



# **MAINE AFL-CIO**

**A Union of Unions Standing for Maine Workers**  
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## **Testimony of Adam Goode, Maine AFL-CIO Legislative & Political Director, 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"**

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor & Housing, my name is Adam Goode. I am the Legislative & Political Director of the Maine AFL-CIO. We represent 40,000 working men and women in the state of Maine. We work to improve the lives and working conditions of our members and all working people.

LD 70 helps address the struggle of public sector retirees. There are many ways in which state employees, educators, corrections officers and public sector workers are disadvantaged in their retirement. For most of these retirees, the pensions they contributed to through MEPERS are their main source of income. Most of these workers do not receive social security.

Currently, retired state employees, teachers and beneficiaries only get a cost-of-living increase for the first \$24,186.25 of their retirement benefit. LD 70 makes those cost-of-living increases apply to the entire benefit. This bill seeks to fix an action from the 125th Maine Legislature, where there were significant pension cuts that included a freeze to the COLA for 3 years, an increased retirement age for those who had less than 5 years of service, and a permanent limit on the COLA by making it only apply to the first \$20,000 in pension income. These cuts went to far, and we were relieved when the 130<sup>th</sup> Legislature took bipartisan steps to strengthen retirement security for participants in MEPERS.

The current budget picture and this bill provide another opportunity to undo the damage caused by the 2011 pension cuts. Public sector workers are frugal, but to ask these folks to continually fall behind due to their COLA having an arbitrary cap that was only enacted to help fund tax cuts for the wealthy is an extraordinary expectation.

A cap on the cost of living to the first \$20,000 was just one of many negative changes that state employees and educators had to deal with. The cap is arbitrary and in the current economic climate has made it even harder for workers to keep pace with inflation, to retire with dignity and to work at properly staffed workplaces as these cuts have harmed the reputation of retirement policies, leading to challenges in recruitment and retention.

Public sector workers and retirees have not been able to catch up with the cost of living since these 2011 changes were put in place. The result has been that retired state employees and teachers have fared worse than recipients of Social Security. You are already familiar with the high inflation rates from December (6.5%) and November (7.1%). Even if inflation slows, a maximum COLA of 3% on the first \$24,186.25 means a public sector retiree falls behind every single year and retirees move closer and closer to the poverty line.

LD 70 is one of many bills before your LD committee that can help public sector retirees get back on the right track. We ask that you vote ought to pass.