



129th MAINE LEGISLATURE

LD 1220

LR 363(04)

An Act To Remove Certain Restrictions Imposed on Retired State Employees Who Return to Work

Fiscal Note for Bill as Engrossed with:

C "A" (H-566)

Committee: Labor and Housing

Fiscal Note

Potential current biennium cost increase - All funds

Fiscal Detail and Notes

Removing the requirement that the compensation of a retired state employee or retired teacher who returns to service must be set at 75% of the compensation established for the position to be filled may result in increased costs to the State or local school administrative units to fill a position with a retiree versus what it would cost absent this legislation if compensation is increased for any employees above 75%.

Allowing retired state employees and retired teachers to receive compensation greater than 75% when returning to work may result in more retirees opting to return to service, resulting in the State and school administrative units paying less for certain benefits than would be paid if replacement workers had to be hired to fill vacant positions. The benefits for returning retired employees are less expensive because they do not accrue additional retirement benefits for the time worked after returning to work. To the extent that retirees who return to work are paid higher salaries than what would be paid to replacement workers hired to fill a vacant position, any costs from higher wages would be partially offset by lower benefit costs.