

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
FIRST SPECIAL SESSION

HOUSE AMENDMENT "G" to H.P. 1150, L.D. 1589, Bill, "An Act to Implement the Recommendations of the Productivity Realization Task Force"

Amend the bill by inserting at the end before the emergency clause the following:

PART M

Sec. M-1. 5 MRSA §17858-B is enacted to read:

§17858-B. Retirement; creditable service

1. Retirement incentive. Any state employee, as defined in section 17001, subsection 40, except employees of the Maine Technical College System, who, by April 1, 1996, has reached normal retirement age and has 10 or more years of creditable service and who gives notice to the Maine State Retirement System no later than February 1, 1996 and who retires effective no later than April 1, 1996 is entitled to receive, at the employee's option, either 3 months' base salary paid as a lump sum to be paid on July 1, 1996 or the equivalent amount in monthly cash payments toward retiree dependent medical insurance equal to the current percentage contribution rate for dependent coverage for state employees.

Payment of the retirement incentive under this subsection must be made by the employing agencies and may not be made from the funds of the Maine State Retirement System.

Payment of the retirement incentive under this subsection may not be used in the calculation of the employee's average final compensation or creditable service.

2 2. Vacant position. The department or agency from which
any state employee retires under subsection 1 either may not fill
4 the resulting vacant position or, if that position is filled,
shall maintain a vacant position elsewhere within the department
6 or agency until the State's costs associated with the retirement
have been recovered. Alternatively, the Governor may recover
8 these costs by maintaining an offsetting vacancy in another
department or agency or by utilizing other salary savings.

10 3. Payment of fixed costs. With respect to each employee
12 who retires under subsection 1, the State shall pay the amount of
the Maine State Retirement System's unfunded liability payment,
14 the Maine State Retirement System's administrative cost payment
and the retiree health care payment associated with the employee.

16 4. Policies and procedures. The Executive Director of the
18 Maine State Retirement System shall establish policies and
procedures for the implementation of this section, including
20 notice and payment requirements, that ensure that no unfunded
liability results to the Maine State Retirement System.

22 **Sec. M-2. Application of savings.** Any savings realized as a
24 result of this Part must be credited towards the \$45,346,780 in
savings that the Productivity Realization Task Force is directed
26 to identify pursuant to Public Law 1995, chapter 99, Part D.'

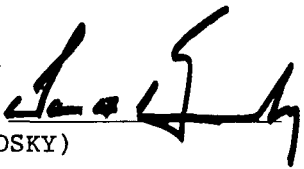
FISCAL NOTE

30 The amendment provides a lump-sum retirement incentive to
32 certain employees. The payment mechanism established may result
in minor net new savings in fiscal year 1995-96 from the net
34 difference between an employee's salary and benefit savings and
the costs associated with the payment of accumulated vacation
36 pay, shutdown day reimbursement and the dependent health
insurance premiums, if an employee chooses the dependent
38 insurance coverage option. The cost of the lump-sum payment,
scheduled to be paid in fiscal year 1996-97 on July 1, will be
40 recouped during the same fiscal year by keeping the vacated
positions unfilled until the appropriate savings level is
42 achieved.

44 Any savings generated by this incentive must be credited to
the savings goal of the Productivity Realization Task Force.
46 Since the number of state employees who would opt for this
incentive and the funding sources for those employees is not
48 known, the net amount of General Fund or other funds savings can
not be determined.

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STATEMENT OF FACT

6 This amendment provides for a retirement incentive for state
8 employees meeting certain requirements. The amendment requires
10 the payment of retirement-related costs to ensure that no
12 unfunded liability results and requires the Executive Director of
14 the Maine State Retirement System to establish policies and
16 procedures to implement the provisions of the amendment. The
18 amendment also provides that the position left vacant as a result
20 of any state employee exercising the option either remains vacant
22 or another position in the department or agency or elsewhere in
24 State Government remains vacant until the costs associated with
the retirement have been recovered.

SPONSORED BY: 
(Speaker GWADOSKY)

TOWN: Fairfield