

DATE: April 24, 2023

TO: Senator Peggy Rotundo, Chair
Representative Melanie Sachs, Chair
Members, Joint Standing Committee on Appropriations and Financial Affairs

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

SUBJECT: Testimony on L.D. 1023 - An Act to Strengthen Maine's Financial Future in Perpetuity by Establishing the Irrevocable Budget Trust Fund

MainePERS is submitting written testimony neither for nor against L.D. 1023, specifically relating to proposed 5 M.R.S. § 1524, sub-§4, which contains the only language in the bill that pertains to MainePERS.

MainePERS administers defined benefit plans and holds funds in trust for the beneficiaries of those plans. MainePERS also administers a group life insurance program and holds funds in trust for the participants in that program. The Board also serves as trustees of the investment trust fund for the Irrevocable Trust Fund for Post-employment benefits for retiree health benefits for State employees and teachers. MainePERS does not hold nor invest funds for any other purposes.

LD. 1023 establishes an Irrevocable Budget Trust Fund. It appears to assign MainePERS a role in investing budget trust funds similar to our role with the aforementioned trust funds. We are concerned that this role strays from our core mission of providing retirement and related benefits to public employees. The post-employment trust funds for which the Board serves as trustees have some relation to our mission since they provide health insurance for our retirees. L.D. 1023 would appear to be drawing MainePERS into general investment management for the State, a role that may be more appropriate for the State Treasurer.

Thank you for your consideration of this testimony. We are available to attend your work session if you have questions.