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STATE OF MAINE  
ONE HUNDRED AND THIRTY-FIRST LEGISLATURE  
COMMITTEE ON LABOR AND HOUSING

MEMORANDUM

TO: Senator Margaret Rotundo, Senate Chair  
Representative Melanie Sachs, House Chair  
Joint Standing Committee on Appropriations and Financial Affairs

FROM: Senator Mike Tipping, Senate Chair **MT** **SL**  
Representative Amy Roeder, House Chair **AR** **SL**  
Joint Standing Committee on Labor and Housing

DATE: February 2, 2023

SUBJ: Supplemental budget recommendations

The Joint Standing Committee on Labor and Housing (“LBHS Committee”) on Tuesday, January 31st, reviewed the budget items pertaining to the agencies under our jurisdiction in the Governor’s proposed supplemental budget for FY23.

The members present at the January 31<sup>st</sup> meeting voted as follows on the initiatives:

- 7-1<sup>1</sup> **OUT** on Maine State Housing Authority initiative (Ref. #120)
- 8-0<sup>2</sup> **IN** on the Maine Department of Labor initiatives (Ref. #176, Ref. #177, Ref. #179)
- 8-0<sup>3</sup> **IN** on the Maine Public Employees Retirement System initiative (Ref. #216)
- 8-0<sup>4</sup> **IN** on Part I. language pertaining to the Department of Economic and Community Development
- 8-0<sup>5</sup> **IN** on Part J language pertaining to the one-time cost-of-living (COLA) payment of 1%

<sup>1</sup> Voting in favor were Rep. Galletta, Rep. Skold, Sen. Pouliot, Sen. Tipping, Rep. Roeder, Rep. Malon, Rep. Russell. Voting in opposition was Rep. Soboleski. Absent were Sen. Daughtry, Rep. Bradstreet, Rep. Gere, Rep. Geiger and Rep. Drinkwater.

<sup>2</sup> Voting in favor were Rep. Galletta, Rep. Skold, Sen. Pouliot, Sen. Tipping, Rep. Roeder, Rep. Malon, Rep. Russell and Rep. Soboleski. Absent were Sen. Daughtry, Rep. Bradstreet, Rep. Gere, Rep. Geiger and Rep. Drinkwater.

<sup>3</sup> Voting in favor were Rep. Galletta, Rep. Skold, Sen. Pouliot, Sen. Tipping, Rep. Malon, Rep. Drinkwater, Rep. Russell and Rep. Soboleski. Absent were Rep. Roeder, Sen. Daughtry, Rep. Bradstreet, Rep. Gere and Rep. Geiger.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

The members of the LBHS Committee in attendance expressed disappointment and concern about the one-time payment of 1% COLA adjustment in language Part J. As described at the joint public hearing with the Joint Standing Committee on Appropriations and Financial Affairs, the Consumer Price Index for all Urban Consumers (CPI-U) for the period ending June 30, 2022 was 9.1% and for December 31, 2022 was 6.5%. The 1% one-time payment would give a maximum benefit of \$242 and an average benefit of \$175 to approximately 37,600 state-sponsored plan retirees. Members feel that this one-time payment of 1% when inflation is up to 9% is far less than the Legislature should be doing to support these retirees. The Social Security Administration announced an 8.7% COLA payable to more than 65 million beneficiaries starting in January.

Additionally, members feel that:

1. To current state employees and teachers, it doesn't inspire a lot of confidence that their retirement benefits will be adequate when the current employee is set to receive such benefits;
2. To retired state employees and teachers, it does little, if anything, to ease the cost of inflation, which was brought on by no fault of their own, other than lower their standard of living going forward; and
3. The statutory COLA limitations and a meager one-time payment makes working in the State of Maine Government and teaching in Maine's schools a much less competitive place to work and attract employees. The labor market is extremely tight and the public sector competes with the private sector in attracting and retaining talent. This reality could not have been better illustrated than the presentation the LBHS Committee received from MainePERS administrators who indicated a significant turnover rate (20%) in employee levels.

Attached please find the "LBHS Part A Report-back Template" on which we have recorded the Committee vote on the individual budget initiatives.

Please let us know if we can provide any additional information or assistance in connection with budget items related to the agencies under our jurisdiction. Thank you for your consideration of our recommendations.

Cc: Members, Joint Standing Committee on Labor and Housing  
Members, Joint Standing Committee on Appropriations and Financial Affairs

Sec. A-15. Appropriations and allocations.

The following appropriations and allocations are made.

**HOUSING AUTHORITY, MAINE STATE**

**Housing Authority - State 0442**

Initiative: Adjusts funding to bring allocations in line with projected available resources for fiscal year 2022-23.

Ref. #: 120

One Time

Committee Vote: 7-1 OUT

AFA Vote: \_\_\_\_\_

**OTHER SPECIAL REVENUE FUNDS**

All Other

2022-23

2023-24

2024-25

(\$3,783,453)

\$0

\$0

**OTHER SPECIAL REVENUE FUNDS TOTAL**

(\$3,783,453)

\$0

\$0

**Justification:**

This initiative aligns funding with revenue as recommended in the December 1, 2022 forecast of the Revenue Forecasting Committee.

**HOUSING AUTHORITY, MAINE STATE**

**DEPARTMENT TOTALS**

2022-23

2023-24

2024-25

**OTHER SPECIAL REVENUE FUNDS**

(\$3,783,453)

\$0

\$0

**DEPARTMENT TOTAL - ALL FUNDS**

(\$3,783,453)

\$0

\$0

Sec. A-19. Appropriations and allocations. The following appropriations and allocations are made.

**LABOR, DEPARTMENT OF**

**Blind and Visually Impaired - Division for the 0126**

Initiative: Provides funding for the approved reclassification of one Rehabilitation Services Manager position to a Public Service Manager I position, retroactive to October 30, 2020, and provides funding for related All Other costs.

Ref. #: 176                      One Time                      Committee Vote: 8-0 IN                      AFA Vote: \_\_\_\_\_

<b>FEDERAL EXPENDITURES FUND</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Personal Services	\$22,178	\$0	\$0
All Other	\$441	\$0	\$0
<b>FEDERAL EXPENDITURES FUND TOTAL</b>	<b>\$22,619</b>	<b>\$0</b>	<b>\$0</b>

**Justification:**

This approved reclassification aligns position duties with position classification and creates parity with other bureau assistant directors within the Department, retroactive to October 30, 2020.

**Blind and Visually Impaired - Division for the 0126**

Initiative: Provides funding for the approved reorganization of one Procurement & Contracting Specialist position to a Contract/Grant Specialist position and provides funding for related All Other costs.

Ref. #: 177                      One Time                      Committee Vote: 8-0 IN                      AFA Vote: \_\_\_\_\_

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Personal Services	\$3,271	\$0	\$0
All Other	\$65	\$0	\$0
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$3,336</b>	<b>\$0</b>	<b>\$0</b>

**Justification:**

This request provides funding for the approved management-initiated reorganization of one Procurement/Contract Specialist position to a Contract/Grant Specialist position. This position is necessary for the acquisition of goods and services by the Bureau of Rehabilitation Services in the delivery of independent living and vocational rehabilitation services to individuals with disabilities in compliance with federal regulations and State of Maine procurement procedures.

**Rehabilitation Services 0799**

Initiative: Provides funding for the approved reorganization of one Procurement & Contracting Specialist position to a Contract/Grant Specialist position and provides funding for related All Other costs.

Ref. #: 179                      One Time                      Committee Vote: 8-0 IN                      AFA Vote: \_\_\_\_\_

<b>FEDERAL EXPENDITURES FUND</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
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Personal Services	\$3,271	\$0	\$0
All Other	\$9	\$0	\$0
FEDERAL EXPENDITURES FUND TOTAL	\$3,280	\$0	\$0

**Justification:**

This request provides funding for the approved management-initiated reorganization of one Procurement/Contract Specialist position to a Contract/Grant Specialist position. This position is necessary for the acquisition of goods and services by the Bureau of Rehabilitation Services in the delivery of independent living and vocational rehabilitation services to individuals with disabilities in compliance with federal regulations and State of Maine procurement procedures.

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**LABOR, DEPARTMENT OF**

DEPARTMENT TOTALS	2022-23	2023-24	2024-25
FEDERAL EXPENDITURES FUND	\$25,899	\$0	\$0
OTHER SPECIAL REVENUE FUNDS	\$3,336	\$0	\$0
DEPARTMENT TOTAL - ALL FUNDS	\$29,235	\$0	\$0

Sec. A-24. Appropriations and allocations. The following appropriations and allocations are made.

**RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES**

**Retirement System - Retirement Allowance Fund 0085**

Initiative: Adjusts funding for benefits for pre-1984 judges and surviving spouses under the Maine Revised Statutes, Title 4, section 1403.

Ref. #: 216

One Time

Committee Vote: SO IN

AFA Vote: \_\_\_\_\_

GENERAL FUND	2022-23	2023-24	2024-25
All Other	(\$149,349)	\$0	\$0
<b>GENERAL FUND TOTAL</b>	<b>(\$149,349)</b>	<b>\$0</b>	<b>\$0</b>

**Justification:**

This initiative reduces funding that is no longer needed for pre-1984 judges and surviving spouses.

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**RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES**

DEPARTMENT TOTALS	2022-23	2023-24	2024-25
GENERAL FUND	(\$149,349)	\$0	\$0
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>(\$149,349)</b>	<b>\$0</b>	<b>\$0</b>

PART J 8-0 IN

**Sec. J-1. Transfer from General Fund unappropriated surplus.** Notwithstanding any provision of law to the contrary, on or before June 30, 2023, the State Controller shall transfer \$6,600,000 from the unappropriated surplus of the General Fund to the Retirement Allowance Fund within the Maine Public Employees Retirement System for the purpose of providing the resources to fund an additional one-time cost-of-living increase of 1.0% of the established 2022 maximum benefit subject to an increase for retirees from the state-sponsored retirement plans. The additional 1.0% applies to retirement benefit payments, up to a maximum of \$24,186.25, for the one-year period ending August 31, 2022. This additional increase applies to retirees who were eligible for a cost-of-living adjustment in September 2022. The additional increase made pursuant to this section is a one-time payment and is not included in the calculation of future benefit adjustments.

**PART J  
SUMMARY**

This Part authorizes the State Controller to transfer up to \$6,600,000 from unappropriated surplus of the General Fund to the Retirement Allowance Fund within the Maine Public Employees Retirement System and directs to Board to issue a one-time 1.0% retirement benefit payment.

PART L 8-0 IN

**Sec. L-1. Carry provision; Department of Economic and Community Development.** Notwithstanding any other provision of law to the contrary, at the end of fiscal years 2022-23 and 2023-24, the State Controller shall carry forward into the next fiscal year any unexpended balance remaining of the \$2,756,126 appropriated in Public Law 2021, chapter 635 in the All Other line category in the Housing Opportunity Program, General Fund account for the purpose of supporting and encouraging the development of additional housing units in the State.

**PART L  
SUMMARY**

This Part authorizes the State Controller to carry forward to fiscal year 2023-24 and fiscal year 2024-25 any unexpended balance of the \$2,756,126 appropriated in in the Housing Opportunity Program, General Fund account, All Other line category in fiscal year 2022-23 to be expended for the same purposes.

