



## Maine Education Association

Jesse Hargrove President | Beth French Vice President | Jaye Rich Treasurer  
Rebecca Cole NEA Director | Rachelle Bristol Executive Director

### Testimony

#### In Opposition To

**LD 1312: An Act to Provide a Source of Revenue for School Construction and for the Lank for  
Maine's Future Trust Fund**

**Jan Kosinski, Government Relations Director, Maine Education Association**

**Before the Appropriations and Financial Affairs Committee**

**December 12<sup>th</sup>, 2025**

Senator Rotundo, Representative Gattine, and distinguished members of the Appropriations and Financial Affairs Committee:

I am submitting this testimony on behalf of the Maine Education Association in opposition to LD 1312, *An Act to Provide a Source of Revenue for School Construction and for the Land for Maine's Future Trust Fund*, as amended.

Let me begin with a point on which we all agree: Maine urgently needs more funding for school construction. Districts across our state are grappling with aging buildings, deferred maintenance, and facilities that no longer meet the needs of today's learners. Ensuring safe and modern learning environments is essential, and we support continued efforts to address this longstanding backlog.

However, LD 1312 attempts to solve that problem by diverting investment income from the State's Budget Stabilization Fund away from the dedicated revenue stream that supports the unfunded liability for retired teachers' and state employees' healthcare. After the bill's public hearing, we consulted with the Department of Administrative and Financial Services to better understand the State Controller's testimony. Those conversations only deepened our concern and reinforced our opposition to the bill's funding mechanism.

Retired teachers and state employees have already endured significant erosion of their benefits. In 2011, the state enacted sweeping reductions to pension benefits that created lasting financial hardship for retirees. Due to constitutional constraints, even modest efforts to restore what was lost come with enormous costs. For example, raising the cost-of-living adjustment cap from the first \$26,000 of pension income to \$40,000 would cost nearly \$800 million—solely because the Constitution prohibits creating new unfunded liabilities.

Despite these challenges, the Legislature has made meaningful, measured progress in strengthening the retired teacher healthcare program. After the state share plateaued at 45% for more than a decade following the Great Recession, bipartisan action in recent years raised the state contribution to 55% in 2021 and then to 60% in 2023. We are grateful for this progress—and we believe more is *needed*.

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*That is why the MEA has prioritized LD 111, An Act to Increase the State's Share of Retired Teacher Health Insurance, which passed unanimously in the Labor Committee and now sits on the Special Appropriations Table. Legislators on that committee heard firsthand the financial strain many retired educators face as a direct result of the 2011 pension cuts. LD 111 would provide vital relief.*

But LD 1312 would make progress on LD 111 significantly harder.

By diverting investment income away from the irrevocable trust funds for retired teachers and state employees, the bill not only removes ongoing revenue but also eliminates the compounded investment gains that help reduce the unfunded liabilities of both plans. This is a double loss for retirees—and a step backward on commitments the state has already made.

We agree wholeheartedly that Maine must invest more in school construction. But shifting this cost onto retired teachers and state employees—those who already sacrificed—is not a responsible or equitable policy choice. Essential needs in our school buildings should be addressed through broad, forward-looking, sustainable funding decisions, not by undermining the benefits our retirees rely on.

LD 1312 has also exposed an inequity in current law that we urge the Committee to address. Today, all investment income from the Budget Stabilization Fund flows to the state employee trust until its unfunded liability is eliminated—only then would proceeds begin flowing to the teacher plan. Yet the unfunded liability for the teacher plan is significantly larger: an estimated \$857 million, compared to \$292 million for the state plan. The state plan has already benefited from tens of millions of dollars in recent contributions and the investment earnings on those contributions. We encourage the Committee to consider splitting the investment proceeds 50/50 between the two plans so both can make meaningful progress.

Maine can and should meet two essential obligations simultaneously: supporting our public schools and honoring the commitments made to retired public servants.

For these reasons, we urge the Committee to oppose LD 1312 as currently drafted and to pursue alternative funding mechanisms that do not place an undue burden on retirees.

Thank you for your time and consideration. I would be happy to answer any questions.