

**129th MAINE LEGISLATURE****LD 1537****LR 1295(02)****An Act To Increase the Portion of Retirement Benefits to Which the Cost-of-living Adjustment Applies****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Labor and Housing****Fiscal Note Required: Yes****Fiscal Note**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>Projections FY 2021-22</b>	<b>Projections FY 2022-23</b>
<b>Net Cost (Savings)</b>				
General Fund	\$249,282,236	\$0	\$1,457,899	\$1,457,899
Highway Fund	\$23,388,879	\$0	\$348,829	\$348,829
<b>Appropriations/Allocations</b>				
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. This bill includes a one-time General Fund appropriation of \$249.3 million in fiscal year 2019-20 to the Retirement Allowance Fund program within MainePERS for its estimated share of the increase in the UAL. This bill also includes a Highway Fund allocation of \$23.4 million for its share of the cost. Federal Expenditures Fund, Other Special Revenue Funds and Federal Block Grant Fund allocations totaling \$54.5 million are also included in the bill. 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.