

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1936

S.P. 744

In Senate, June 10, 1991

Reported by the Minority for the Committee on Aging, Retirement and Veterans pursuant to Joint Order S.P. 681.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

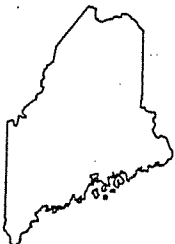
STATE OF MAINE

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

An Act to Change the State Payment for Health Insurance Benefits for New State Employees with Less than 10 Years of Service, Provide for a Study of Retirement Benefits Provided to New Employees and Reserve the Right to Apply Future Changes to Employees Hired after July 1, 1991.

(EMERGENCY)

Printed on recycled paper



Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, changes in the Maine State Retirement System have been suggested as a means of reducing expenditures; and

Whereas, changes should not be made without the opportunity for study and identification of the implications of the proposed changes; and

Whereas, the study must be completed in time to provide useful information to the Legislature; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 5 MRSA §285, sub-§8, as amended by PL 1989, c. 776, §1, is further amended to read:

8. Payment by Maine State Retirement System for persons who retire before July 1, 1991. The For persons who were first employed before July 1, 1991, the Maine State Retirement System shall pay 100% of only the retiree's share of the premiums for this health plan for persons who were previously eligible for this health plan pursuant to subsection 1, paragraph A and who have subsequently become eligible pursuant to subsection 1, paragraph G.

Sec. 2. 5 MRSA §285, sub-§8-A is enacted to read:

8-A. Payment by Maine State Retirement System for persons employed after July 1, 1991. For persons who were first employed by the State after July 1, 1991, the Maine State Retirement System shall pay a pro rata portion of only the retiree's share of the premiums, as described in this section, for this health plan for persons who were previously eligible for this health plan pursuant to subsection 1, paragraph A and who have subsequently become eligible pursuant to subsection 1, paragraph G based on the total number of years of participation in the group health plan prior to retirement as follows.

<u>Years of Participation</u>	<u>State Portion</u>
<u>10 or more years</u>	<u>100% group health plan premium</u>
<u>9 but less than 10 years</u>	<u>90% group health plan premium</u>
<u>8 but less than 9 years</u>	<u>80% group health plan premium</u>

2	<u>7 but less than 8 years</u>	<u>70% group health plan premium</u>
	<u>6 but less than 7 years</u>	<u>60% group health plan premium</u>
4	<u>5 but less than 6 years</u>	<u>50% group health plan premium</u>
	<u>Less than 5 years</u>	<u>No contribution</u>

6 **Sec. 3. 5 MRSA §17801**, as amended by PL 1987, c. 739, §§25
and 48, is further amended to read:

8 **§17801. Effect of amendment on reduction in benefit**

10 No amendment to this Part may cause any reduction in the
12 amount of benefits which that would be due to a member based on
14 creditable service, earnable compensation, employee
16 contributions, pick-up contributions and the provisions of this
Part on the date immediately preceding the effective date of the
amendment.

18 Notwithstanding the other provisions of this section, any
20 amendment to this Part enacted between July 1, 1991 and January
22 1, 1993 may be made applicable to employees beginning employment
under the retirement system for the first time on or after July
1, 1991.

24 **Sec. 4. Study.** The Commission to Study the Retirement
26 Benefits Provided by the State, referred to in this section as
the "commission," is established.

- 28 1. The commission consists of the following 10 members:
- 30 A. Three Legislators appointed jointly by the President of
the Senate and the Speaker of the House of Representatives;
- 32 B. Three members appointed jointly by the President of the
34 Senate and the Speaker of the House of Representatives from
nominations submitted by labor organizations representing
36 state employees and teachers;
- 38 C. Three members appointed by the Governor; and
- 40 D. The Executive Director of the Maine State Retirement
42 System or the executive director's designee.

44 2. All appointments must be made no later than 30 days
following the effective date of this Act. The Executive Director
of the Legislative Council must be notified by all appointing
46 authorities once the selections have been made. The Chair of the
Legislative Council shall call the first meeting of the
48 commission. The commission shall select a chair from its
membership.

50 3. The commission shall undertake a study of the benefits
52 that will be provided to state employees and teachers who are new

2 to the Maine State Retirement System, the Maine Judicial
Retirement System or the Maine Legislative Retirement System. As
part of the study the commission shall:

4
6 A. Identify current benefits provided by the retirement
systems and the associated costs of each benefit;

8 B. Review recent studies of the retirement systems;

10 C. Determine whether the State offers retirement benefits
12 that will meet the needs of the future work force, taking
into account expected demographic changes and reviewing the
14 effect of these changes on the financial integrity of the
systems;

16 D. Determine whether the State offers retirement benefits
as part of the total compensation package that encourage
18 qualified persons to seek and continue in public employment
in furtherance of the legislative intent express in the
20 Maine Revised Statutes, Title 5, section 17050; and

22 E. Identify a range of alternative retirement package
options and analyze the current retirement package and each
24 option to determine:

26 (1) The extent to which each alternative reflects the
legislative intent in Title 5, section 17050;

28 (2) The impact of each alternative on the financial
30 integrity of the retirement systems;

32 (3) The impact of each alternative on the State
Treasury;

34 (4) The extent to which each alternative takes into
36 consideration future demographic changes; and

38 (5) How the reductions and enhancements to benefits of
each of the alternatives affect the balance of the
40 current benefits available under the retirement systems
provided by the State.

42
44 4. The commission shall coordinate its efforts with any
other commissions studying aspects of retirement benefits
provided by the State.

46
48 5. The commission shall submit its findings to the Second
Regular Session of the 115th Legislature by December 1, 1991.

50
52 6. The Maine State Retirement System staff shall provide
any necessary staff assistance for the commission and the
retirement system's actuaries shall furnish actuarial services to

the commission under their contract with the retirement system up to a value of \$20,000. Other state agencies shall provide information requested by the commission.

7. The legislative members of the commission are entitled to the legislative per diem and expenses as provided in the Maine Revised Statutes, Title 3, section 2 for each day's attendance at commission meetings. The cost of per diems and expenses must be covered by the Maine State Retirement System.

8. The Joint Standing Committee on Aging, Retirement and Veterans shall review the report of the commission and may report legislation to implement the results of its review to the Second Regular Session of the 115th Legislature.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

FISCAL NOTE

The study of alternatives will cost the Maine State Retirement System approximately \$25,000 in fiscal year 1991-92 for actuarial services, per diem and expenses for legislative members of the commission and for other miscellaneous commission expenses. This one-time cost will not appreciably affect future employer contribution rates for state employees and teachers. The provision to apply, retroactively, any changes in benefits resulting from the study to persons first employed after July 1, 1991 could produce some minor additional savings for accepted study recommendations.

This bill also reduces the share paid by the State for group health insurance premiums for retirees who were first employed by the State after July 1, 1991 and who work for the State for less than 10 years. This provision will result in some future savings. The initial savings will be insignificant but will increase over time.

STATEMENT OF FACT

This bill is the minority report of the Joint Standing Committee on Aging, Retirement and Veterans. The bill reduces the share paid by the State for group health insurance premiums for retirees who were first employed by the State after July 1, 1991 and who work for the State for less than 10 years before retiring. The amount of the reduction is based on the number of years that the retiree worked for the State. The bill also provides for a study of alternative retirement benefits that

could be provided to new state employees and reserves the right
2 to make any changes resulting from the study applicable to
persons first employed after July 1, 1991.

4