



129th MAINE LEGISLATURE

LD 427

LR 338(01)

An Act To Require the State To Fund Teacher Retirement

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Brennan of Portland

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$25,623,178	\$23,159,113	\$23,159,113	\$23,159,113
Appropriations/Allocations				
General Fund	\$25,623,178	\$23,159,113	\$23,159,113	\$23,159,113

Fiscal Detail and Notes

Prior to enactment of Public Law 2013, chapter 368, the State paid 100% of the normal cost component of teacher retirement. That law included language requiring the State and local education units to share in the cost of funding the normal cost component of teacher retirement beginning in fiscal year 2013-14. This legislation proposes to return the full cost back to the State.

As part of implementing the law passed in 2013, approximately 50% of the amount appropriated for the total normal cost component of teacher retirement in fiscal year 2013-14 and fiscal year 2014-15 was transferred from the Teacher Retirement program to the General Purpose Aid for Local Schools (GPA) program and 50% was deappropriated from the Teacher Retirement program and returned to the unappropriated surplus of the General Fund.

The total cost of the normal cost component of teacher retirement in fiscal years 2019-20 and 2020-21 is \$50,087,295 and \$51,464,695, respectively. In order to return the responsibility of fully funding the normal cost component to the State, the Teacher Retirement program will require General Fund appropriations of \$25,623,178 in fiscal year 2019-20 and \$23,159,113 in fiscal year 2020-21. Also, an additional \$24,464,116 in fiscal year 2019-20 and \$28,305,582 in fiscal year 2002-21, representing the State's share of the cost already funded in GPA, will need to be deappropriated from GPA and appropriated to the Teacher Retirement program.