

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

SECOND REGULAR SESSION-2002

Legislative Document

No. 2199

S.P. 819

In Senate, March 21, 2002

An Act to Address the Unfunded Liability of the Maine State Retirement System and the Equity of Retirement Benefits for State Employees and Teachers.

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "Pamela L. Cahill".

PAMELA L. CAHILL
Secretary of the Senate

Presented by President Pro Tem MICHAUD of Penobscot.
Cosponsored by Speaker SAXL of Portland.

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

4
6 **Whereas,** the unfunded actuarial liability of the Maine State
Retirement System represents a financial and moral obligation of
the State to present and future state employee and teacher
8 retirees; and

10 **Whereas,** despite initiatives in recent years to reduce the
overall cost by accelerating the payment schedule, amortization
12 of the unfunded actuarial liability as required by the
Constitution of Maine, Article IX, Section 18-B continues to be a
14 major cost to State Government; and

16 **Whereas,** additional initiatives should be immediately sought
to further reduce the State's costs by further accelerating the
18 amortization schedule; and

20 **Whereas,** past reductions in the level of retirement benefits
available under the Maine State Retirement System have resulted
22 in a substantial inequity between 2 groups of state employees and
teachers: those who had more than 10 years of creditable service
24 on July 1, 1993 and those who did not; and

26 **Whereas,** state employees and teachers in both groups have
the same duties and responsibilities, but one group has
28 significantly better retirement benefits than the other; and

30 **Whereas,** due to the changes in retirement benefits, many
state employees and teachers who did not have 10 years of
32 creditable service on July 1, 1993 may be forced to work in
critical or demanding positions into the age when their
34 effectiveness begins to decline, which is not sound public
policy; and

36
38 **Whereas,** these factors have contributed to a decline in
state employee and teacher morale, have negatively impacted the
productivity of the state employee and teacher workforce and have
40 limited the ability to attract and retain the best-qualified
individuals into state employment and teaching; and

42
44 **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
46 necessary for the preservation of the public peace, health and
safety; now, therefore,

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

50

2 **Sec. 1. 5 MRSA §17160** is enacted to read:

4 **§17160. Minimum level of employer contribution**

6 Beginning in fiscal year 2002-03 and continuing until the
8 unfunded liabilities of the Maine State Retirement System
10 attributable to state employees and teachers are retired as
12 provided in the Constitution of Maine, Article IX, Section 18-B,
14 the portion of the employer contribution rate devoted to paying
16 the unfunded liabilities of the system attributable to state
 employees and teachers expressed as a percentage of the earnable
 compensation of state employees and teachers may not be less than
 the rate paid for that purpose during fiscal year 2001-02. After
 the unfunded liabilities have been retired, the rate may rise and
 fall above the fiscal year 2001-02 rate as determined necessary
 by actuarial valuation.

18 **Sec. 2. Task force established.** The Task Force to Study Methods
20 of Addressing Inequities in the Retirement Benefits of State
Employees and Teachers, referred to in this section as the "task
force," is established.

22 **1. Membership.** The task force consists of 9 members as
24 follows:

26 A. Three Legislators, one of whom is appointed by the
28 President of the Senate and one of whom is appointed by the
Speaker of the House, who shall serve as cochairs of the
30 task force. The 3rd Legislator must be appointed jointly by
the President of the Senate and the Speaker of the House;

32 B. The Executive Director of the Maine State Retirement
System or the director's designee;

34 C. One of the gubernatorial appointees to the Board of
36 Trustees of the Maine State Retirement System who has
38 training or experience in the field of investments,
accounting or banking or as an actuary, appointed by the
President of the Senate;

40 D. The Commissioner of Administrative and Financial
42 Services or the commissioner's designee; and

44 E. A representative from each of the following
46 organizations, appointed by each respective organization:
the Maine State Employees Association, Maine Education
48 Association and American Federation of State, County and
Municipal Employees.

2 **2. Appointments.** All appointments must be made no later
4 than 30 days following the effective date of this Act. The
6 appointing authorities shall notify the Executive Director of the
8 Legislative Council upon making their appointments. When the
10 appointment of all members is complete, the Chair of the
12 Legislative Council shall call and convene the first meeting of
14 the task force no later than June 1, 2002.

16 **3. Duties.** The task force shall:

18 A. Identify the advantages and possible methods of further
20 reductions in the amortization schedule for paying off the
22 unfunded liabilities of the Maine State Retirement System
24 attributable to state employees and teachers;

26 B. Identify and list the differences in retirement benefits
28 available to state employees and teachers who had 10 years
30 of creditable service on July 1, 1993 and those who did not;

32 C. Assess the impact of that difference on state employees
34 and teachers and on State Government and school
36 administrative units;

38 D. Calculate the immediate and future cost of restoring the
40 level of benefits for all state employees and teachers who
42 did not have 10 years of creditable service on July 1, 1993;

44 E. Recommend whether those who were employed as state
46 employees or teachers when the benefit reductions were made
48 should be treated differently than those employed after the
changes were enacted; and

 F. Identify possible methods of funding the restoration of
benefits.

4. Staff assistance. The task force may request staffing
and clerical assistance from the Legislative Council. The Maine
State Retirement System shall provide information and actuarial
assistance upon request of the task force.

5. Reimbursement. Task force members who are Legislators
are entitled to receive the legislative per diem, as defined in
the Maine Revised Statutes, Title 3, section 2, for each day's
attendance at meetings of the task force. Public members not
otherwise compensated are entitled to receive reimbursement of
necessary expenses and a per diem equal to the legislative per
diem for their attendance at authorized meetings of the task
force.

