

# MAINE STATE LEGISLATURE

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L.D. 70

Date: 4-6-23

(Filing No. H-24)

**LABOR AND HOUSING**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
131ST LEGISLATURE  
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 45, L.D. 70, "An Act to Eliminate the Cap on Retirement Benefits for State Employees and Teachers to Which a Cost-of-living Adjustment Is Made"

Amend the bill by striking out the title and substituting the following:

**'An Act to Raise the Cap on Retirement Benefits for State Employees and Teachers to Which a Cost-of-living Adjustment Is Made'**

Amend the bill by inserting after the title and before the enacting clause the following:

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

**Whereas,** this legislation needs to take effect before the expiration of the 90-day period in order to provide an increase in the cost-of-living adjustment for retired state employees and teachers at the beginning of the next fiscal year; and

**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 necessary for the preservation of the public peace, health and safety; now, therefore,'

Amend the bill by striking out everything after the enacting clause and inserting the following:

**'Sec. 1. 5 MRSA §17806, sub-§1, ¶A,** as amended by PL 2021, c. 635, Pt. NN, §1, is further amended to read:

A. Except as provided in paragraphs A-1, A-2 and A-3, whenever there is a percentage increase in the Consumer Price Index from July 1st to June 30th, the board shall automatically make an equal percentage increase in retirement benefits, beginning in September, up to a maximum annual increase of 3%. Effective July 1, 2011, the increase applies to that portion of the retirement benefit up to \$20,000, which amount must be indexed in subsequent years by the same percentage adjustments granted under

**COMMITTEE AMENDMENT**

1 this section. Effective July 1, 2022, the increase applies to that portion of the retirement  
 2 benefit up to \$24,186.25, which amount must be indexed in subsequent years by the  
 3 same percentage adjustments granted under this section. Effective July 1, 2023, the  
 4 increase applies to that portion of the retirement benefit up to \$40,000, which amount  
 5 must be indexed in subsequent years by the same percentage adjustments granted under  
 6 this section.

7 **Sec. 2. Appropriations and allocations.** The following appropriations and  
 8 allocations are made.

9 **EDUCATION, DEPARTMENT OF**  
 10 **Teacher Retirement 0170**

11 Initiative: Provides one-time funds to pay the unfunded actuarial liability created by  
 12 requiring that, effective July 1, 2023, cost-of-living increases be applied to the first \$40,000  
 13 of a retired teacher's retirement benefit instead of the first \$24,186.25 of the retirement  
 14 benefit.

15	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
16	All Other	\$518,348,543	\$0
17			
18	<b>GENERAL FUND TOTAL</b>	<u>\$518,348,543</u>	<u>\$0</u>

19  
 20 **EDUCATION, DEPARTMENT OF**  
 21 **DEPARTMENT TOTALS**

22		<b>2023-24</b>	<b>2024-25</b>
23	<b>GENERAL FUND</b>	<b>\$518,348,543</b>	<b>\$0</b>
24			
25	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u><b>\$518,348,543</b></u>	<u><b>\$0</b></u>

26 **RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES**  
 27 **Retirement System - Retirement Allowance Fund 0085**

28 Initiative: Provides one-time funds to pay the unfunded actuarial liability created by  
 29 requiring that, effective July 1, 2023, cost-of-living increases be applied to the first \$40,000  
 30 of retired state employees', judges' and Legislators' retirement benefit instead of the first  
 31 \$24,186.25 of the retirement benefit.

32	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
33	All Other	\$226,642,562	\$0
34			
35	<b>GENERAL FUND TOTAL</b>	<u>\$226,642,562</u>	<u>\$0</u>

36  
 37 **RETIREMENT SYSTEM, MAINE PUBLIC**  
 38 **EMPLOYEES**  
 39 **DEPARTMENT TOTALS**

40		<b>2023-24</b>	<b>2024-25</b>
41	<b>GENERAL FUND</b>	<b>\$226,642,562</b>	<b>\$0</b>
42			

COMMITTEE AMENDMENT "A" to H.P. 45, L.D. 70

1	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$226,642,562</b>	<b>\$0</b>
2			
3	<b>SECTION TOTALS</b>	<b>2023-24</b>	<b>2024-25</b>
4			
5	<b>GENERAL FUND</b>	<b>\$744,991,105</b>	<b>\$0</b>
6			
7	<b>SECTION TOTAL - ALL FUNDS</b>	<b>\$744,991,105</b>	<b>\$0</b>

8

9 Amend the bill by adding before the summary the following:

10 **'Emergency clause.** In view of the emergency cited in the preamble, this legislation  
 11 takes effect when approved.'

12 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section  
 13 number to read consecutively.

14 **SUMMARY**

15 This amendment is the unanimous report of the committee. This amendment adds an  
 16 emergency preamble and emergency clause. It provides that cost-of-living increases for  
 17 retired state employees and teachers and their beneficiaries apply to the first \$40,000 of the  
 18 retirement benefit.

19 **FISCAL NOTE REQUIRED**  
 20 (See attached)



# 131st MAINE LEGISLATURE

LD 70

LR 209(02)

## An Act to Eliminate the Cap on Retirement Benefits for State Employees and Teachers to Which a Cost-of-living Adjustment Is Made

Fiscal Note for Bill as Amended by Committee Amendment *A(CH-24)*

Committee: Labor and Housing

Fiscal Note Required: Yes

### Fiscal Note

Future biennium cost increase - All funds

Future biennium cost increase - Local school administrative units

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Net Cost (Savings)</b>				
General Fund	\$744,991,105	\$0	\$0	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$744,991,105	\$0	\$0	\$0

#### Fiscal Detail and Notes

This legislation requires that cost-of-living increases for retired teachers, state employees, judges and legislators be applied to the first \$40,000 of the retiree's benefit instead of only to the first \$24,186.25 as required in current law. According to the Maine Public Employees Retirement System, this provision will create an unfunded actuarial liability (UAL) totaling \$744,991,105 that, pursuant to the Maine Constitution, will have to be funded immediately. This bill includes a one-time General Fund appropriation of \$518,348,543 in fiscal year 2023-24 to the Teacher Retirement program within the Department of Education for the retired teachers' portion of the UAL cost. It also includes a one-time General Fund appropriation of \$226,642,562 to the Retirement Allowance Fund within the Maine Public Employees Retirement System in fiscal year 2023-24 to pay for the retired state employees', judges' and legislators' portion of the UAL cost.

This provision will also increase the normal cost component of the employer retirement rate beginning in the 2026-2027 biennium (future costs). The increase in the employer contribution rate for state employees and teachers under the state employee and teacher retirement program is estimated to be 0.41% and 0.42%, respectively. The increase in the employer contribution rate for judges under the judicial retirement program is anticipated to be 0.81%.