

MAINE STATE LEGISLATURE

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R.S.

L.D. 1693

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Date: 4-9-08

(Filing No. S-585)

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STATE OF MAINE
SENATE
123RD LEGISLATURE
FIRST SPECIAL SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 600,
L.D. 1693, Bill, "An Act To Restore Equity to the Maine State Retirement System"

Amend the amendment by striking out everything after the substitute title and before
the summary and inserting the following:

'Amend the bill by striking everything after the enacting clause and before the
summary and inserting the following:

Sec. 1. 5 MRSA §17852, sub-§3-B is enacted to read:

3-B. Teachers with fewer than 10 years of creditable service on July 1, 1993.
Notwithstanding subsection 3-A, for a teacher who was employed as a teacher and who
was a member on July 1, 1993 and did not have 10 years of creditable service, the amount
of the service retirement benefit for members qualified under section 17851, subsection 3
is computed in accordance with subsection 1, except that the benefit is reduced by 3% for
each year that the member's age precedes 62 years of age.'

SUMMARY

This amendment strikes the bill and Committee Amendment "A" to change to 3% the
amount of benefit reduction for teachers employed on July 1, 1993 who did not have 10
years of creditable service. This corrects what is known as the "cliff provision" for
teachers.

SPONSORED BY: Roger J Sherman
(Senator SHERMAN)
COUNTY: Aroostook

FISCAL NOTE REQUIRED
(See attached)

SENATE AMENDMENT



123rd MAINE LEGISLATURE

LD 1693

LR 2016(04)

An Act To Restore Equity to the Maine State Retirement System

Fiscal Note for Senate Amendment "A" to Committee Amendment "A"

Sponsor: Sen. Sherman of Aroostook

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	\$0	\$0	(\$4,474,108)	(\$4,686,628)
Highway Fund	\$0	\$0	(\$313,240)	(\$328,119)
Appropriations/Allocations				
General Fund	\$0	\$0	(\$4,474,108)	(\$4,686,628)
Highway Fund	\$0	\$0	(\$313,240)	(\$328,119)
Federal Expenditures Fund	\$0	\$0	(\$477,401)	(\$500,077)
Other Special Revenue Funds	\$0	\$0	(\$287,717)	(\$301,383)
Federal Block Grant Fund	\$0	\$0	(\$28,424)	(\$29,774)
Other Funds	\$0	\$0	(\$219,848)	(\$230,291)

Fiscal Detail and Notes

This amendment reduces the 2008-2009 biennial cost of the bill by \$53,600,000 with \$51,900,000 being the decreased cost to the unfunded actuarial liability and \$1,700,000 being the decreased cost associated with the normal cost component for fiscal year 2008-09.

This amendment reduces the total cost of the bill through June 30, 2028 by \$172,122,287. Of that amount, the decrease to the unfunded liability payments will be \$119,072,708 and the decrease to the normal cost component payments will be \$53,049,579.

As amended, reducing the early retirement reduction factor from 6% to 3% for only those teachers who were members of the Maine Public Employees Retirement System as of June 30, 1993 and are currently subject to the 6% reduction factor will result in a 2008-2009 biennial cost of \$43,200,000, with \$42,000,000 being the increased cost to the unfunded actuarial liability and \$1,200,000 being the increased normal cost component for fiscal year 2008-09.

As amended, because this legislation proposes to fund the current biennium cost of this provision by utilizing a portion of the \$199,295,540 already appropriated and/or allocated in fiscal year 2007-08 to the Maine Public Employees Retirement System (MainePERS) for the employer's contribution to the unfunded liability, no additional General Fund appropriation is required in the 2008-2009 biennium. However, based on current projections, reducing the amount of funds to be applied to existing unfunded actuarial liability in fiscal year 2007-08 and providing the additional benefit will result in total additional payments through June 30, 2028 of \$133,415,808. Of that amount, the total increase to the unfunded liability payments will be \$95,969,047 and the increase to the normal cost component payments will be \$37,446,761.