

MAINE STATE LEGISLATURE

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DATE: June 20, 1995

(Filing No. S- 297)

LABOR

Reported by: Senator BEGLEY of Lincoln for the Committee.

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**STATE OF MAINE
SENATE
117TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 563, L.D. 1531, Bill, "An Act to Clarify Early Retirement Incentives"

Amend the bill by striking out the title and substituting the following:

'Resolve, Establishing a Moratorium on Implementation of the Law Requiring Public Employers to Pay the Costs of Early Retirement Incentives'

Further amend the bill by striking out everything after the title and before the statement of fact and inserting in its place 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 and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, although early retirement incentives can provide employers immediate savings in benefit costs, the full long-term costs of such incentives are frequently very high; and

Whereas, effective July 1, 1993, State law was changed to make certain public employers responsible for paying the actuarial and administrative costs of early retirement incentives offered to their employees; and

COMMITTEE AMENDMENT

RDG

2 **Whereas**, because the costs of early retirement may be very
high, the implementation of the new law is expected to have a
4 major financial impact on certain public employers who may not
have been fully aware of the costs when they offered early
retirement incentives; and

6 **Whereas**, reliable data on the number of incentives offered,
8 the number of employers and employees affected, and the costs
involved is not currently available; and

10 **Whereas**, lacking that information, the Legislature is
12 unable to equitably determine how the costs of early retirement
incentives should be apportioned; and

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

20 **Sec. 1. Moratorium on implementation of Maine Revised Statutes,**
22 **Title 5, section 17154, subsection 10. Resolved:** That, notwithstanding
the Maine Revised Statutes, Title 5, section 17154, subsection
24 10, the Board of Trustees of the Maine State Retirement System
may not enforce Title 5, section 17154, subsection 10 or any
26 rules adopted pursuant to section 17154, subsection 10 until
March 15, 1996, although the board may adopt or amend rules
28 related to that subsection for application after March 15, 1996.
In any subsequent action to collect the costs of early retirement
30 incentives from employers under Title 5, section 17154,
subsection 10, the board may not charge interest for the period
32 from the effective date of this resolve to March 15, 1996; and be
it further

34 **Sec. 2. Collection of data. Resolved:** That the Maine State
36 Retirement System shall collect from school administrative units
data regarding the type and number of early retirement incentives
38 offered to members of the Maine State Retirement System since
July 1, 1993 and relevant information about members who have
40 retired or intend to retire with early retirement incentives
after that date. Not later than September 15, 1995, each school
42 administrative unit shall provide to the Maine State Retirement
System:

- 44 1. The name of each employee of that unit who was or is a
46 member of the Maine State Retirement System and who on or after
July 1, 1993 retired or gave notice of intent to retire before
48 normal retirement age, with all information about each employee
and the application of a retirement incentive to that employee
50 that is relevant to determine the costs specified in the Maine

Revised Statutes, Title 5, section 17154, subsection 10 and to carry out the purposes of this resolve. The retirement system may develop a standardized format for the collection of employee information under this subsection;

2. Copies of the collective bargaining agreement or agreements covering members of the Maine State Retirement System that were in effect in that unit on or after July 1, 1993, including any memoranda of agreement, side agreement or other addendum to a collective bargaining agreement that affects payments to an employee at the time of retirement. Portions of documents that affect retirement must be clearly marked for identification. This subsection does not apply to any such agreement or addendum executed and ratified by final vote of one party to the agreement before July 1, 1993; and

3. Copies of any document, including minutes, setting out any policy of that unit's school board or administration relating to payments made at the time of retirement to employees who are or were members of the Maine State Retirement System; and be it further

Sec. 3. Report. Resolved: That the Maine State Retirement System shall compile the information collected pursuant to this resolve, calculate the additional actuarial and administrative costs of early retirement incentives offered to members of the Maine State Retirement System in accordance with the Maine Revised Statutes, Title 5, section 17154, subsection 10 and report the costs to the Joint Standing Committee on Labor not later than February 15, 1996. Following consideration of the report, the Joint Standing Committee on Labor may develop and report out legislation governing early retirement incentives for consideration at the Second Regular Session of the 117th Legislature.

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

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

FISCAL NOTE

This resolve requires school administrative units to provide certain retirement incentive information to the Maine State Retirement System. The additional costs of this state mandate are expected to be minimal. Pursuant to the mandate preamble, the 2/3 vote of all members elected to each House exempts

the State from the constitutional requirement to fund 90% of the additional local costs.

The additional costs to collect and analyze this early retirement incentive data can be absorbed by the Maine State Retirement System utilizing existing budgeted resources.

The suspension of the requirement that school units pay the actuarial costs of early retirement incentives will result in a loss of investment income to the Maine State Retirement System. The amount of this loss can not be determined, but it is not expected to appreciably affect retirement contributions for teachers.'

STATEMENT OF FACT

This amendment replaces the bill. It suspends operation of the law requiring public employers to pay the actuarial and administrative costs of early retirement incentives granted to their employees after July 1, 1993 until March 15, 1996. In the meantime, the Maine State Retirement System is directed to collect data on the number and types of early retirement incentives granted and to calculate the costs involved. The system will report its findings to the Joint Standing Committee on Labor next session. This amendment also adds a mandate preamble and a fiscal note to the bill.