

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill by striking out all of section 10 and inserting the following:

**‘Sec. 10. Corrections and Mental Health Workers Service Retirement Benefit Reserve; established.** Notwithstanding the Maine Revised Statutes, Title 5, section 1536, there is established the Corrections and Mental Health Workers Service Retirement Benefit Reserve for the purpose of accumulating funds that would otherwise be payable to the Retirement Allowance Fund. The assets of the Corrections and Mental Health Workers Service Retirement Benefit Reserve must be held by the Maine Public Employees Retirement System as assets of the system apart from other assets attributable to the state employee and teacher retirement program of the system. These assets must be accounted for by the system in the manner it determines to reflect the requirements of this Act. The Corrections and Mental Health Workers Service Retirement Benefit Reserve must be used to reserve funds to meet the full actuarial costs arising from the implementation of those sections of this Act that enact Title 5, section 17851-A, subsection 1, paragraph N and amend Title 5, section 17851-A, subsections 2, 3, 4 and 5, including normal cost rates for the 6 years following the effective date of this Act. Any funds remaining in the Corrections and Mental Health Workers Service Retirement Benefit Reserve at the end of each fiscal year must be carried forward to be used for the same purposes. Expenditures may not be made from this reserve and appropriations may not be considered to be made to the Retirement Allowance Fund or the Maine Public Employees Retirement System from this reserve except as provided in this Act or by further authorization of the Legislature.’

Amend the bill in section 11 in the 8th line (page 4, line 17 in L.D.) by striking out the following: "State" and inserting the following: 'Public Employees'

Amend the bill in section 11 in the last line (page 4, line 23 in L.D.) by inserting after the following: "section 1536." the following: 'In addition, beginning on the effective date of this Act, members of the Maine Public Employees Retirement System as identified in Title 5, section 17851-A, subsection 1, paragraph I and members who are employees of the Department of Health and Human Services as of January 1, 2000 or hired thereafter who are employed in mental health institutions and whose duties involve providing direct care, meaning services or treatment essential to everyday security, health and well-being, to residents or patients of those institutions or to wards of the State shall contribute to their individual retirement accounts an additional 1% of earnable compensation until the contingency set out in section 14 of this Act is satisfied by the required certification. Such contributions are included as accumulated contributions as defined in Title 5, section 17001, subsection 1 but must be refunded in full to any member contributing them who retires on or before the effective date of those sections of this Act that enact Title 5, section 17851-A, subsection 1, paragraph N and amend Title 5, section 17851-A, subsections 2, 3, 4 and 5 pursuant to section 15 of this Act.'

Amend the bill by striking out all of sections 12 to 15 and inserting the following:

**‘Sec. 12. Funding of benefit changes that are effective prospectively after the effective date of this Act and payment of the related normal cost increase in the current and following five years.** With respect to an employee's service after September 1, 2008 in a position to which this Act applies, the increase in normal cost contributions resulting from the increased

normal cost rate that is necessary to support the changed benefits as they are earned must be estimated by the Maine Public Employees Retirement System based on the total payroll for the positions to which this Act applies as of the pay date closest to August 1, 2008. The amount of the increased normal cost contributions must be paid from the funds transferred to the Corrections and Mental Health Workers Service Retirement Benefit Reserve under this Act. The Maine Public Employees Retirement System shall pay these increased contributions not later than September 1st of each year through September 1, 2013, each as a single lump sum, reducing the funds held in the Corrections and Mental Health Workers Service Retirement Benefit Reserve by the amount required to fully pay the estimated amount of the increased contributions for the remainder of each respective year and transferring that amount on the books of the system to the general assets of the state employee and teacher retirement program. After the last payroll of each of the current and following 5 years is paid, the Maine Public Employees Retirement System shall reconcile, for each year, the estimated with the required actual amount of the increased contributions, adjusting the reduction of the Corrections and Mental Health Workers Service Retirement Benefit Reserve accordingly. Effective July 1, 2014, the normal cost rate for the positions to which this Part applies must be adjusted to the normal cost rate determined by the Maine Public Employees Retirement System and its actuary to thereafter support the changed benefits as they are earned, to be paid to the Maine Public Employees Retirement System in the normal course of payment of retirement contributions.

**Sec. 13. Funding of the liability for the increased values of service rendered before September 1, 2014.** A retirement service credit related to the increased value of service rendered before September 1, 2014 in positions to which this Act applies is not due to and may not be given to any employee until the full actuarial cost of the total liability for the increased value of all of that service for all employees to whom this Act applies has been paid. The amount required to pay the full actuarial cost must be accumulated by the Maine Public Employees Retirement System through funds provided to it for that purpose. Funds so provided must be held by the Maine Public Employees Retirement System in the Corrections and Mental Health Workers Service Retirement Benefit Reserve until the full actuarial cost is accumulated. Funds to be held in the Corrections and Mental Health Workers Service Retirement Benefit Reserve to pay this cost consist of the funds transferred to the Corrections and Mental Health Workers Service Retirement Benefit Reserve under this Act, funds provided thereafter for the same purpose and any investment earnings on the funds, reduced by amounts required to pay the increased normal cost contributions in the current and following 5 years as provided in section 12 of this Act and by any investment losses. Funds in the Corrections and Mental Health Workers Service Retirement Benefit Reserve must be invested by the Maine Public Employees Retirement System with the general assets of the state employee and teacher retirement plan and those funds' share of investment earnings and losses must be attributed to the Corrections and Mental Health Workers Service Retirement Benefit Reserve.

The full actuarial cost of the liability for the increased value of service rendered before September 1, 2014 in positions to which this Act applies is the amount of the liability for the increased value, as calculated by the Maine Public Employees Retirement System's actuary, increased by the interest cost that arises because the full cost of the now-increased value of the service already rendered was not paid to the system at the time the service was rendered. Interest costs continue to accrue until the full actuarial cost of the increased value has been accumulated in the Corrections and Mental Health Workers Service Retirement Benefit Reserve and is thereafter transferred on the books of the Maine Public Employees

Retirement System from the Corrections and Mental Health Workers Service Retirement Benefit Reserve to the general assets of the state employee and teacher retirement program. If an actuarially significant change in the amount of the liability for the increased value, as determined by the Maine Public Employees Retirement System and its actuary, occurs before the full actuarial cost has been accumulated, the full actuarial cost must be increased or decreased accordingly.

**Sec. 14. Credit for service rendered before September 1, 2014; contingency.** A retirement service credit related to the increased value of service rendered before September 1, 2014 in positions to which this Act applies is not due to and may not be given to any employee until the Executive Director of the Maine Public Employees Retirement System certifies to the Governor, the Commissioner of Corrections and the Commissioner of Health and Human Services that the amount of the full actuarial cost has been accumulated in the Corrections and Mental Health Workers Service Retirement Benefit Reserve and has been transferred on the books of the Maine Public Employees Retirement System to the general assets of the state employee and teacher retirement program, thereby funding the full actuarial costs of the liability for the increased value of that service.

**Sec. 15. Contingent effective date; construction.** Those sections of this Act that amend the Maine Revised Statutes, Title 5, section 17851-A, subsection 1, paragraphs K, L and M and enact Title 5, section 17851-A, subsection 1, paragraph N and amend Title 5, section 17851-A, subsections 2, 3, 4 and 5 do not take effect until the contingency set out in section 14 of this Act is satisfied by the required certification. The full actuarial costs arising from the implementation of those sections must be adjusted upward, if necessary, based upon actuarial projections of the Maine Public Employees Retirement System. Those sections of this Act that enact Title 5, section 17851-A, subsection 1, paragraph N and amend Title 5, section 17851-A, subsections 2, 3, 4 and 5 may not be construed to create any contractual claim or right or any other claim for any state employee.'

## **SUMMARY**

This amendment provides that the Corrections and Mental Health Workers Service Retirement Benefit Reserve is held by the Maine Public Employees Retirement System rather than in the General Fund. The amendment also provides for 1% contributions to the reserve by affected classifications of corrections officers and mental health workers. This amendment makes certain technical corrections and clarifications to the bill and adjusts forward by one year all timeline dates in the bill.

## **FISCAL NOTE REQUIRED**

**(See attached)**