

Testimony of Jeff McCabe
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In Support of LD 70, An Act to Eliminate the Cap on Retirement Benefits for State Employees and Teachers to Which a Cost-of-living Adjustment Is Made
Before the Joint Standing Labor and Housing
2/14/2023

Good Afternoon, Senator Tipping, Representative Roeder, members of the Committee on Labor and Housing, I'm Jeff McCabe, director of politics and legislation for the Maine Service Employees Association, Local 1989 of the Service Employees International Union. We are a labor union representing over 13,000 Maine workers, including workers for all three branches of Maine State Government and retirees statewide.

We're here in strong support of this bill as it provides cost-of-living adjustment (COLA) increases for retired state employees and teachers and their beneficiaries apply to a retiree's entire retirement benefit instead of only to the first \$24,911.84, which is the current pension base, of retirement benefit. This would help retirees and improve future retirement benefits for current and future employees. This could help to with key recruitment and retention.

I have found being on message in the Legislature can be so important, so I am sharing aspects of past testimony we gave around the supplemental budget below. Before getting into that, it's clear from this committee's action on the one-time COLA you are aware the 2011 pension cuts went too far.

While the recent effort in the Supplemental Budget may feel good in that moment and may garner a headline in the press, it has little lasting impact for retirees. We hear a lot of talk in the capital about the importance of keeping retirees in their homes so they can live as independently as possible. We also hear a lot of talk about making the changes necessary for that to happen.

For retirees in the State/Teacher/Legislative/Judicial Retirement Plan who were eligible for a retiree cost-of-living adjustment (COLA) in September 2022, Governor Mills' proposed Supplemental State Budget calls for a one-time payment equal to a 1 percent COLA for an average payment of \$175. Several retiree members of our union participated in hearings to share their personal stories, and thoughts and recommendations relating to that proposal.

For your reference, the proposed language also linked here in the Supplemental Budget is: "PART J 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.**"

While we appreciate this recent effort, it's important to note Maine's retired state workers and teachers still haven't caught up from the 2011 pension cuts. In addition to the stories they have been sharing

with legislators, several of our members in a recent video told their stories about the difficulty they've experienced being behind the cost of living for the past 12 years. Please watch that video; [it's linked here](#).

Our retiree members respectfully ask that you: 1) build upon the one-time payment in the proposed Supplemental Budget and fully fund a retiree COLA that matches inflation for participants in the Maine Public Employees Retirement System (MainePERS); and 2) address the 2011 pension cuts by passing and funding LD 70. By taking both of these actions, you can build upon the progress made in the 130th Maine Legislature in strengthening retirement security for participants in the State, Judicial, Legislative and Teacher retirement plan.

Together, let's keep fighting to undo the damage caused by the 2011 pension cuts. As all of you may know, ever since 2011, when taxes for the wealthy were cut at the expense of MainePERS participants, many retired state employees and teachers have struggled to keep up with the cost of living. The 2011 cuts included:

- A freeze on retirees' cost-of-living adjustments (COLAs) for 2011, 2012, and 2013;
- A 3% cap on all future cost-of-living adjustments;
- A permanent limit on cost-of-living adjustments so they only apply to the first \$20,000 of pension income indexed to inflation. This particular cut is what LD 70 would address by ensuring COLAs apply to a retiree's entire pension, not just to the current pension base of \$24,911.84.

You may recall that in 2022, we made some progress in undoing some of the harm caused by the 2011 pension cuts. The Bipartisan Supplemental State Budget (LD 1995) passed by both the Maine House and the Maine Senate, and signed into law by Governor Mills makes key improvements but currently nothing is included in the proposed biennial budget. There is more work to be done and it needs to be done now by fully funding a retiree COLA that matches inflation for participants in the Maine Public Employees Retirement System (MainePERS), and by passing and funding LD 70 to make retiree COLAs applicable to a retiree's entire pension, not just to the pension base.

Thank you and I would be happy to answer any questions.