is made.

12 STATEMENT OF FACT

13 This bill establishes a wage-based formula for
14 determining cost-of-living increases for retired
15 state employees and retired teachers. Prior to 1977,
16 retired state employees and teachers received the
17 same percentage increases as state employees whenever
18 the Legislature enacted a general wage increase for
19 state employees.

20 Present law grants retired state employees an in-
21 crease based upon rises in the Consumer Price Index,
22 but such raises are capped at a 4% maximum.

23 This bill establishes a wage-based formula to be
24 determined by averaging wage increases earned by
25 state workers and teachers for the preceding year.
26 In order to allow enough time to elapse to establish
27 the percentage based on wage increases, the cost-
28 of-living raise for 1984 will be set at 5%.

29 5335121983