

# 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)



# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

---

Legislative Document

No. 823

H.P. 600

House of Representatives, February 20, 2003

**An Act To Distribute Costs for the Funding of Pensions and Health  
Insurance for Retired Teachers**

---

Reference to the Committee on Labor suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative MILLS of Cornville.

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

4 **CONCEPT DRAFT**  
6 **SUMMARY**

8 This bill is a concept draft pursuant to Joint Rule 208.

10 This bill would require local school administrative units to  
12 pay the employer portion of the costs of teacher retirement and  
14 teacher retiree health insurance. Those costs would be counted  
16 as local operating costs for purposes of the school funding  
18 formula. Units would be reimbursed by the State for these costs,  
to the same extent they are reimbursed for teacher salaries and  
other operating costs. Currently, the State pays the employer  
portion of teacher retirement costs and pays 35% of the cost of  
retiree health insurance. The retiree pays the remaining cost of  
health insurance.

20 The Maine State Retirement System would continue to  
22 determine the normal cost of retirement benefits for teachers,  
and the local school administrative units would contribute the  
24 employer portion of the normal cost to the retirement plan. The  
State would continue to make payments to amortize the unfunded  
actuarial liability of the teacher retirement plan.

26 The local school administrative unit would pay the employer  
28 portion of retiree health insurance, currently set at 35% and  
rising to 40% later in 2003. In addition to paying the current  
30 cost for retirees, the units would contribute an actuarially  
32 determined amount into a reserve fund to pay the cost of future  
health insurance benefits for members who are not yet retired.  
34 The unfunded liability created by past service of currently  
active members would be determined and amortized over a  
reasonable period, and the liability created by service rendered  
36 after the effective date of the bill would be paid each year into  
the reserve fund.