

MAINE STATE LEGISLATURE

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FILED
R. of S.

L.D. 1246

(Filing No. H-562)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
116TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 922, L.D. 1246, Bill, "An Act to Amend Laws Administered by the Maine State Retirement System"

Amend the bill by inserting after the title and before the enacting clause the following:

Mandate preamble. This measure requires one or more local units of government to expand or modify activities so as to necessitate additional expenditures from local revenues but does not provide funding for at least 90% of those expenditures. Pursuant to the Constitution of Maine, Article IX, Section 21, two thirds of all of the members elected to each House have determined it necessary to enact this measure.

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

Whereas, the need to control the costs of the state retirement system is widely recognized; and

Whereas, unless this legislation is enacted as an emergency measure the development and implementation of plans to control costs may be unnecessarily delayed; 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, '

Further amend in bill by inserting after the enacting clause and before section 1 the following: 'PART A'

COMMITTEE AMENDMENT

Further amend the bill by inserting after section 3 the following:

Sec. 4. 5 MRSA §17103, sub-§12 is enacted to read:

12. Defined contribution plan. The board shall establish a defined contribution plan by July 1, 1994 that is consistent with the requirements of the United States Internal Revenue Code and may be a defined contribution plan for other purposes. The board may establish a separate defined contribution plan or plans for other purposes.

Sec. 5. 5 MRSA §17105, sub-§2, ¶C is enacted to read:

C. The executive director, with the approval of the board, may delegate the duties and powers given to the executive director by this Part to the retirement system staff.

Sec. 6. 5 MRSA §17105, sub-§5 is enacted to read:

5. Reporting; simplification and enforcement. The executive director may:

A. Review the retirement system's payroll and other reporting requirements and implement changes that simplify reporting methods or require less frequent filing of reports, provided that a change must not impair the completeness and accuracy of the records necessary for the retirement system's operations or compromise the integrity of the retirement system's funds or operations; and

B. Recommend to the board for adoption under its rule-making authority a schedule of administrative penalties and interest intended to:

(1) Ensure compliance with payroll and other reporting requirements, including, but not limited to, the timely filing of reports and the accuracy of reports and of back-up records of the employer;

(2) Deter actions or omissions by the employer that impair the retirement system's ability to process accurately and in a timely manner membership and retirement applications, requests for refunds, group life insurance premium payments and claims and to conduct its other functions; and

(3) Deter actions or omissions by the employer that impede or delay the retirement system's efforts to resolve issues related to these matters.

2 For purposes of this subsection, "employer" means a department or
4 agency of State Government, a school administrative unit or a
participating local district.'

6 Further amend the bill by striking out all of section 8.

8 Further amend the bill in section 9 in paragraph A in
10 subparagraph (2) by striking out all of the 2nd blocked paragraph
(page 3, lines 45 to 50 and page 4, lines 1 to 3 in L.D.) and
inserting in its place the following:

12 'For the purpose of this subparagraph, "surviving
14 spouse" means the person the retired officer was
16 married to at the time of retirement ~~or, if, If the~~ retired officer is--divorced--or--widowed--and--remarried
18 was not married at the time of retirement or subsequent
20 to retirement was divorced or widowed, the term means
the person legally married to the officer at the time
of the officer's death.'

22 Further amend the bill by striking out all of section 10.

24 Further amend the bill in section 11 in paragraph B by
26 striking out all of the 2nd blocked paragraph (page 4, lines 32
to 39 in L.D.) and inserting in its place the following:

28 'For the purpose of this paragraph, "surviving spouse" means
the person the retired officer was married to at the time of
30 retirement ~~or, if, If the~~ retired officer is--divorced--or--
32 widowed--and--remarried was not married at the time of
34 retirement or subsequent to retirement was divorced or
widowed, the term means the person legally married to the
officer at the time of the officer's death.'

36 Further amend the bill in section 12 in paragraph B by
38 striking out all the 2nd blocked paragraph (page 5, lines 2 to 9
in L.D.) and inserting in its place the following:

40 'For the purpose of this paragraph, "surviving spouse" means
the person the retired officer was married to at the time of
42 retirement ~~or, if, If the~~ retired officer is--divorced--or--
44 widowed--and--remarried was not married at the time of
retirement or subsequent to retirement was divorced or
46 widowed, the term means the person legally married to the
officer at the time of the officer's death.'

48 Further amend the bill by striking out all of sections 14,
15, 16 and 17.

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COMMITTEE AMENDMENT "A" to H.P. 922, L.D. 1246

2 Further amend the bill by inserting after section 21 the following:

4 'Sec. 22. 5 MRSA §18362, sub-§1-A is enacted to read:

6 1-A. Alternative. In the determination of the retirement benefit under this Part, if service credit for private or
8 parochial school teaching is not allowed under subsection 1 based upon the member not meeting the requirements of subsection 1, paragraph B or D, additional service credit for private or
10 parochial school teaching is allowed for any member who meets the requirements of subsection 1, paragraphs A and E, if the member, before any retirement benefit becomes effective for that member, pays into the Members' Contribution Fund by a single direct
12 payment or annual direct payments to the retirement system an amount that, together with regular interest on that amount, is the actuarial equivalent at the effective date of the retirement benefit of the portion of the retirement benefit based on the
14 additional creditable service.

20 Annual payments must be made in accordance with section 18301, subsection 4.

24 A. Additional amounts paid under this subsection become a part of the member's accumulated contributions.

26 B. If any retirement benefit becomes effective before the completion of the payment under this subsection, the member is entitled to service credit for that portion of the
28 additional creditable service that the total amount of payments actually made, plus regular interest on those
30 payments to the date the retirement benefit becomes effective, bears to the actuarial equivalent of the total
32 portion of the retirement benefit based on the additional creditable service.'

36 Further amend the bill by striking out all of sections 28,
38 29 and 30.

40 Further amend the bill by inserting at the end before the statement of fact the following:

42 **PART B**

44 **Sec. B-1. Teacher Retirement Advisory Committee established.** The
46 Teacher Retirement Advisory Committee, referred to in this Part as the "advisory committee," is established to study certain
48 issues affecting retirement benefits for teachers and to make recommendations on those issues to the Legislature and the Board
50 of Trustees of the Maine State Retirement System.

2 The board of trustees shall consult with the advisory committee
in developing and establishing the defined contribution plan
4 pursuant to the Maine Revised Statutes, Title 5, section 17103,
subsection 12.

6 **Sec. B-2. Duties.** The advisory committee shall study the
issues identified in this section and present its recommendations
8 as specified in this section.

10 1. The advisory committee shall make recommendations to the
Board of Trustees of the Maine State Retirement System on the
12 development of the defined contribution plan established pursuant
to the Maine Revised Statutes, Title 5, section 17103, subsection
14 12. To the greatest extent possible, the defined contribution
plan developed must:

16 A. Offer an attractive and simple benefit to employees;

18 B. Be flexible enough to accommodate employees whose need
20 to participate in the plan may vary from year to year; and

22 C. Limit the administrative burden on the local school
24 units.

26 2. The advisory committee shall make recommendations,
including any necessary legislation, on how the costs of
28 retirement benefits can be controlled through more limited
definitions of "teacher" and "earnable compensation." In
30 preparing its recommendation, the advisory committee shall
consider at least the following:

32 A. The advisability of implementing the policy regarding
the definitions of "teacher" and "earnable compensation"
34 contained in H.P. 215, L.D. 283, "An Act Making Unified
Appropriations and Allocations for the Expenditures of State
36 Government General Fund and Other Funds and Changing Certain
Provisions of the Law," as originally presented to the First
38 Regular Session of the 116th Legislature;

40 B. Whether the definition of earnable compensation should
make a distinction between extracurricular activities and
42 other stipendiary positions;

44 C. Whether changes to the definition of teacher or earnable
46 compensation can be made without creating a serious
impediment to individuals moving between positions;

48 D. The advisability of phasing in any recommended change to
50 the definition of "earnable compensation" so that teachers
who have been compensated for stipendiary positions for an

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2 extended time period including their highest 3 years will be
entitled to have those earnings included in average final
4 compensation; and

6 E. An effective date for any recommended changes that will
7 permit the local school districts to make a smooth
8 transition to participation in the defined contribution plan
for any excluded positions or earnings.

10 **Sec. B-3. Membership.** The advisory committee consists of the
following members:

12 1. Three members of the Legislature appointed jointly by
14 the President of the Senate and the Speaker of the House of
Representatives, of whom one must be from the Joint Standing
16 Committee on Aging, Retirement and Veterans and one must be from
the Joint Standing Committee on Education. At least one of the
18 legislative members appointed jointly by the President of the
Senate and the Speaker of the House of Representatives must be
20 from the minority party;

22 2. One member from the Maine Teachers Association,
appointed jointly by the President of the Senate and the Speaker
24 of the House of Representatives;

26 3. One member from the Maine School Management Association,
appointed jointly by the President of the Senate and the Speaker
28 of the House of Representatives;

30 4. One member from the Maine State Retirement System,
appointed by its board of trustees;

32 5. One member from the Department of Education, appointed
34 by the Governor; and

36 6. One member from the Department of Administrative and
Financial Services, appointed by the Governor.

38 **Sec. B-4. Appointment deadline; first meeting.** Appointments must
40 be made within 30 days of the effective date of this Part. The
advisory committee shall hold its first meeting, called by the
42 Executive Director of the Legislative Council, before August 1,
1993.

44 **Sec. B-5. Report.** The advisory committee shall report its
46 preliminary findings, along with any necessary legislation, to
the Joint Standing Committee on Aging, Retirement and Veterans no
48 later than November 1, 1993.

2 establish a defined contribution plan by July 1, 1994 and permits
the Executive Director of the Maine State Retirement System to
4 delegate powers and duties to retirement system staff with the
approval of the board of trustees. The amendment authorizes the
6 executive director to review and simplify current reporting
requirements and to recommend a schedule of penalties to be
8 adopted as rules to ensure employer compliance with reporting
requirements. The amendment also deletes those sections of the
10 bill that would have allowed the discontinuance of disability
benefits while an appeal is pending in the court system and also
12 deletes the sections of the bill that removed a reference to an
annuity table. The amendment changes the definition of surviving
14 spouse in certain instances with the same result as in the
original bill but with more straightforward wording. The
16 amendment also adds an alternative method of purchasing service
credit for private or parochial school teaching for participating
18 local district members that is comparable to the alternative
included in the bill for state employees and teachers.

20 Part B of the amendment establishes the Teacher Retirement
Advisory Committee to oversee the development and implementation
22 of a defined contribution plan. The advisory committee is also
directed to consider how the costs of retirement benefits can be
24 controlled through more limited definitions of "teacher" and
"earnable compensation" and how to coordinate any recommended
26 changes with the implementation of the defined contribution
plan. The advisory committee is directed to report its findings
28 and any necessary legislation to the Second Regular Session of
the 116th Legislature. The amendment also adds an emergency
30 clause and a fiscal note to the bill.

Reported by the Committee on Aging, Retirement and Veterans
Reproduced and distributed under the direction of the Clerk of the
House
6/2/93

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