



130th MAINE LEGISLATURE

LD 1733

LR 2086(16)

An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds

Fiscal Note for Bill as Engrossed with:

C "A" (S-397)

S "A" (S-399) to C "A" (S-397)

S "D" (S-405) to C "A" (S-397)

S "B" (S-400) to C "A" (S-397)

H "A" (H-745) to C "A" (S-397)

Committee: Appropriations and Financial Affairs

Fiscal Note

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Appropriations/Allocations				
Federal Expenditures Fund - ARP State Fiscal Recovery	\$429,141,264	\$483,753,866	\$1,320,314	\$302,151
Transfers				
Federal Expenditures Fund - ARP State Fiscal Recovery	(\$80,000,000)	\$0	\$0	\$0
Employment Security Trust Fund	\$80,000,000	\$0	\$0	\$0

Fiscal Detail and Notes

This bill provides Federal Expenditures Fund - ARP State Fiscal Recovery allocations totaling \$429,141,264 in fiscal year 2021-22 and \$483,753,866 in fiscal year 2022-23. The bill also authorizes a transfer of \$80,000,000 from the Federal Expenditures Fund - ARP State Fiscal Recovery to the Employment Securities Trust Fund in fiscal year 2021-22. The projected costs for fiscal years 2023-24 and 2024-25 are related to limited-period positions with end-dates beyond the current biennium. The Department of Administrative and Financial Services has indicated that these costs will be funded by planned All Other balances to be carried over from fiscal year 2022-23.

This bill also increases the State's contribution for retired teachers health insurance premiums from 45% to 55% in fiscal year 2021-22. At the same time and unrelated to this bill, the Maine Education Association Benefit Trust (MEABT) transitioned from a Medicare companion plan to a Medicare Advantage Group plan effective July 1, 2020, significantly reducing the premiums for the over 8,300 people on this plan. The fiscal impact of this bill and the MEABT plan change for the 2022-2023 and 2024-2025 biennia is provided in the table below. The estimated savings to the State from the MEABT plan change is shown in column (b). The total cost associated with the increase in the State's contribution from 45% to 55% beginning in fiscal year 2020-22 is shown in column (f). The net cost of this bill and the plan change together are shown in column (g).

Fiscal Year	Estimated annual cost to State without legislative changes (a)	Estimated savings from MEABT change to Medicare Advantage Group Plan (b)	Estimated annual cost to State with MEABT change to Medicare Advantage Plan (c)	State Share % (d)	Estimated annual cost to State with Enactment of LD 293 (e)	Estimated cost of LD 293 (as amended) (f)	Net cost of annual Increase in State share and MEABT Plan change (g)
			(a + b)		(c / .45) * (d)	(e - c)	(e - a)
FY21	\$32,266,215	(\$3,077,432)	\$29,188,784	0.45	\$29,188,784	\$0	\$0
FY22	\$33,440,706	(\$3,189,450)	\$30,251,256	0.55	\$36,973,757	\$6,722,501	\$3,533,051
FY23	\$34,657,947	(\$3,305,546)	\$31,352,401	0.55	\$38,319,602	\$6,967,200	\$3,661,654
FY24	\$35,919,497	(\$3,425,868)	\$32,493,629	0.55	\$39,714,435	\$7,220,806	\$3,794,939
FY25	\$37,226,966	(\$3,550,569)	\$33,676,397	0.55	\$41,160,041	\$7,483,644	\$3,933,074

The Retired Teachers Health Insurance program received \$45.0 million in General Fund appropriations in fiscal year 2020-21 and paid approximately \$28.8 million for its contribution for retired teachers health insurance premiums. The State is also expected to apply \$10.0 million of the General Fund appropriation towards the unfunded actuarial liability (UAL) of the retired teachers health insurance plan pursuant to Title 5, §286-B, sub-§2. Given this information, expenditures for this program are estimated to be less than appropriations for fiscal year 2020-21 by approximately \$6.2 million (\$45.0 million - \$28.8 million - \$10 million).

Funds appropriated to the Retired Teachers Health Insurance program are transferred to the Retiree Health Insurance Fund, an internal services fund within the Department of Administrative and Financial Services. Unexpended funds in this Fund are carried forward into the next fiscal year and may be used to pay future premium costs or applied to the normal or UAL costs of the retired teachers health insurance plan. It is the intent that a portion of the \$6.8 million in unexpended funds in fiscal year 2020-21 be used to cover the \$5.3 million cost in fiscal year 2022-2023 biennium and no additional funding is required in either fiscal year 2021-22 and fiscal year 2022-23.