

Date: March 26, 2025

To: Senator Michael Tipping, Senate Chair
Representative Amy Roeder, House Chair
Members, Joint Standing Committee on Labor

From: Bill Brown, Director of Actuarial and Legislative Affairs

Subject: LD 1025, An Act to Allow Federal Civil Service to Count for Purposes of Maine Public Employees Retirement System Benefits

Good morning Senator Tipping, Chair Roeder and the other distinguished members of the Joint Standing Committee on Labor. I am Bill Brown, Director of Actuarial and Legislative Affairs for the Maine Public Employees Retirement System (MainePERS).

MainePERS is neither for nor against LD 1025. We are here to provide information and to offer any assistance the committee may request surrounding this bill.

The State/Teacher Plan administered by MainePERS provides a defined benefit plan for State employees and teachers. Eligibility for a service retirement benefit and the amount of that benefit are determined in part by a member's years of service. Under limited circumstances members may purchase additional service credit to increase the total service credit used in the calculation of benefits. A chart showing examples of the types of service credit currently eligible for purchase is attached to this testimony. Purchased service credit may allow a member to retire earlier or with an increased retirement benefit.

LD 1025 proposes to allow a member of the State/Teacher Plan who previously served as an employee of the federal employment service to purchase up to 5 years of service credit at actuarial, or unsubsidized, cost.

There is no fiscal impact to LD 1025 as drafted. As a member opting to purchase service credit under the provisions of LD 1025 is required to pay the full actuarial.

The bill as drafted does not afford members in the Participating Local District (PLD) Plan the same opportunity to purchase federal employment service as that being proposed for members of the State/Teacher Plan. Amending the bill to include this provision in the laws that govern these plans would enable consistency in the laws regarding this specific provision.

Additionally, the phrase "federal employment service" is currently used in Title 5 to refer to a specific type of federal employment that can be included as service credit in the State/Teacher Plan. We would be happy to work with the bill sponsor and the committee analyst to clarify the language of the bill.

Thank you for your consideration of this testimony. I am happy to answer any questions and I will be present for the work session.

Service Credit Purchase Provisions- State/Teacher Plan

Type of Service	Description	Maximum Purchase	Cost?	Authorization
Active Military	Active duty military service before becoming a MainePERS member	4 Years	Varies	Title 5§ 17760
Out-of-State	Service earned working for a state other than Maine	10 Years	Actuarial	Title 5§ 17754(2)
Non-Contributory MainePERS	Time worked in MainePERS-covered employment before becoming a MainePERS member	No Limit	Varies ¹	Title 5§ 17752
Refunded	MainePERS service time previously refunded at a member's request	No Limit	Contributions & Interest (C&I)	Title 5§ 17757
Private/Parochial Teaching	Time that a teacher taught in a parochial school, or public or private academy	10 Years	Varies	Title 5§ 17763
Teacher Prior Service	Time taught in Maine's public schools before July 1, 1947, the date that MainePERS began to cover Maine's public school teachers	No Limit	None	Title 5§ 17752
Federal Service	Time worked for the federal employment service before it was returned to state control	No Limit	C&I	Title 5 § 17759 ²
Head Start	Time worked in one of Maine's Head Start programs	2 Years	Actuarial	Title 5§ 17764
CETA	Employment under the U.S. Comprehensive Employment and Training Act	No Limit	Actuarial	Title 5§ 17761
VISTA	Time spent as a member of Volunteers in Service to America	2 Years	Actuarial	Title 5§ 17764
Fulbright Exchange	Time spent as a member of the Fulbright Exchange Program	2 Years	Actuarial	Title 5§ 17764
Peace Corps	Time spent as a member of the Peace Corps	2 Years	Actuarial	Title 5§ 17764
Foreign Teaching	Time teaching children of United States Foreign Service Corps personnel or United States armed forces personnel	2 Years	Actuarial	Title 5§ 17764

¹ Available only to those eligible before August 1, 2010

² Does not apply to members who begin membership on or after January 1, 1976

Teacher's Aide	Time employed as a teacher's aide or Educational Technician in Maine's public schools prior to becoming a "teacher"	No Limit	Actuarial	Title 5 §17765
Maine Educational Leave Act	State employees only: Time on unpaid or partially paid educational leave under the Maine Educational Leave Act	No Limit	Actuarial	Title 5 §17766