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Legislative Document

No. 1620

S.P. 517

In Senate, April 23, 2019

**An Act To Exclude Collectively Bargained Salary and Job
Promotion Increases from the Earnable Compensation Limitation
for Retirement Purposes**

Reference to the Committee on Labor and Housing suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by President JACKSON of Aroostook.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 5 MRSA §17001, sub-§13, ¶C**, as repealed and replaced by PL 1999, c.
3 489, §2, is amended to read:

4 C. The following provisions govern limitations on earnable compensation.

5 (1) Notwithstanding the other provisions of this subsection, except as provided
6 in subparagraph (3), for the purposes of determining average final compensation,
7 "earnable compensation" does not include any increase that exceeds the prior
8 year's earnable compensation by more than 5% or that results in a total increase
9 of more than 10% during the 3-year period used in the calculation of average
10 final compensation, unless the cost of the additional actuarial liability arising
11 from the excess increase is paid by the employer as provided in section 17154.
12 Any payment made under paragraph B, subparagraph (1) must be included in
13 determining the amount of increase in the year in which the payment is made.
14 This subparagraph does not apply to excess increases resulting from
15 compensation paid prior to July 1, 1993, from compensation paid in accordance
16 with an individual employment contract executed prior to July 1, 1993 or a
17 collective bargaining agreement executed or ratified in its final form by final vote
18 of one party to the agreement prior to July 1, 1993 for the initial term of that
19 contract or agreement or from other action by the governing body of a school
20 administrative unit in effect on July 1, 1993. This subparagraph does not apply to
21 increases in compensation of state employees during fiscal year 1993-94 and
22 fiscal year 1994-95. In all circumstances in which this subparagraph does not
23 apply to earnable compensation of state employees and teachers, the provisions
24 of this subparagraph that were in effect prior to June 30, 1993 apply. This
25 subparagraph does not apply to earnable compensation of employees of
26 participating local districts.

27 (2) Effective October 1, 1999, the 5% limitation and the 10% limitation on
28 increases in earnable compensation set out in subparagraph (1) may not be
29 changed to a lower percentage for members who, on October 1, 1999 or
30 thereafter, meet the creditable service requirement for eligibility to receive a
31 service retirement benefit, at the applicable age if so required, under section
32 17851 or section 17851-A, subsection 2.

33 (3) Collectively bargained salary or wage increases pursuant to Title 26, chapter
34 9-A, 9-B or 12 or job promotion may not be considered in calculating salary or
35 wage increases for the purposes of subparagraph (1).

36 **SUMMARY**

37 This bill restores 2 exclusions from the calculation of salary or wage increases for the
38 purpose of determining average final compensation under the Maine Public Employees
39 Retirement System that were in statute before significant changes were made in 1993.