

DATE: April 16, 2021

TO: Senator Craig Hickman, Chair
Representative Mike Sylvester, Chair
Members, Joint Standing Committee on Labor and Housing

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

SUBJECT: Testimony on L.D. 317 – An Act to Create Equality in Retirement for Forest Rangers with that of Employees of State Conservation Law Enforcement Agencies

Senator Hickman, Representative Sylvester, and members of the Joint Standing Committee on Labor and Housing. My name is Kathy Morin, and I am the Manager of Actuarial and Legislative Affairs for the Maine Public Employees Retirement System.

MainePERS is neither for nor against L.D. 317. We are here to provide information and offer any assistance the Committee might need regarding this bill.

L.D. 317 proposes to change the retirement plan by which forest rangers are covered. Employees in these positions are currently covered by the 1998 Special Plan, which provides for retirement after twenty-five years of service at age 55. Retirement prior to age 55 results in a reduced benefit. L.D. 317 would permit covered employees to retire without reduction after completing 25 years of service, regardless of age. This change would allow forest rangers to retire under the same provisions as State Police and Inland Fisheries and Wildlife and Marine Resources law enforcement officers.

This bill will have a fiscal impact because the Constitution does not allow the creation of new or additional benefits unless immediately and fully funded. New benefits are created under L.D. 317 because forest rangers would be able to retire earlier and therefore would receive benefits for more years than currently accounted for and funded, creating a new unfunded actuarial liability (UAL). We estimate an approximate \$3.0 million increase to the UAL if this bill is enacted. L.D. 317 would also increase the ongoing employer normal costs for the members who will be covered in a more favorable special plan. For fiscal year 2023, we estimate those additional costs to be \$82,000, assuming an effective date of September 1, 2022, as proposed by the bill. These costs were based on our understanding of the group impacted by the bill and any changes to the positions to be included in the special plan will require a recalculation of these costs.

L.D. 317 appears to establish a member contribution rate for forest rangers that is inconsistent with the rate that applies to other groups covered by a special plan. Specifically, L.D. 317 sets

the rate at 7.5% of compensation for the first twenty-five years of service and 6.5% thereafter. For other special plan groups, the member contribution rate is 8.65%, changing to 7.65% after completion of plan requirements. Members in the State regular plan also pay 7.65%. A lower member contribution rate for forest rangers would result in an increased employer contribution rate for this group.

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