



130th MAINE LEGISLATURE

LD 703

LR 1322(02)

An Act To Increase the Amount to Which a State Employee or Teacher Retiree's Cost-of-living Adjustment Is Applied from \$20,000 to the Retiree's Actual Retirement Benefit

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Labor and Housing

Fiscal Note Required: Yes

Fiscal Note

Future biennium cost increase - All funds

Future biennium cost increase - Local school administrative units

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Net Cost (Savings)				
General Fund	\$906,236,615	\$0	\$0	\$0
Appropriations/Allocations				
General Fund	\$906,236,615	\$0	\$0	\$0

Fiscal Detail and Notes

This legislation requires that cost-of-living increases for retired teachers, state employees, judges and legislators be applied to the retiree's entire retirement benefit instead of only to the first \$20,000 as required in current law. According to the Maine Public Employees Retirement System, this provision will create an unfunded actuarial liability (UAL) totaling \$906,236,615 that, pursuant to the Maine Constitution, will have to be funded immediately. This bill includes a one-time General Fund appropriation of \$625,046,954 in fiscal year 2021-22 to the Teacher Retirement program within the Department of Education for the retired teachers' portion of the UAL cost. It also includes a one-time General Fund appropriation of \$281,189,661 to the Retirement Allowance Fund within the Maine Public Employees Retirement System in fiscal year 2021-22 to pay for the retired state employees, judges and legislators portion of the UAL cost.

This provision will also increase the normal cost component of the employer retirement rate beginning in 2024-2025 biennium. The increase in the employer contribution rate for state employees and teachers under the state employee and teacher retirement program is estimated to be 0.42% and 0.46%, respectively. The increase in the employer contribution rate for judges under the judicial retirement program is anticipated to be 1.96%.