



129th MAINE LEGISLATURE

LD 1537

LR 1295(01)

An Act To Increase the Portion of Retirement Benefits to Which the Cost-of-living Adjustment Applies

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Martin of Eagle Lake

Committee: Labor and Housing

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	\$249,282,236	\$0	\$1,457,899	\$1,457,899
Highway Fund	\$23,388,879	\$0	\$348,829	\$348,829
Appropriations/Allocations				
General Fund	\$249,282,236	\$0	\$1,457,899	\$1,457,899
Highway Fund	\$23,388,879	\$0	\$348,829	\$348,829
Federal Expenditures Fund	\$20,498,456	\$0	\$313,167	\$313,167
Other Special Revenue Funds	\$32,998,895	\$0	\$520,451	\$520,451
Federal Block Grant Fund	\$1,006,940	\$0	\$24,333	\$24,333

Fiscal Detail and Notes

Increasing the portion of retirement benefits on which the cost-of-living adjustment is applied to will increase the unfunded actuarial liability (UAL) of the Maine Public Employees Retirement System (MainePERS) by approximately \$350 million. 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 Retirement Allowance Fund program within MainePERS will require one-time General Fund appropriations of \$249.3 million in fiscal year 2019-20 for its estimated share of the increase in the UAL. The required allocation for the Highway Fund's share of the cost is estimated to be \$23.4 million. Federal Expenditures Fund, Other Special Revenue Funds and Federal Block Grant Fund allocations will total \$54.5 million. Various other funds totaling \$22.8 million but not shown above will require allocation by financial order.

This provision will also increase the normal cost component of the employer retirement rate by approximately \$3.0 million annually beginning in fiscal year 2021-22. The annual impact to the General Fund and Highway Fund is estimated to be \$1.46 million and \$349,000, respectively. The increase in costs to the Federal Expenditures Fund, Other Special Revenue Funds and the Federal Block Grant Fund total \$858,000. Various other funds totaling \$335,000 but not shown above will require allocation by financial order.