

DATE: May 13, 2025

TO: Senator Michael Tipping, Chair  
Representative Amy Roeder, Chair  
Members, Joint Standing Committee on Labor

FROM: Kathy J. Morin, Director, Actuarial and Legislative Affairs

SUBJECT: Testimony on L.D. 1947 – An Act to Amend the Laws Pertaining to the Maine  
Public Employees Retirement System

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Good afternoon, Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor. My name is Kathy Morin, and I am the Director of Actuarial and Legislative Affairs for the Maine Public Employees Retirement System. I am here to testify in support of L.D. 1947, An Act to Amend the Laws Pertaining to the Maine Public Employees Retirement System. I would first like to thank Representative Roeder for presenting this bill on behalf of the System.

The primary purpose of L.D. 1947 is to clarify, update, and make minor improvements to the statutes governing MainePERS; some of the proposed changes are more technical in nature, while others are more substantive. The technical changes include correcting cross-references and removing or correcting obsolete, unclear or inconsistent statutory language. The more substantive changes include minor changes to several parts of statute, and I will speak directly to those changes. All of the proposed changes are set out in the attached chart.

Sections 1, 5, 18 and 35 of the bill propose to remove the requirement that refunds to terminated members cannot be made sooner than 22 days after the receipt of all information required to support the issuance of the refund. We have heard from members that this can create a hardship to those who must wait for their money, and MainePERS is not aware of any compelling reason to delay processing the refund.

Sections 2 and 9 establish a definition of “duly acknowledged,” which term is used in other sections of the bill as well as in existing law. The proposed definition includes electronic identification, if such a process is adopted by the Board through future rulemaking, to allow for flexibility as we develop our new pension administration system.

Sections 3 and 13 establish definitions for “survive” and “surviving,” which terms are used in other sections of the bill to clarify the beneficiary(ies) to whom death benefits are paid. We

think this change is appropriate to provide a clear standard that aligns with treatment under the probate code of situations where a beneficiary becomes deceased soon after the member.

Sections 6, 26, 41 and 43 remove the requirement for five years of continuous service before a member can be eligible for disability retirement benefits without meeting preexisting condition criteria. The bill proposes to simply require five years of service; that is, remove the requirement that the service be continuous. This five year requirement is consistent with the vesting requirements of the plan.

Sections 7, 27, 28, 42, 44 and 45 remove the requirement that disability retirement benefit recipients who earn more than permitted under law, repay those overearnings in the next calendar year. The bill proposes to require that those overearnings be repaid in accordance with Title 5, Section 17054, which states in part that "...recovery practices must be reasonable and consider the personal economic stability of the retiree in the establishment of the recovery schedule."

Section 12 provides flexibility in the methodology used to calculate benefits for part-time, seasonal, and temporary employees so that their less-than-full-time status does not negatively impact them relative to full-time employees. Current law requires this to be accomplished by annualizing earnable compensation; however, the same result could be achieved by instead adjusting service credit. As we develop our new pension administration system, MainePERS would like flexibility to implement the most efficient methodology. Section 12 would grant rulemaking authority to the Board of Trustees to do this.

Sections 15 clarifies that a coach or adult education teacher who does not meet the definition of "teacher" in that position is still a member of the State Employee and Teacher Retirement Program for that service if they already are a member from other employment. This clarification aligns with how MainePERS has administered existing law since it was enacted and how we understand the original intent.

Section 16 clarifies procedural requirements before initiating court action to recover overpaid benefits. Specifically, it clarifies that the decision to initiate court action is not itself subject to appeal. An appeal in that situation is not necessary because judicial oversight is provided through the court action, and the delay inherent in allowing appeal of the decision to file suit might make it impossible to meet court filing deadlines.

Section 32, 33, 34 permit the chief administrative officer of a participating local district to clarify ambiguities in actions taken by the governing body regarding plan participation. Under current law, the governing body may be required to take a clarifying action which is often difficult when that requires, for example, a town meeting. This can be difficult for the PLD since such meetings often do not occur on a frequent basis, and it can be costly to hold a special meeting. This change will allow clarification to be made in order to implement the intended plan participation in a timely manner.

Section 49 removes the requirement for a minimum percentage of members of a local district in order to participate in the group life insurance program. This change will make that program more readily available for adoption by participating local districts to allow employees to participate in the group life insurance program.

Section 50 changes what constitutes a quorum for the Participating Local District Advisory Committee. The Committee has 10 voting members, and changing the quorum to six, including at least two labor and management members, still requires the participation of more than half of the total members in order for business to be transacted and would ensure the same minimum participation of labor and management members under current law.

As previously indicated, other sections of the proposed bill not specifically mentioned in this testimony make non-substantive changes to retirement laws.

Thank you for your consideration of this testimony. I would be happy to answer your questions and will be available at your work session.

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Section(s)	Statute	Summary
1, 5, 18, 35	Title 3 §805-A, sub-1, ¶B Title 4 §1305-A, sub-§1, ¶B Title 5 §17705-A, sub-§1, ¶B Title 5 §18306-A, sub-§1, ¶B	Allows refunds to be issued to members sooner
2, 8, 9, 19, 20, 21, 22, 37, 38, 39,40	Title 4 §1201, sub-8-A Title 4 §1357, sub-§2, ¶A Title 5 §17001, sub-§12-B Title 5 §17804 Title 5 §18404	Defines "duly acknowledged," and incorporates the term into relevant sections of statute; allows the MainePERS board to adopt a digital identification process; and brings consistency to language throughout statutes regarding filing of selected retirement benefit option.
3, 4, 13, 14, 29, 30, 31, 46, 47, 48	Title 4 §1201 Title 5 §17001 Title 5 §18057 Title 5 §18657	Provides definitions for "survive" and "surviving," and incorporates the term into other relevant sections of statute
6, 26, 41, 43	Title 4 §1353, sub-§1-A, ¶A Title 5 §17924, sub-§2 Title 5 §18504, sub-§2 Title 5 §18524, sub-§2	Removes the requirement for continuous service before a member can be eligible for disability retirement benefits without meeting pre-existing condition criteria
7, 27, 28, 42, 44, 45	Title 4 §1353, sub-§5 Title 5 §17930 Title 5 §18506 Title 5 §18530	Provides more flexibility in how overpayments are recovered
10, 11	Title 5 §17001	Clarifies definition of "earnable compensation"
12	Title 5 §17001, sub-§13, ¶E	Provides flexibility in calculation of benefits for less than full time employees
15	Title 5 §17001, sub-42, ¶B	Clarifies membership eligibility for coaches and adult education employees
16	Title 5 §17054, sub-§3	Clarifies procedural requirements before initiating court action to recover overpaid benefits.
17	Title 5 §17107, sub-§2, ¶F	Deletes obsolete language
23	Title 5 §17851, sub-§16	Corrects a cross-reference omission when prior law enacted

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24, 25	Title 5 §17859	Clarifies termination of employment requirements for retirees to be restored to service
32, 33, 34	Title 5 §18201, sub-§5 Title 5 §18202, sub-§4 Title 5 §18203, sub-§4	Permits the chief administrative officer of a participating local district to clarify ambiguities in actions taken by the governing body regarding plan participation
36	Title 5 §18363, sub-§2, ¶B	Corrects a cross-reference
49	Title 5 §18662, sub-§1	Repeals the requirement that a certain percentage of PLD employees participate in order to participate in the group life insurance program
50	Title 5 §18802-A, sub-§5, ¶A	Changes what constitutes a quorum for the Participating Local District Advisory Committee