

Rob Peale 2023 Testimony on Governor Mills Proposed 2023 Biennial Budget

Senator Rotundo, Representative Sachs and members of the Committee on Appropriations, Financial Affairs & Senator Tipping, Representative Roeder and members of the Committee on Labor and Housing.

My name is Rob Peale and I am a Readfield resident. I am also a retired State of Maine employee. **I am asking for your support to fully fund a 9.1% COLA for Maine Public Employees Retirement System (MainePERS) retirees as of September 2022 when the annual COLA for 2022 was applied. This should also include a 9.1% increase in the pension base to which the COLA applies.**

MainePERS retirees need relief from the damage committed in 2011 by the then republican legislature and governor against public employees and our pensions. The cuts to my contractually promised pension (based on Maine Law prior to 2011) were billed by some elected officials as “shared sacrifice”. However, the ones who made most of the sacrifices when the cuts to our pensions were made were the public employees.

The damage included (1) a substantial cut in the amount (base) to which cost-of-living adjustments (COLA) apply, (2) lowering the COLA cap to a level below the likely long term average inflation rate, and (3) a 3-year COLA freeze. These changes were instigated by long term underfunding of the pension system by Maine politicians exacerbated by the Stock Market collapse during the Great Recession.

The changes are in stark contrast to the private sector equivalent of our pensions, Social Security, which private sector workers receive. Social

Security payments include COLAs equal to the rate of inflation on the entire payment.

The Financial Markets, even given the declines of 2022, have come roaring back since 2011 during one of the greatest long term bull market periods in stock market history. However, no legislature or governor has permanently reversed any of the pension benefit cuts from 2011. **Therefore I am requesting, instead of the governor's proposed one-time payment in this budget, that you pass and fund a 9.1% COLA as of September 2022 to bring it in line with the actual inflation, and also supply funding to apply this COLA permanently to the COLA base.** Adding the money to the base will be much more helpful to public employees over the long term than the governor's proposal of a one-time payment directly to public employee retirees.

In agreeing to work for state government, I was promised a far stronger pension than I have today, and it's falling further, and more quickly behind the increasing cost of living. Bringing the 2022 COLA in line with current inflation and applying it to the base will be a significant help to all public employees even if the current COLA cap of 3% continues to be applied in the future. The current budget surplus presents an opportunity for the current legislature and governor to make some small amends for past actions even though the improvement will not come close to making public employees whole.

Please fully fund a 2022 9.1% COLA for retired public employee pensions, including a 9.1% increase in the base. I also ask that you be open to additional changes that will help retirees recover additional pension benefits that were promised to us.

Thank you.

Robert Peale

42 Mooer Road

Readfield, ME