

# 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)

DATE: 3-25-98

(Filing No. H-1054)

MAJORITY  
LABOR

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
118TH LEGISLATURE  
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1499, L.D. 2121, Bill, "An Act to Repeal Certain Changes Made to State Employee and Teacher Retirement Benefits"

Amend the bill by striking out all of section 2 and inserting in its place the following:

**Sec. 2. Expenditures in excess of allocations.** Expenditures required by this Act of funds other than the General Fund and the Highway Fund are authorized to exceed legislative allocations during the current biennium ending June 30, 1999. Appropriate adjustments to basic work programs facilitating these expenditures in excess of allocations must be recommended by the State Budget Officer and approved by the Governor.

**Sec. 3. Adjustment of rates.** The State Budget Officer after consultation with the Maine State Retirement System shall adjust the employer contribution rates on the effective date of this Act to fully fund this Act on an actuarially sound basis.

**Sec. 4. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1998-99

ADMINISTRATIVE AND FINANCIAL SERVICES,  
DEPARTMENT OF

COMMITTEE AMENDMENT

2  
4  
6  
8  
10  
12  
14  
16  
18  
20  
22  
24  
26  
28  
30  
32  
34  
36  
38  
40  
42  
44  
46  
48  
50

**Salary Plan**

Personal Services \$996,679

Provides funds to be held in reserve in the event that costs associated with the increase in the normal cost component of the employer contribution rate for retirement costs exceed the amounts available for state departments and agencies. Because the normal cost component of the employer contribution rate for state employees is actuarially established based on projected salaries as a rate that must be applied to actual salaries, the funds resulting from the application of the actuarially established rate constitute appropriated funds. The funds here specified constitute estimates and not appropriated funds.

**DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES  
TOTAL**

\$996,679

**EDUCATION, DEPARTMENT OF**

**Teacher Retirement**

All Other \$4,103,435

Provides funds for the increase in the normal cost component of the employer retirement contribution rates that results from reducing the member contribution rate.

**DEPARTMENT OF EDUCATION  
TOTAL**

\$4,103,435

**APPROPRIATION  
TOTAL**

\$5,100,113'

**Sec. 5. Allocation.** The following funds are allocated from the Highway Fund to carry out the purposes of this Act.

**1998-99**

**ADMINISTRATIVE AND FINANCIAL SERVICES,  
DEPARTMENT OF**

2 **Salary Plan**

4 Personal Services \$381,392

6 Provides funds to be held in reserve in the  
 7 event that costs associated with the  
 8 increase in the normal cost component of the  
 9 employer contribution rate for retirement  
 10 costs exceed the amounts available for state  
 11 departments and agencies. Because the  
 12 normal cost component of the employer  
 13 contribution rate for state employees is  
 14 actuarially established based on projected  
 15 salaries as a rate that must be applied to  
 16 actual salaries, the funds resulting from  
 17 the application of the actuarially  
 18 established rate constitute appropriated  
 19 funds. The funds here specified constitute  
 20 estimates and not appropriated funds.

22 **Sec. 6. Effective date.** This Act takes effect January 1, 1999.'

24 Further amend the bill by inserting at the end before the  
 25 summary the following:

28 **FISCAL NOTE**

30 **1998-99**

32 **APPROPRIATIONS/ALLOCATIONS**

34 General Fund \$5,100,113  
 35 Highway Fund 381,692

36 Reducing the employee contribution rate will increase the  
 37 normal cost component of the employer retirement rate by an  
 38 additional 1.02% of salaries resulting in increased employer  
 39 contributions to the Maine State Retirement System for state  
 40 employees and teachers during the current biennium totaling an  
 41 estimated \$6,331,670 in fiscal year 1998-99. This estimate is  
 42 based upon an effective date of January 1, 1999. The estimated  
 43 future increase in the normal cost component of the employer  
 44 contribution rate is estimated to total \$13,423,140 and  
 45 \$14,228,528 in fiscal years 1999-2000 and 2000-01, respectively.

48 An additional General Fund appropriation of \$4,103,435 in  
 fiscal year 1998-99 is included to fund the teachers' retirement

2 portion. The estimated employer costs to the General Fund and  
 4 the Highway Fund for state employees in fiscal year 1998-99 will  
 6 be \$996,679 and \$381,692, respectively. A General Fund  
 8 appropriation and a Highway Fund allocation, equal to the total  
 10 costs to those funds, are included to provide funds in the salary  
 12 plan reserve accounts in the event that the increase in the  
 14 employer retirement contribution rates and other personal  
 services expenses exceed the allotments in General Fund and  
 Highway Fund accounts during fiscal year 1998-99. The cost to  
 accounts in other funds, estimated to be \$849,865 in fiscal year  
 1998-99, may require increased allotments to meet these  
 additional personal services expenditures. Those increases  
 necessary to meet the additional expenditures are to be  
 authorized by financial order.'

16

**SUMMARY**

18

20 This amendment strikes from the bill the section that  
 reinstates the cost-of-living adjustment of Maine State  
 Retirement System members retiring before normal retirement age.  
 22 The amendment retains the provisions of the bill that restores  
 the contribution level required of members to the pre-1993 rate  
 24 and makes the change effective January 1, 1999. The amendment  
 also adds an appropriation, an allocation and a fiscal note to  
 26 the bill.