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*Testimony of Representative Dan Shagoury in support of*  
**LD 1096, An Act to Help Retired Teachers and State Employees Keep Pace with Inflation by Matching the Cost-of-living Adjustment for Social Security Benefits**  
*Before the Labor and Housing Committee*

Good afternoon Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor and Housing. I am Representative Dan Shagoury, and I represent House District 55 - the communities of Hallowell, Manchester and West Gardiner. I am pleased to come before you today speak in favor of **LD 1096, An Act to Help Retired Teachers and State Employees Keep Pace with Inflation by Matching the Cost-of-living Adjustment for Social Security Benefits**.

As I have said to you before, all retirees have had a rough time over the last few years, but especially retired state employees and educators. Their benefits have simply not kept up with inflation and many are suffering as a result.

Prior to 2012, these retirees Cost of Living Adjustments (COLAs) were capped at 4% and the were applied to their entire pension. Then the pension system was used to balance the budget and the COLA cap was dropped to 3% and it only covered the first \$20,000 of a retiree's pension.

Either lowering the COLA cap or limiting the amount on which the COLA is paid would have been bad enough, but the combination of the two has meant that retirees who receive their benefits through the MainePERS system have seen a steady erosion of their standard of living. This past year, with its very high inflation, has accelerated that process, and we need to do something to help them keep up.

I have spoken with a number of state retirees in my district who had always believed that they would have a relatively secure retirement and now find that they are scared about how they will get by if inflation stays high. We need to do something to help these people.

This bill seeks to remove one of the two constraints that were put on the retirees' income by indexing their COLA with Social Security. For last year, that was 8.7%. That is a considerable increase over the amount MainePERS retirees received last year – even with the extra amount funded as a one-time deal by Legislature.

This change will allow those with lower MainePERS pensions to keep up with inflation and help limit the erosion of the buying power of those with higher pensions. It isn't an ideal solution, but it will help these people who spent their working lives helping the people of Maine live a little more comfortably in their retirement.

I hope you will vote that LD 1096 "ought to pass."

Thank you for your consideration. I look forward to working with you on this bill, and I will be glad to answer any questions.