



# 127th MAINE LEGISLATURE

LD 212

LR 145(01)

## An Act Concerning Cost-of-living Adjustments for Certain Retirees

### Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Sen. Davis, Sr. of Piscataquis

Committee: Appropriations and Financial Affairs

Fiscal Note Required: Yes

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### Preliminary Fiscal Impact Statement

Current biennium cost increase - All Funds

Current biennium cost increase - Local School Administrative Units

#### Fiscal Detail and Notes

Increasing the cost-of-living adjustment cap from 3% to 4% for benefits received by certain retired state employees, teachers, judges and legislators will increase the normal cost component of the employer retirement rate, increasing ongoing retirement costs to state agencies and local school administrative units beginning in fiscal year 2015-16.

This provision will also increase the unfunded liability of the Maine Public Employees Retirement System (MainePERS). Pursuant to the Constitution of Maine, Article IX, Section 18-A, unfunded liabilities may not be created except those that result from experience losses. The Maine Public Employees Retirement system will require one-time additional General Fund appropriations and Highway Fund and other funds allocations, the amounts of which can not be determined at this time, representing the full actuarial value of the increase to the unfunded liability.

Upon direction of the committee prior to a vote or upon a favorable vote by the committee, MainePERS will engage the services of its actuary in order to quantify the costs associated with this bill.