

**Sec. A-22. Appropriations and allocations.**

The following appropriations and allocations are made.

**EDUCATION, DEPARTMENT OF**

**Retired Teachers Group Life Insurance Z033**

Initiative: BASELINE BUDGET

<b>GENERAL FUND</b>	<b>History 2009-10</b>	<b>History 2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$2,417,137	\$2,531,951	\$2,531,951	\$2,531,951
<b>GENERAL FUND TOTAL</b>	<b>\$2,417,137</b>	<b>\$2,531,951</b>	<b>\$2,531,951</b>	<b>\$2,531,951</b>

**Justification:**

Other Post Employment Benefit requirements for retiree life insurance have been actuarially calculated for this group of retired teachers and become effective in fiscal year 2007-08.

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**Retired Teachers Group Life Insurance Z033**

Initiative: Provides funding for group life insurance for retired teachers.

Ref. #: 8360

Committee Vote: \_\_\_\_\_

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$426,573	\$567,103
<b>GENERAL FUND TOTAL</b>	<b>\$426,573</b>	<b>\$567,103</b>

**Justification:**

Other Post Employment Benefit requirements for retiree life insurance have been actuarially calculated for this group.

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**RETIRED TEACHERS GROUP LIFE INSURANCE Z033**

**PROGRAM SUMMARY**

<b>GENERAL FUND</b>	<b>History 2009-10</b>	<b>History 2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$2,417,137	\$2,531,951	\$2,958,524	\$3,099,054
<b>GENERAL FUND TOTAL</b>	<b>\$2,417,137</b>	<b>\$2,531,951</b>	<b>\$2,958,524</b>	<b>\$3,099,054</b>

**Retired Teachers' Health Insurance 0854**

Initiative: BASELINE BUDGET

<b>GENERAL FUND</b>	<b>History 2009-10</b>	<b>History 2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$18,768,421	\$19,800,684	\$19,800,684	\$19,800,684
<b>GENERAL FUND TOTAL</b>	<b>\$18,768,421</b>	<b>\$19,800,684</b>	<b>\$19,800,684</b>	<b>\$19,800,684</b>

**Justification:**

This program provides funding for health insurance benefits for Maine's retired teachers.

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**Retired Teachers' Health Insurance 0854**

Initiative: Provides funding for increased retired teachers' health insurance costs.

Ref. #: 8190

Committee Vote: \_\_\_\_\_

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$1,584,055	\$3,294,834
<b>GENERAL FUND TOTAL</b>	<b>\$1,584,055</b>	<b>\$3,294,834</b>

**Justification:**

Retired teachers' health insurance costs are expected to increase 8% in each year of the biennium.

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**RETIRED TEACHERS' HEALTH INSURANCE 0854  
PROGRAM SUMMARY**

<b>GENERAL FUND</b>	<b>History 2009-10</b>	<b>History 2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$18,768,421	\$19,800,684	\$21,384,739	\$23,095,518
<b>GENERAL FUND TOTAL</b>	<b>\$18,768,421</b>	<b>\$19,800,684</b>	<b>\$21,384,739</b>	<b>\$23,095,518</b>

**Teacher Retirement 0170**

Initiative: BASELINE BUDGET

<b>GENERAL FUND</b>	<b>History 2009-10</b>	<b>History 2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$187,807,699	\$196,728,565	\$196,728,565	\$196,728,565
<b>GENERAL FUND TOTAL</b>	<b>\$187,807,699</b>	<b>\$196,728,565</b>	<b>\$196,728,565</b>	<b>\$196,728,565</b>

**Justification:**

The Maine State Retirement System manages the state share and the employee's payroll deductions to provide retirement benefits for Maine's educators.

**Teacher Retirement 0170**

Initiative: Provides funding for teacher retirement costs based upon actuarial estimates for inflation and general salary increases from the Maine Public Employees Retirement System.

Ref. #: 7910

Committee Vote: \_\_\_\_\_

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$71,119,535	\$83,842,320
<b>GENERAL FUND TOTAL</b>	<b>\$71,119,535</b>	<b>\$83,842,320</b>

**Justification:**

The expenditure forecast for the FY12-13 biennium for teacher retirement assumes projected teacher salary and wage growth of 4.75% based upon the actuarial assumption for inflation and general salary increase. The required normal cost employer contribution, in dollars, for teacher retirement is based on this salary projection. The required unfunded actuarial liability (UAL) payment, in dollars, for the FY12-13 biennium for teacher retirement is established by the actuarial valuation performed by MainePERS. The sum of these two employer retirement cost components forms the basis for the forecast for teacher retirement in the FY12-13 budget.

**TEACHER RETIREMENT 0170**

**PROGRAM SUMMARY**

<b>GENERAL FUND</b>	<b>History 2009-10</b>	<b>History 2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$187,807,699	\$196,728,565	\$267,848,100	\$280,570,885
<b>GENERAL FUND TOTAL</b>	<b>\$187,807,699</b>	<b>\$196,728,565</b>	<b>\$267,848,100</b>	<b>\$280,570,885</b>



**Justification:**

A monthly benefit check paid to all eligible Pre-1984 retired judges, and eligible surviving spouses.

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**RETIREMENT SYSTEM - RETIREMENT ALLOWANCE FUND 0085  
PROGRAM SUMMARY**

<b>GENERAL FUND</b>	<b>History 2009-10</b>	<b>History 2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
All Other	\$1,057,211	\$1,122,570	\$1,618,206	\$1,666,010
<b>GENERAL FUND TOTAL</b>	<b>\$1,057,211</b>	<b>\$1,122,570</b>	<b>\$1,618,206</b>	<b>\$1,666,010</b>

## PART S

**Sec. S-1. 5 MRSA §17707-B** as amended by PL 2007, c. 492, §104 is further amended to read:

### **§17701-B. Member contributions on and after July 1, 1993**

Notwithstanding sections 17701 and 17701-A, on and after July 1, 1993 all members shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of ~~7.65%~~ 9.65% of earnable compensation except as otherwise provided in this Part.

**Sec. S-2. 5 MRSA §17702, §6**, as amended by PL 2007, c. 491, §107, is further amended to read:

**6. Member contributions on and after July 1, 1993.** On and after July 1, 1993 all members whose contributions are paid by the State in lieu of the member contribution shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of ~~4.15%~~ 3.15% of earnable compensation in addition to the amount paid by the State.

**Sec. S-3. 5 MRSA §17708-A**, as amended by PL 2007, c. 491, §118 is further amended to read:

### **§17708-A. State Police; members hired after July 1, 1992**

Notwithstanding section 17708, a state police officer hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of ~~4%~~ 3% of earnable compensation in addition to the contribution required under section 17708.

**Sec. S-4. 5 MRSA §17708-B**, as amended by PL 2007, c. 491, §119 is further amended to read:

### **§17708-B. State Police; contributions on and after July 1, 1993**

Notwithstanding sections 17708 and 17708-A, on and after July 1, 1993 a state police officer shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of ~~4.15%~~ 3.15% of earnable compensation in addition to the contributions required under section 17708.

**Sec. S-5. 5 MRSA §17709-A**, as amended by PL 2007, c. 491, §121 is further amended to read:

**§17709-A. Inland fisheries and wildlife officers; members hired after July 1, 1992**

Notwithstanding section 17709, a law enforcement officer in the Department of Inland Fisheries and Wildlife hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of ~~4%~~ 3% of earnable compensation in addition to the contribution required under section 17709.

**Sec. S-6. 5 MRSA §17709-B**, as amended by PL 2007, c. 491, §122. is further amended to read:

**§17709-B. Inland fisheries and wildlife officers; contributions on and after July 1, 1993**

Notwithstanding sections 17709 and 17709-A, on and after July 1, 1993 a law enforcement officer in the Department of Inland Fisheries and Wildlife who is subject to section 17709 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of ~~4.15%~~ 3.15% of earnable compensation in addition to the contributions required under section 17709.

**Sec. S-7. 5 MRSA §17710-A**, as amended by PL 2007, c. 491, §124 is further amended to read:

**§17710-A. Marine resources officers; members hired after July 1, 1992**

Notwithstanding section 17710, a law enforcement officer in the Department of Marine Resources hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of ~~4%~~ 3% of earnable compensation in addition to the contribution required under section 17710.

**Sec. S-8. 5 MRSA §17710-B**, as amended by PL 2007, c. 491, §125 is further amended to read:

Notwithstanding sections 17710 and 17710-A, on and after July 1, 1993 a law enforcement officer in the Department of Marine Resources who is subject to section 17710 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of ~~4.15%~~ 3.15% of earnable compensation in addition to the contributions required under section 17710.

**Sec. S-9. 5 MRSA §17711-A**, as amended by PL 2007, c. 491, §127 is further amended to read:

**§17711-A. Forest rangers; members hired after July 1, 1992**

Notwithstanding section 17711, a forest ranger in the Department of Conservation, Bureau of Forestry hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of ~~1%~~ 3% of earnable compensation in addition to the contribution required under section 17711.

**Sec. S-10. 5 MRSA §17711-B**, as amended by PL 2007, c. 491, §128 is further amended to read:

Notwithstanding sections 17711 and 17711-A, on and after July 1, 1993 a forest ranger in the Department of Conservation, Bureau of Forestry who is subject to section 17711 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of ~~1.15%~~ 3.15% of earnable compensation in addition to the contributions required under section 17711.

**Sec. S-11. 5 MRSA §17712-A**, as amended by PL 2007, c. 491, §130, is further amended to read:

**§17712-A. Maine State Prison employees; members hired after July 1, 1992**

Notwithstanding section 17712, an employee of the Maine State Prison who holds a position described in section 17851, subsection 11 and who is hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of ~~1%~~ 3% of earnable compensation in addition to the contribution required under section 17712.

**Sec. S-12. 5 MRSA §17712-B**, as amended by PL 2007, c. 491, §131 is further amended to read:

Notwithstanding sections 17712 and 17712-A, on and after July 1, 1993 an employee of the Maine State Prison who holds a position described in section 17851, subsection 11 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of ~~1.15%~~ 3.15% of earnable compensation in addition to the contributions required under section 17712.

**Sec. S-13. 5 MRSA §17851-A, sub-§5** as amended by PL 2007, c. 491, §157 is further amended to read:

**5. Contributions.** Notwithstanding any other provision of subchapter 3, after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1,



paragraphs I to K; after December 31, 2001 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M, a member in the capacities specified in subsection 1 must contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at the rate of 8.65% of earnable compensation until the member has completed 25 years of creditable service as provided in this section and at the rate of 7.65% thereafter.

Notwithstanding any other provision of subchapter 3, after June 30, 2011, for employees identified in subsection, 1, a member in the capacities specified in subsection must contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at the rate of 10.65% of earnable compensation until the member has completed 25 years of creditable services as provided in this section and at a rate of 9.65% thereafter.

**Sec. S-14. 5 MRSA §17851-A, sub-§6**, as amended by PL 2007, c. 491, §158 is further amended to read:

**§6. Consequences of participation in retirement plan under section 17851, subsection 5-A, 6-A or 8-A.** Notwithstanding any other provision of law, a member in the capacities specified in subsection 1 who, prior to July 1, 1998 elected the retirement option provided in section 17851, subsection 5-A, 6-A or 8-A is treated as follows under the 1998 Special Plan.

A. A member who made the election at the time of first employment in a position covered under section 17851, subsection 5-A, 6-A and 8-A is considered to be a member under the 1998 Special Plan as of the date of hire. Beginning July 1, 1998, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter. Beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

B. A member who was serving in a position covered under section 17851, subsection 5-A, 6-A or 8-A at the time of the election and who elected to participate in the retirement option prospectively from the time of election is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning July 1, 1998, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter. Beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

C. A member who was serving in a position covered under section 17851, subsection 5-A, 6-A or 8-A at the time of the election and who elected to participate in the retirement option prospectively from the time of election and also elected to purchase credit for service earned while serving in the same capacity before exercising the election is considered to be a member under the 1998 Special Plan as of the beginning date of the service for which credit is purchased, provided that all of the payments required under section 17852, subsection 5-A, 6-A or 7-A are made before retirement. If all the required payments are not made before retirement, that member is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning July 1, 1998, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter. Beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

Employee contributions and actuarial and administrative costs paid to the State Employee and Teacher Retirement Program by a member covered by this subsection may not be returned to that member, except that these employee contributions may be refunded to a member who terminates service and requests a refund under section 17705-A.

**Sec. S-15. 5 MRSA §17851-A, sub-§6-A,** as amended by PL 2007, c. 491, §159 is further amended to read:

**§6-A. Consequences of participation in retirement plan under section 17851, subsection 12 or 13.** A member in the capacities specified in subsection 1, paragraphs J and K who, prior to January 1, 2000, elected the retirement option provided in section 17851, subsection 12 or 13 is treated as follows under the 1998 Special Plan.

A. A member who made the election at the time of first employment in a position covered under section 17851, subsection 12 or 13 is considered to be a member under the 1998 Special Plan as of the date of hire. Beginning January 1, 2000, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter. Beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

B. A member who was serving in a position covered under section 17851, subsection 12 or 13 at the time of the election and who elected to participate in the

retirement option prospectively from the time of election is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning January 1, 2000, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter. Beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

C. A member who was serving in a position covered under section 17851, subsection 12 or 13 at the time of the election and who elected to participate in the retirement option prospectively from the time of election and also elected to purchase credit for service earned while serving in the same capacity before exercising the election is considered to be a member under the 1998 Special Plan as of the beginning date of the service for which credit is purchased, as long as all of the payments required under section 17852, subsection 12 or 13 are made before retirement. If all the required payments are not made before retirement, that member is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning January 1, 2000, for employees identified in subsection 1, paragraphs J and K, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter. Beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

**Sec. S-16. Calculation and transfer of funds; savings from increased employee retirement contributions.** Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings that applies against each account for departments and agencies statewide that have occurred as a result of the change in employee retirement contributions authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2011. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

## SUMMARY PART S

This Part increases the percentage contribution made to the Maine Public Employees Retirement System by state employee and teacher members by 2%. It requires the State Budget Officer to calculate the savings and transfer the amounts by financial order upon approval of the Governor.

## PART T

Sec. T-1. 5 MRSA §17851, §1-D is enacted to read:

**1-D. Member in service at retirement; fewer than 5 years creditable service on July 1, 2011.** A member who on July 1, 2011, had neither 5 years of creditable service nor had reached 62 years of age with one year of creditable service immediately before July 1, 2011 who is in service at retirement, qualifies for a service retirement benefit if the member retires upon or after reaching 65 years of age and:

When a member has met either of the creditable service requirements set out in either paragraph A or paragraph B, subparagraph (2) for eligibility to receive a service retirement benefit under this subsection, the creditable service and age requirements of this subsection may not be increased for that member.

A. Has been in service for a minimum of one year immediately before retirement or has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Legislative Retirement Program under Title 3, section 701, subsection 8; or

B. Effective October 1, 1999, is in service on October 1, 1999 and had fewer than 5 years of creditable service on October 1, 1999, including any person who was not in service on October 1, 1999, and:

(1) Is in service upon or after reaching 65 years of age;

(2) Has been in service for a minimum of one year immediately before retirement or has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Legislative Retirement Program under Title 3, section 701, subsection 8; and

(3) Meets the applicability requirements of subsection 3-A.

Sec. T-2. 5 MRSA §17851, §2-D is enacted to read:

**2-D. Member not in service at retirement; fewer than 5 years creditable service on July 1, 2011.** A member who on July 1, 2011, did not have 5 years of creditable service and who is not in service at retirement qualifies for a service retirement benefit if the member retires upon or after reaching 65 years of age and:

When a member has met the creditable service requirement set out in paragraph A or paragraph B, subparagraph (2) for eligibility to receive a service retirement benefit under this subsection, the creditable service and age requirements of this subsection may not be increased for that member.

A. Has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Legislative Retirement Program under Title 3, section 701, subsection 8; or B. Effective October 1, 1999, is in service on October 1, 1999, had left service prior to October 1, 1999 with or without withdrawing that member's contributions and on or after October 1, 1999 returns to service or is first in service on or after October 1, 1999 and:

(1) Has reached 65 years of age; and

(2) Has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Legislative Retirement Program under Title 3, section 701, subsection 8.

**Sec. U-6. Calculation and transfer of funds; savings from increase in normal retirement age.** Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings that applies against each account for departments and agencies statewide that have occurred as a result of the increase in the normal retirement age as authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2011. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

## **SUMMARY PART T**

This Part increases the normal retirement age for state employee and teacher members of the Maine Public Employee Retirement System who have fewer than 5 years of service on July 1, 2011 to 65 years of age. It requires the State Budget Officer to calculate the savings and transfer the amounts by financial order upon approval of the Governor.

## PART U

**Sec. U-1. 4 MRSA §1358, sub-§1**, as amended by PL 2009, c. 473, §§1 and 2 is repealed and replaced with the following:

**1. Cost-of-living adjustments.** Except as provided in subsection 2, paragraph A, retirement allowances under this chapter shall be adjusted on the same basis as provided for members of the State Employee and Teacher Retirement Program by Title 5, section 17806.

**Sec. U-2 5 MRSA §17806, sub-§1, ¶A**, as amended by PL 2009, c. 473, §3 is further amended to read:

A. Except as provided in paragraph A-1, whenever there is a percentage increase in the Consumer Price Index from July 1st to June 30th, the board shall automatically make an equal percentage increase in retirement benefits, beginning in September, up to a maximum annual increase of ~~4%~~ 2%.

**Sec. U-3 5 MRSA §17806, sub-§1, ¶B**, as amended by PL 1989, c. 557 is further amended to read:

B. Whenever the annual percentage increase in the Consumer Price Index from July 1st to June 30th exceeds ~~4%~~ 2%, the board shall make whatever adjustments in the retirement benefits are necessary to reflect an annual increase of ~~4%~~ 2% and shall submit a supplemental budget request to the Governor for the additional funds that would be required to make adjustments in the retirement benefits to reflect the actual increase in the Consumer Price Index. The request shall include a report stating the cost of the ~~4%~~ 2% increase, the actual percentage increase in the Consumer Price Index and the percentage adjustments granted during the previous 5 years. The board shall make an additional adjustment in the retirement benefits in the month following the appropriation only in that amount.

**Sec. U-4. Effective date.** Those sections of this Part that affect the Maine Revised Statutes, Title 4, section 1358, subsection 1 and Title 5, section 17806, subsection 1, paragraphs A and B take effect January 1, 2014.

**Sec. U-5. Cost-of-living increase to retirement benefits.** Notwithstanding any provisions of law, retirement benefits may not be adjusted to reflect any cost-of-living increase that would otherwise begin in September 2011, September 2012 or September 2013.

**Sec. U-6. Calculation and transfer of funds; retiree cost-of-living adjustment savings.** Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings in this

Act that applies against each account for departments and agencies statewide that have occurred as a result of the changes to retiree cost-of-living provisions authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2011. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

**SUMMARY**  
**PART U**

This Part reduces the cap on cost-of-living increases on the retirement benefit for members of the State Employee and Teacher Retirement Program, the Judicial Retirement Program and the Legislative Retirement Program from 4% to 2% effective January 1, 2014. It also requires that retirement benefits for members of these retirement programs may not be adjusted in September 2011, September 2012 or September 2013. It requires the State Budget Officer to calculate the savings and transfer the amounts by financial order upon approval of the Governor.

**Sec. STU-1. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Departments and Agencies - Statewide 0016**

Initiative: Reduces funding to reflect projected savings from changes to future pension obligations.

Ref. #: 270

Committee Vote: \_\_\_\_\_

AFA Vote: \_\_\_\_\_

**GENERAL FUND**

Personal Services

	<b>2011-12</b>	<b>2012-13</b>
	(\$190,781,442)	(\$199,922,971)

GENERAL FUND TOTAL

	<u>(\$190,781,442)</u>	<u>(\$199,922,971)</u>
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**Justification:**

This initiative recognizes savings from increasing the percentage contribution made to the Retirement System by state employee and teacher members by 2%, increasing the normal retirement age for state employee and teacher members of the Retirement System to 65 years of age if the employee has less than 5 years service and reducing the cap on cost-of-living increases on the retirement benefit from 4% to 2%.

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**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**DEPARTMENT TOTALS**

**GENERAL FUND**

**DEPARTMENT TOTAL - ALL FUNDS**

	<b>2011-12</b>	<b>2012-13</b>
	(\$190,781,442)	(\$199,922,971)

	<u>(\$190,781,442)</u>	<u>(\$199,922,971)</u>
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## PART V

**Sec. V-1. 5 MRSA §285, sub-§7, ¶¶ G and H**, as enacted by PL 2009, c. 213, Pt. GG, §1 are amended to read:

G. For persons who were first employed before July 1, 1991, the State shall pay up to 100% of only the retiree's share of the premiums for the standard plan identified and offered by the commission and available to the retiree, as authorized by the commission for persons who were previously eligible for this health plan pursuant to subsection 1, paragraph A and who have subsequently become eligible pursuant to subsection 1, paragraph G.

H. For persons who were first employed by the State after July 1, 1991, the State shall pay a pro rata share portion of only the retiree's share of the premiums for the standard plan identified and offered by the commission and available to the retiree, as authorized by the commission for persons who were previously eligible for this health plan pursuant to subsection 1, paragraph A and who have subsequently become eligible pursuant to subsection 1, paragraph G based on the total number of years of participation in the group health plan prior to retirement as follows:

- (1) For an employee with 10 or more years of participation, the state portion is up to 100% of the group health plan premium.
- (2) For an employee with at least 9 but less than 10 years of participation, the state portion is up to 90% of the group health plan premium.
- (3) For an employee with at least 8 but less than 9 years of participation, the state portion is up to 80% of the group health plan premium.
- (4) For an employee with at least 7 but less than 8 years of participation, the state portion is up to 70% of the group health plan premium.
- (5) For an employee with at least 6 but less than 7 years of participation, the state portion is up to 60% of the group health plan premium.
- (6) For an employee with at least 5 but less than 6 years of participation, the state portion is up to 50% of the group health plan premium.
- (7) For an employee with less than 5 years of participation, there is no contribution by the State.

**Sec. V-2. 5 MRSA §285, sub-§7, ¶¶ I to L** are enacted to read:

I. For persons who were first employed by the State after July 1, 2001, the State shall pay a pro rata share portion of only the retiree's share of the premiums for the standard plan identified and offered by the commission and available to the retiree, as authorized by the commission for persons who were previously eligible for this health plan pursuant to subsection 1, paragraph A and who have subsequently become eligible pursuant to

subsection 1, paragraph G based on the total number of years of participation in the group health plan prior to retirement as follows:

(1) For an employee with at least 10 or but less than 15 years of participation, the state portion is up to 50% of the group health plan premium.

(2) For an employee with at least 15 but less than 20 years of participation, the state portion is up to 75% of the group health plan premium.

(3) For an employee with at least 20 years of participation, the state portion is up to 100% of the group health plan premium.

J. Beginning July 1, 2011, the State, through the commission, shall pay a share of the retiree premium as identified in sub-§7H or sub-§7I as applicable for the standard plan identified and offered by the commission as follows:

(1) For a retiree whose annual public employee retirement benefit is projected to be less than or equal to \$30,000 on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 95% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

(2) For a retiree whose annual public employee retirement benefit is projected to be greater than \$30,000 and less than \$80,000 on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 90% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

(3) For a retiree whose annual public employee retirement benefit is projected to be \$80,000 or greater on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 85% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

K. For a retiree who is restored to service after reaching the normal retirement age, while that retiree is in service, beginning July 1, 2011, except as provided in subsection 7-A, the State, through the commission, shall pay a share of the retiree premium as applicable for the standard plan identified and offered by the commission as follows

(1) For a retiree whose combined annual public employee retirement benefit and base annual rate of pay is projected to be less than or equal to \$30,000 on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 95% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

(2) For a retiree whose combined annual public employee retirement benefit and base annual rate of pay is projected to be greater than \$30,000 and less than \$80,000 on July 1st of the state fiscal year for which the premium contribution is

being determined, the State shall pay 90% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

(3) For a retiree whose combined annual public employee retirement benefit and base annual rate of pay is projected to be \$80,000 or greater on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 85% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

L. Those state employees that retire on or after January 1, 2012 under the provisions of Title 5, section 17851, subsection 1-B, subsection 1-C, subsection 2-B, subsection 2-C and subsection 3 shall contribute 100% of the individual premium until such time that the retiree reaches age 65.

M. The total premium increase for active and retired state employee health insurance shall be capped at the fiscal year 2010-11 funding level for the fiscal years ending June 30, 2012 and June 30, 2013. The total premium increase for fiscal years ending after June 30, 2013 shall be limited to a 4% annual increase from the level of the previous year.

**Sec. V-3. Effective date.** The Part of this section that affects the Maine Revised Statutes, Title 5, section 285 is effective July 1, 2011.

**Sec. V-4. Calculation and transfer of funds; retiree health insurance.**

Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings in this Act that applies against each account for departments and agencies statewide that have occurred as a result of the retiree health provisions authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2011. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

**Sec. V-5. Calculation and transfer of funds; health insurance.**

Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings in this Act that applies against each account for departments and agencies statewide that have occurred as a result of the health insurance provisions authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2011. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

**SUMMARY**  
**PART V**

This Part amends the statutory provisions pertaining to state employee retiree health insurance. Specifically this Part:

1. Changes the vesting period for retiree health benefits to 10 years and changes the state share of premiums for those individuals.
2. Requires retirees to pay for a portion of their health care premiums.
3. Requires retirees who are restored to service to pay for a portion of their health care premiums based on the total of their retirement benefit and their base annual rate of pay.
4. Requires employees who retire on or after January 1, 2012 to pay 100% of the health care premium until they reach age 65.
5. Caps the total premium cost for fiscal years 2011-12 and 2012-13 at the fiscal year 2010-11 level and caps increases in subsequent years to 4% each year.

**Sec. V-4. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Departments and Agencies - Statewide 0016**

Initiative: Reduces funding to reflect projected savings from changes to future retiree health obligations.

Ref. #: 290

Committee Vote: \_\_\_\_\_

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>	<b>2011-12</b>	<b>2012-13</b>
Personal Services	(\$3,119,739)	(\$4,949,167)
<b>GENERAL FUND TOTAL</b>	<b>(\$3,119,739)</b>	<b>(\$4,949,167)</b>

**Justification:**

The baseline budget for retiree health insurance assumes 8% increases each year. This initiative recognizes savings from maintaining the cost of the program at the fiscal year 2010-11 level. This initiative also recognizes savings from requiring at least 10 years of service for eligibility, changing the state share of premiums for individuals based on years of service and income levels and requiring employees who retire on or after January 1, 2012 to pay 100% of the health care premium until they reach age 65.

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**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

<b>DEPARTMENT TOTALS</b>	<b>2011-12</b>	<b>2012-13</b>
<b>GENERAL FUND</b>	<b>(\$3,119,739)</b>	<b>(\$4,949,167)</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>(\$3,119,739)</b>	<b>(\$4,949,167)</b>

**Sec. V-5. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Departments and Agencies - Statewide 0016**

Initiative: Reduces funding to reflect projected savings from maintaining the cost of the health insurance at the fiscal year 2010-11 level.

Ref. #: 280

Committee Vote: \_\_\_\_\_

AFA Vote: \_\_\_\_\_

**GENERAL FUND**

Personal Services

GENERAL FUND TOTAL

	<b>2011-12</b>	<b>2012-13</b>
	(\$4,591,812)	(\$9,552,949)
	<u>(\$4,591,812)</u>	<u>(\$9,552,949)</u>

**Justification:**

The baseline budget for the 2012-2013 biennium assumes annual increases in the cost of the program of 8%. This initiative recognizes savings from maintaining the cost of the program at the same level as fiscal year 2010-11.

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**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**DEPARTMENT TOTALS**

**GENERAL FUND**

**DEPARTMENT TOTAL - ALL FUNDS**

	<b>2011-12</b>	<b>2012-13</b>
	(\$4,591,812)	(\$9,552,949)
	<u>(\$4,591,812)</u>	<u>(\$9,552,949)</u>

## PART W

**Sec. W-1. 20-A MRSA §13451, sub-§1-A** is enacted to read:

**1-A. Access to group plan; Medicare eligible retirees.** Any person otherwise eligible pursuant to subsection 2, who is eligible for Medicare, must enroll in the group health plan administered under 5 MRSA, §285 in order to be eligible for payment by State provided in subsection 3.

**Sec. W-2. 20-A MRSA §13451, sub-§2**, as amended by PL 2001, c. 439, Pt. PP, §1 and revised by PL 2007, c. 58, §3 is further amended to read:

**2. Eligibility; retired teacher members.** Any retired teacher who receives a retirement benefit from the ~~Maine Public Employees~~ State Employee and Teacher Retirement System is eligible for group accident and sickness or health insurance, provided that the retired teacher has a minimum of 510 years creditable service and also meets the eligibility requirements for participation imposed by the group plan that governed the teacher last as an active teacher and participated in the plan for one year immediately prior to retirement or October 1, 1987, whichever comes last. Retired teachers may not be required to maintain a dues-paying membership in any organization as a requirement for participation in a group health insurance plan under this subsection.

**Sec. W-3. 20-A MRSA §13451, sub-§3, ¶¶ E and F** are enacted to read:

**E.** The state's share of the contribution toward the individual premium shall become effective at such time that the retired teacher reaches age 65 for those eligible teachers that retire on or after January 1, 2012.

**F.** The state's total cost for retired teacher health insurance premiums shall be capped at the fiscal year 2010-11 funding level for the fiscal years ending June 30, 2012 and June 30, 2013. The State's total premium increase for fiscal years ending after June 30, 2013 shall be limited to a 4% annual increase from the funding level of the previous year.

**Sec. W-4. Effective date.** This Part is effective July 1, 2011.

**SUMMARY**  
**PART W**

This Part amends the statutory provisions pertaining to retired teacher health insurance. Specifically this Part:

1. Requires retired teachers who are eligible for Medicare to be enrolled in the program administered for state employees.
2. Requires teachers to have 10 years of service to qualify for a retiree health benefit.
3. Caps the State's cost for retired teachers health insurance for fiscal years 2011-12 and 2012-13 at fiscal year 2010-11 levels and caps increases in subsequent years to 4% each year.



## **PART X**

**Sec. X-1. 5 MRSA § 285, sub-§12**, as enacted by PL 2003, c. 673, § DDDD-1, is repealed.

**Sec. X-2. 5 MRSA § 17801**, as amended by PL 1999, c. 489, § 3, is repealed.

**Sec. X-3. Application.** Notwithstanding the Maine Revised Statutes, Title 1, section 302, or any other provision of law, this Part shall apply to all members of the State Employee and Teacher Retirement System, regardless of whether or not they have met the creditable service requirement for eligibility to receive a service retirement benefit and all those who are receiving retiree benefits, including but not limited to health insurance, by virtue of their current or prior membership in the State Employee and Teacher Retirement System.

**Sec. X-4. Effective date.** This Part is effective July 1, 2011.

## **SUMMARY PART X**

This Part repeals the provisions that made solemn contractual commitments to members of the State Employee and Teacher Retirement System related to health insurance and retirement benefits.

## PART Y

**Sec. Y-1. 5 MRSA §286-B, sub-§1**, as enacted by PL 2007, c .240, Pt. RRR is amended to read:

### **§286-B. Irrevocable Trust Funds for Other Post-employment Benefits**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

- A. "Retiree health benefits" means health benefits as determined from time to time by the State Employee Health Commission pursuant to section 285.
- B. "Investment trust fund" means the Retiree Health Insurance Post-employment Benefits Investment Trust Fund established under section 17432.
- C. "Irrevocable trust funds" means the Irrevocable Trust Funds for Other Post-employment Benefits established under subsection 2.
- D. "State Employee Plan" means those eligible participants as described in section 285, subsections 1-A and 11-A.
- E. "Teacher Plan" means those eligible participants as described in Title 20-A, section 13451, subsections 2, 2-A, 2-B and 2-C.

**2. Establishment.** The Irrevocable Trust Funds for Other Post-employment Benefits ~~is~~ are established to meet the State's unfunded liability obligations for retiree health benefits for eligible participants as described in section 285, subsections 1-A and 11-A who are the beneficiaries of the irrevocable trust funds and beginning July 1, 2011 for eligible participants as described in Title 20-A, section 13451, subsections 2, 2-A, 2-B and 2-C who are the beneficiaries of the irrevocable trust funds. Funds appropriated for the irrevocable trust funds must be held in trust and must be invested or disbursed for the exclusive purpose of providing for retiree health benefits and may not be encumbered for, or diverted to, other purposes. Funds appropriated for the irrevocable trust funds may not be diverted or deappropriated by any subsequent action.

Annually, beginning with the fiscal year starting July 1, 2007, the Legislature shall appropriate funds to meet the State's obligations under any group health plan, policy or contract purchased by the State Employee Health Commission to provide retiree health benefits pursuant to section 285, subsection 5 and, if applicable, to meet the State's obligations under any self-insured group health plan pursuant to section 285, subsection 9. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not exceeding 10 years.

Annually, beginning with the fiscal year starting July 1, 2009, the Legislature shall appropriate funds that will retire, in 30 years or less from July 1, 2007, the unfunded liability for retiree health benefits for eligible participants as described in this section. The unfunded liability referred to in this section is that determined by the Department of

Administrative and Financial Services, Office of the State Controller's actuaries and certified by the Commissioner of Administrative and Financial Services as of June 30, 2006.

### **3. Trustees.**

A. The Treasurer of State and the State Controller shall serve as trustees of the irrevocable trust fund for the state employee plan.

B. An independent, non-governmental entity with a physical presence in Maine shall serve as the trustee for the irrevocable trust fund for the teacher plan.

**4. Duties of the trustees.** The trustees of the irrevocable trust funds have the following duties.

A. The trustees of the irrevocable trust fund shall calculate the funds necessary to fund the state employee health insurance program, including the unfunded liability as determined in accordance with subsection 2, on an actuarially sound basis and transmit those calculations to the State Budget Officer as required by chapter 149. The Legislature shall appropriate and transfer annually those funds the trustees of the irrevocable trust funds determine to be necessary under this subsection to fund the state employee health insurance program on an actuarially sound basis, including a contribution to the irrevocable trust funds.

B. The trustees of the irrevocable trust funds biannually shall make, or cause to be made, valuations of the assets and liabilities of the state employee health insurance program. The trustees of the irrevocable trust funds shall select an independent actuary to make annual valuations of the assets and liabilities of the state employee health insurance program on the basis of actuarial assumptions adopted by the trustees of the irrevocable trust fund. The actuary may not be an officer or employee of the State. The goal of the actuarial assumptions is to achieve a fully funded state employee health insurance program.

C. The trustees of the irrevocable trust fund annually shall conduct, or cause to be conducted, an audit of the irrevocable trust funds. The trustees of the irrevocable trust funds shall select an independent auditor to perform the audit. The auditor may not be an officer or employee of the State.

D. The trustees of the irrevocable trust funds shall make the final decision on all matters pertaining to administration, actuarial assumptions, actuarial recommendations, funding, payout schedule and long-term time horizon for the irrevocable trust funds.

**5. Investment of funds.** The trustees of the investment trust funds are responsible for the investment and reinvestment of the funds appropriated to the irrevocable trust funds and transferred to the investment trust funds in accordance with the Maine Uniform

Trust Code and the Maine Uniform Prudent Investor Act under Title 18-B, subject to the guidelines set for the investment trust funds in section 17435.

**6. Report to Legislature.** The trustees of the irrevocable trust funds shall make a written report to the joint standing committee of the Legislature having jurisdiction over appropriations matters and the joint standing committee of the Legislature having jurisdiction over labor matters on or before March 1st of each year that contains a discussion of any areas of policy or administration of the irrevocable trust funds that, in the opinion of the trustees of the irrevocable trust funds, should be brought to the attention of the joint standing committees; a discussion of the progress toward meeting the goals of this section; and a review of the status of the irrevocable trust fund.

**Sec. Y-2. Trust document.** The State Treasurer and State Controller shall work with the Office of the Maine Attorney General to draft an irrevocable trust document which would govern the receipt, control, investment and disbursement of funds placed into the trust for the State of Maine's other post employment benefits obligation for retired teachers.

**Sec. Y-3. Trustee selection.** The selection of the trustee for the Teacher Plan shall be done through the State's Request for Proposal bidding process governed by Title 5, Chapter 155 with the State Treasurer making the selection with the advice of representatives from the Maine Municipal Association, the Maine School Management Association, the Maine Education Association and the State Controller.

## **SUMMARY PART Y**

This Part creates an Irrevocable Trust Fund for Other Post-employment Benefits for retired teachers.

## **PART Z**

**Sec. Z-1. Retirement incentive.** The Commissioner of Administrative and Financial Services is authorized to offer a retirement incentive program to employees who are eligible to retire and who have reached their normal retirement age on or before July 1, 2011. Employees choosing to participate in this retirement incentive program must make application for participation in the manner specified by the commissioner between July 1, 2011 and August 15, 2011, with retirements effective August 31, 2011.

**Sec. Z-2. Calculation and transfer of funds; savings retirement incentive program.** Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings in the Statewide Retirement Incentive account in this Act that applies against each account for departments and agencies statewide that have occurred as a result of the retirement incentive program authorized in section 1. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2012. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

**Sec. Z-3. Disposition of authorized positions vacated by retiring employees.** Except as provided in this section, positions vacated by employees choosing to participate in the retirement incentive program authorized in section 1 must remain vacant from September 1, 2011 to June 30, 2013. Upon approval of the State Budget Officer, a vacated position may be filled to meet the operational needs of the department as long as a different vacated position that achieves comparable savings within the same fund is identified. The State Budget Officer shall report to the Joint Standing Committee on Appropriations and Financial Affairs on the numbers of the employees, by program, taking advantage of the retirement incentive program by September 1, 2012.

## **SUMMARY PART Z**

This Part authorizes the Commissioner of Administrative and Financial Services to implement a new employee retirement incentive program designed to encourage employees who are otherwise eligible to retire to do so. It requires the State Budget Officer to calculate the savings and transfer the amounts by financial order upon approval of the Governor. It requires that the vacated positions remain vacant from August 1, 2011 to June 30, 2013.

**Sec. Z-2. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Departments and Agencies - Statewide 0016**

Initiative: Reduces funding to reflect projected savings to be achieved through a retirement incentive program.

Ref. #: 260

Committee Vote: \_\_\_\_\_

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>	<b>2011-12</b>	<b>2012-13</b>
Personal Services	(\$5,000,000)	(\$5,500,000)
<b>GENERAL FUND TOTAL</b>	<b>(\$5,000,000)</b>	<b>(\$5,500,000)</b>

**Justification:**

Part Z of this act authorizes a retirement incentive program to employees who are eligible to retire and who have reached their normal retirement age on or before July 1, 2011. Employees choosing to participate in this retirement incentive program must make application for participation in the manner specified by the Commissioner of the Department of Administrative and Financial Services between July 1, 2011 and August 15, 2011, with retirements effective August 31, 2011. Positions that become vacant as a result of employee participation in this program will be frozen for the 2012-2013 biennium unless a different vacated position that achieves at least the same amount of savings is identified. Estimated savings are net of the \$5,000 incentive payments offered to eligible employees.

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**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

<b>DEPARTMENT TOTALS</b>	<b>2011-12</b>	<b>2012-13</b>
<b>GENERAL FUND</b>	<b>(\$5,000,000)</b>	<b>(\$5,500,000)</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>(\$5,000,000)</b>	<b>(\$5,500,000)</b>