



125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 336

H.P. 269

House of Representatives, February 7, 2011

An Act To Preserve the State's Public Pension Fund

(EMERGENCY)

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

Presented by Representative CEBRA of Naples.

1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** the Maine Public Employees Retirement System has been significantly
4 underfunded in past years and has experienced significantly lower earnings on
5 investments in recent years due to economic downturns; and

6 **Whereas,** the system is in immediate need of additional funding in order to maintain
7 stability and ensure that it is able to meet the State's commitment to providing retirement
8 benefits anticipated by state employees and teachers; and

9 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
10 the meaning of the Constitution of Maine and require the following legislation as
11 immediately necessary for the preservation of the public peace, health and safety; now,
12 therefore,

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

14 **Sec. 1. 5 MRSA §17701-C** is enacted to read:

15 **§17701-C. Additional member contribution**

16 For state fiscal years beginning July 1, 2011 to July 1, 2016, all members shall
17 contribute to the State Employee and Teacher Retirement Program or have pick-up
18 contributions made at a rate of 1% of earnable compensation in addition to contributions
19 required under sections 17701, 17701-A and 17701-B.

20 **Sec. 2. 5 MRSA §17806, sub-§1, ¶D** is enacted to read:

21 D. Notwithstanding the other provisions of this section, cost-of-living adjustments
22 from September 2012 to August 2018 are limited as follows.

23 (1) For persons with an annual pension of \$25,000 or less, cost-of-living
24 adjustments are not limited.

25 (2) For persons with an annual pension greater than \$25,000 but not greater than
26 \$45,000, the cost-of-living adjustment is reduced by 50%.

27 (3) Persons with an annual pension greater than \$45,000 receive no cost-of-
28 living adjustment.

29 **Sec. 3. Review.** During the First Regular Session of the 128th Legislature, the
30 joint standing committee of the Legislature having jurisdiction over Maine public
31 employees retirement system matters shall review the changes made in this Act to
32 contribution levels and cost-of-living adjustments for retirement benefits and make
33 recommendations whether those changes should be continued.

34 **Emergency clause.** In view of the emergency cited in the preamble, this
35 legislation takes effect when approved.

1

SUMMARY

2 This bill makes changes to the State's public pension laws to improve the financial
3 condition of the Maine Public Employees Retirement System. For the next 6 years, the
4 bill increases the amount of contributions to the Maine Public Employees Retirement
5 System made by state employees and teachers by 1% of earnable compensation. The bill
6 also reduces for 6 years the cost-of-living adjustments for retirement benefits by 50% for
7 persons with annual pensions greater than \$25,000 but not greater than \$45,000 and
8 suspends for 6 years cost-of-living adjustments for persons with annual pensions greater
9 than \$45,000. Persons with pensions of \$25,000 or less continue to receive cost-of-living
10 adjustments. The bill provides for a review of these changes during the 128th
11 Legislature.