



129th MAINE LEGISLATURE

LD 1659**LR 808(02)****An Act To Include Additional Corrections Officers and Mental Health Workers under the 1998 Special Plan for Retirement and To Amend the Laws Governing Retirement Benefits for Capitol Police Officers****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Labor and Housing****Fiscal Note Required: Yes**

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$0	\$3,950,341	\$182,382	\$186,029
Appropriations/Allocations				
General Fund	\$0	\$3,950,341	\$182,382	\$186,029
Other Special Revenue Funds	\$0	\$57,219	\$1,121,360	\$1,143,787

Fiscal Detail and Notes

This legislation adds persons employed in the Department of Health and Human Services (DHHS) on March 1, 2021, or hired thereafter, who have a responsibility for providing direct care to persons in need of mental health services in a community-based or residential setting or to residents or patients of mental health institutions in this State to the 1998 Special Plan and allows the service retirement benefits already earned by those employees under the State Employee and Teacher program to be calculated under the 1998 Special Plan. This bill includes General Fund appropriations totaling \$3,950,341 and Other Special Revenue Funds allocations totaling \$57,219 in fiscal year 2020-21 for the cost of this provision.

Of the total General Fund appropriations included in the bill, \$3,945,571 is provided on a one-time basis to the Retirement Allowance Fund within the Maine Public Employees Retirement System for the increase in the unfunded actuarial liability created as a result of the retroactive provision in this bill. Pursuant to the Constitution of Maine, Article IX, Section 18-A, unfunded liabilities may not be created except those that result from experience losses. General Fund appropriations of \$4,770 and Other Special Revenue Funds allocations of \$57,219 in fiscal year 2020-21 are also provided to various programs within DHHS for the increase in the employer's contribution to the normal cost component and unfunded actuarial liability for those employees hired after March 1, 2021. The ongoing General Fund cost of this provision for both employees hired after March 1, 2021 and employees hired by DHHS prior to March 1, 2021 that elect to participate in the 1998 Special Plan is estimated to be \$182,381 in fiscal year 2021-22 and \$186,029 in fiscal year 2022-23. Other Special Revenue Funds costs are estimated to be \$1,121,360 and \$1,143,787 in fiscal years 2021-22 and 2022-23, respectively.

It is important to note that this legislation includes a transition provision for those direct care workers hired by DHHS prior to March 1, 2021 which allows these employees to elect to participate in the 1998 Special Plan by July 1, 2021. Based on the most current information available, approximately 499 direct care workers will be eligible to make that election. Because no data was available to estimate how many eligible employees may actually choose to participate in the 1998 Special Plan, this fiscal note assumes 100% participation. The actual cost of this provision may be less depending on the number of employees that elect to participate in the 1998 Special Plan.

If any of the direct care workers hired by DHHS prior to March 1, 2021 who choose to remain in the regular State Employee and Teacher Plan eventually retire or otherwise vacate their positions, any newly hired direct care workers will be placed in the 1998 Special Plan. The additional cost to DHHS to fill these positions at the higher employer contribution rate is estimated to be between \$2,000 and \$3,000 per position annually. When this additional cost will be incurred and which fund will be impacted cannot be determined at this time.