Janice Dodge
17 Vine St
Belfast, ME 04915
Phone: (207) 338-1626
Janice.Dodge@legislature.maine.gov

HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1400
TTY: (207) 287-4469

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Testimony of Rep. Jan Dodge presenting
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 Committee on Labor and Housing

Good afternoon. I am Representative Jan Dodge from House District 39, which includes Belfast, Northport and Belmont. I am here to present **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.**

This bill would further amend Section 1.5 MRSA 17806, sub 1, A as amended by PL 2021,c635, Pt.NN1 to match the percentage increase in the Consumer Price Index with an equal percentage increase in retirement benefits by applying that percentage to a retiree's entire yearly benefit. This will begin to help pensions to truly stay on par with inflation.

In July 2011, the amount to which the Cost of Living Adjustment (COLA) was applied equaled $20,000. This was later adjusted for inflation. In July 2022 the COLA amount applied to $24,186.25 of a retiree's pension. LD 70 will eliminate the capped amount, as proposed in LD 703 in the 130th Legislature.

With current inflation rates in the 7%-9.1% range, those who worked for the State of Maine and those who worked as educators have been asked, once again, to absorb financial impacts and help balance budgets.

I am experiencing de'ja vu as I speak to you. March 2017 was one of the times I spoke in support of a fairer COLA here in the State House. Back then I illustrated the need by explaining that in my first six (6) years of retirement and after a thirty-one (31) year teaching career, my pension increased $12.71. In eleven years my Maine Public Employee Pension had increased $302.96, or an average yearly increase of $27.54. I'm sure my grocery bill, gas costs and #2 heating oil increases exceeded this amount. This situation is not uncommon for retirees!

In addition, please remember that these are the same people:

- Who were forced into the Maine Public Employee Retirement System (MEPERS) and not allowed to join Social Security.
- Whose normal retirement age has been raised several times from 59 and a ½, to 60 to 62 and for some 65. Yes, this does indeed mean some will work for thirty (30), thirty-five (35), or forty (40) years and still sustain a permanent penalty in their yearly pension for not reaching the moving goal post that is the statutory age of retirement.
- Who may have fewer years in the work force because they took time away from their job to care for their kids. Fewer years equals a smaller pension and this aspect particularly affects women.
- Who have higher healthcare costs because they are paying 45% of their coverage from their monthly benefit check.
- Who are only this year beginning to move to tax parity with Social Security exemptions.
- Who worked second jobs or came to teaching after another career and are now dealing with income/benefit reductions through the Federal Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

Please understand that any of the aforementioned situations causes retiree concern. Collectively, they create a financial nightmare for retired state workers and retired educators. Please pass LD 70 to create pension justice for Maine retirees.

Thank you.