

Testimony of Frederick Brewer, CPA

In Support of LD 1316, *An Act To Provide Funding for the Maine Length of Service Award Program* May 10, 2021

Good Morning Senator Deschambault, Representative Warren, and honorable members of the Committee on Criminal Justice and Public Safety. My name is Frederick Brewer, and I am the Governor's Appointee to the Length of Service Award Program for the State of Maine. I was appointed to the LOSAP board because of my background as a CPA, my training and expertise working with municipalities and retirement plans & my life long experience as a fourth-generation volunteer firefighter on the Massasoit Engine Co. of Damariscotta. I appreciate the opportunity to speak in support of LD 1316, An Act To Provide Funding for the Maine Length of Service Award Program. The original bill that established the program was passed under the 127th legislative session in 2015. We have actively been working toward funding this bill since that time. We were close to achieving funding in the Governor's supplemental budget in the 129th legislature but the quick shut down because of COVID prevented us from securing the funding necessary to operate the program.

This bill is the product of an effort to address Maine's crisis to attract, retain, and support our volunteer first responders, which our communities are so reliant upon. This bill seeks to provide two things for Maine's LOSAP:

The first part of the funding will appropriate funds for the administrative costs of the program so that municipalities in Maine can contribute to the program for the benefit of their volunteer firefighters and EMS personnel.

The second part of the funding is for a State contribution to the program. The State appropriation will fund contributions for firefighters and EMS personnel that meet the training, meeting attendance, and calls that their department has during the year. This is referred to as qualified services under the plan.

The board established the service award calculation so that first responders can accrue benefits for services that will benefit the communities they serve the most. The benefit of the state contribution is that we have set a floor of 30 points that the participant needs to earn. If they do not achieve the 30 points, then they will not receive a contribution from the State. The ceiling of the program is \$1,000 annually per participant. This enables departments to encourage additional participation from their membership by showing them how much service credit they have earned throughout the year.

Maine's LOSAP is a deferred compensation program under Internal Revenue Code 457 that is a defined contribution program. A defined contribution program puts funds in the participants account and they can draw on it after they reach retirement age and have provided 5 years of vesting service to their community. The defined contribution plan is effective because it doesn't create any pension liabilities that the State will have to fund in future years. The only funding requirement is the annual contribution to the program based on the participants service to their community.

LOSAP programs vary from State to State. States like **Maryland, Wisconsin, Oregon and Pennsylvania** have similar State-wide, defined contribution programs. States like **New York, New Mexico, Montana** have defined benefit programs that provide a specific pension amount, when they reach retirement age, based on their years of service. Some States like New York allow the individual volunteer departments to have their own LOSAP program that is monitored by the State. Maine is a State wide program that allows individual

municipalities to add to the first responders account to supplement the contribution from the State, as they see fit.

For the sake of the health and future of our volunteer first responders in Maine, and the communities that depend on them, I urge you to vote in favor of this bill. I welcome any questions about the operation of the program and thank you for your service.

A handwritten signature in blue ink, appearing to be "Robert W.", written in a cursive style.