



128th MAINE LEGISLATURE

LD 1509

LR 732(01)

An Act To Prohibit Retired State Employees and Teachers from Returning to Work While Collecting Retirement Benefits

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Sampson of Alfred

Committee: Appropriations and Financial Affairs

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

Current biennium cost increase - All Funds

Fiscal Detail and Notes

Current law allows state employees and teachers who have reached normal retirement age and who retire after September 1, 2011 to be restored to service for up to 5 years and be paid at 75% of the compensation established for the position to be filled. Compensation for certain retired classroom-based employees who return to service as a classroom-based employee must be set at 100% of the compensation for the position that is to be filled. Retirees who return to work under this program give up the right to accrue additional retirement benefits for any time spent in this reemployment status. This legislation proposes to repeal those provisions and instead only allows state employees and teachers who retire after September 1, 2011 to be restored to service at 100% of compensation if they stop receiving a retirement benefit from the Maine Public Employees Retirement System.

This legislation is silent as to whether or not a retiree who returns to work under this program is entitled to receive all benefits for the position that they fill under collective bargaining agreements or civil service laws and rules, including the right to accrue additional retirement benefits. This preliminary fiscal impact statement assumes that retirees who return to work under this program will be entitled to these benefits. However, language should be added to the bill to clarify the legislative intent.

Given this assumption, this legislation will increase costs to state departments and agencies and local school administrative units as a result of having to pay 100% of the wages for the position as well as the cost of certain benefits (health, dental and life insurance as well as the employer's contribution for the normal retirement cost.) These cost increases will occur regardless of whether the retiree chooses to forego their retirement benefit and return to service or to leave state service and continue receiving their retirement benefit, necessitating the hiring of a new employee.