April 20, 2023

Public Testimony on LD 1499

Sen. Tipping, Rep. Roeder and members of the Committee on Labor and Housing. My name is Steven R. Keaten and I had planned to testify in person on April 19, 2023 when you were taking public comments on LD 1499. I believe some of my testimony was read by a friend of mine. I could not appear in person or via Zoom because my partner of 33 years passed away on April 18, 2023, just one day prior to public testimony. The public testimony that was read on my behalf did not entail what I was going to speak from my heart. That testimony was just a timeline on the numerous changes that have been legislatively placed on state employees and teachers. So unfair.

You've all heard about some of the cuts that affected our pensions back in 2011/2012. You've heard about the lowing of the COLA's to a maximum amount of 3 % per year, the cap that was placed on the amount of pension earnings you could get a COLA on, raising the retirement age from 62 to 65 if you were not considered vested with 5 years or more of service and the freeze on any COLA for two years. What you might not have heard about is a change that only affected 116 state employees and teachers. That change was when you would be available to retire to have your health insurance paid upon retirement. Prior to the 2011 pension changes you were able to retire and have guaranteed health insurance paid after 25 years of service no matter your age at retirement. Now you must work until your normal retirement before you can receive paid health insurance in retirement depending on what age group you're tied to (60, 62 or now 65. There was no grandfathering if you already had 25 years of service in. Now young people entering public service as a state employee or teacher may have to work 40 years or more before they are eligible. People retiring under the 60-year age plan received just 2.25 percent penalty if they left in the time frame allowed before the changes took effect but people who retired under the 62-year age plan suffered 6 percent penalty for each year they retired before reaching their retirement plan. In the chat I presented in my public testimony that was placed and read on my behalf show the huge penalties 116 state employees and teachers experienced in retiring before the change took effect. All so the rich could get a tax cut in 2011.

LD 1499 does not go back and retroactively change the 6 percent per year penalty to the 2.25 percent per year penalty, although it should in my opinion. It just changes the penalty going forward which is a reasonable compromise. These 116 state employees and teachers have suffered enough. These 116 state employees and teachers were once in the 60-year retirement plan until that got changed on them in 1991 and 1993.

As an example, I was forced to make a decision in 2011 that no one should have been forced to make. I was forced to retire at age 55 and thus was penalized 42 percent of my pension, not the promise when I got hired in 1984 saying I could retire at age 60 with no penalty. On top of these huge penalties for 116 state employees and teachers we also are getting all the other pension changes mentioned above. No wonder the State can't recruit and keep people.

This is the third Legislature I have testified on LD's with this same language as LD 1499 has. In the 129th Legislature it passed the House and Senate and died on the Appropriations table because Covid 19 shut down the Legislature and everything on the appropriation table never got taken up. In the 130th Legislature it once again passed the House and Senate and didn't get funding from the Appropriation table even though Over $600 million went to the rainy-day fund. Of all the pension cuts that happened in 2011, LD 1499 is the least expensive to fix by far and it does the most harm to a few people. I personally have lost $120,000 in pension revenue since this one change was passed in 2011. Not to mention the other cuts that occurred in 2011 as well. If this passes my pension cut would still be reduced by 15.75 percent which is a huge amount but a lot better than the 42 percent penalty I'm taking now.

LD 1499 should be funded through the budget or supplemental budget not trying to get it funded through the small amount of funds given to the appropriations table.

I have one more point to make. Each year MEPERS comes up with a financial note as to the cost to fund the LD going forward. Adjusting it twice during the legislative session and always increasing the amount. My job with the State was a Senior Financial Analyst I'm not an actuary but it seems to me the cost should be going down not up after all each Legislature this doesn't get passed, they have saved two more years of not paying out which should reduce the costs in my opinion. Several retires have passed away in the group. Life expectancy has gone down because of Covid by a couple years they say. There have been no enhancements passed to the pension system that should result in the physical note increasing. In the work session I hope you ask them why this is the case.

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