

Testimony on Governor Mills Proposed Final 2023 Biennial Budget

Senator Rotundo, Representative Sachs and members of the Committee on Appropriations and Financial Affairs

My name is Rob Peale. I am a Readfield resident and a retired State of Maine employee. **This year Maine again has a historic surplus, and a projected continuing large surplus in the next biennium. Therefore I am asking that you use some of that surplus to fully fund a 9.1% COLA for Maine Public Employees Retirement System (MainePERS) retirees retroactive to 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. I am sure you are all well aware of those changes, and their impacts, so I will not repeat them here. Those changes have created a stark contrast to the private sector equivalent of our pensions, Social Security, which private sector workers and business owners receive. Social Security payments include COLAs equal to the full rate of inflation, and that COLA applies to the entire social security payment, both unlike MainePERS pensions.

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 that many considered temporary in 2011. **Therefore I am requesting, instead of the governor's proposed one-time 3% payment in this**

budget, that you pass and fund a 9.1% COLA (or at least something closer to it) as of September 2022 to bring the COLA in line with the actual inflation, and also supply funding to apply this COLA permanently to the COLA pension base. This is exactly what was done by the prior legislative session to bring our COLA for 2021 up to 5.4%, the rate of inflation as of June 30th, 2021. A 9.1% COLA will cost much more than the 19 million dollars currently proposed by the Governor (I expect it will cost somewhere between 100 and 200 million dollars) but it will truly provide both current and long term relief for retirees unlike the Governor's proposal.

If you cannot find the money in this year of historic surpluses, when will any Maine legislature or governor be able to find it? Please do limit your actions to just passing measures that kick the can down the road such as LD 1607 setting up a Pension Improvement Fund. This is what governors and legislators have been doing for most of the last 50 years and this is what has created the current situation. 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.

Thank you.

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Thank you.
Robert Peale
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