



131st MAINE LEGISLATURE

LD 1773

LR 1812(02)

An Act to Increase the State's Share of the Cost of Health Insurance for Retired Teachers

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

Reduces distribution to final priority transfers

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$3,647,589	\$3,809,906	\$3,979,447
Appropriations/Allocations				
General Fund	\$0	\$3,647,589	\$3,809,906	\$3,979,447
Other Special Revenue Funds	\$0	\$500	\$500	\$500

Fiscal Detail and Notes

This bill includes ongoing General Fund appropriations of \$3,647,589 in fiscal year 2024-25 to the Retired Teachers' Health Insurance program within the Department of Education for the costs associated with increasing the State's contribution to the retired teachers' cost of health insurance premiums from 60% to 65% effective July 1, 2024. The estimated cost of this bill assumes an average increase in premiums of 4.45% per year. The total cost of this provision over time will depend on actual health premium cost inflation and the number of retired teachers in the future.

Current law requires that, at the close of any fiscal year, balances remaining in the unappropriated surplus of the General Fund be distributed as part of the so called "cascade". This bill also requires that 10% of the amount available from the unappropriated surplus of the General Fund at the end of fiscal year 2023-24 as the 4th priority after transfers to the Contingent Account, the Loan Insurance Reserve within the Finance Authority of Maine and the Retiree Health Insurance Internal Service Fund be used to increase the percentage of a retired teacher's share of the premium for group accident and sickness or health insurance that the State is required to pay. This will reduce the amount of funding available to be distributed to the remaining final priorities, including the Maine Budget Stabilization Fund and the Highway and Bridge Capital program. As the amount of funds that will be available for distribution through the "cascade" is not known at this time, it is not known how much, if any, will be available for this purpose. This bill includes base Other Special Revenue Funds allocations of \$500 per year beginning in fiscal year 2024-25 to a newly established Retired Teachers' Health Insurance program, Other Special Revenue Funds account to allow expenditures in the event funds are available to be transferred.