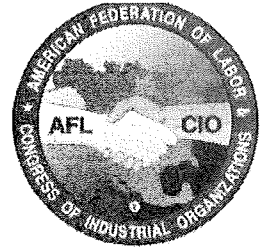




MAINE AFL-CIO

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 1896 "An Act to Index Workers' Compensation Benefits to the Rate of Inflation"

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.

Workers' Compensation is the result of a historic grand bargain between Labor and Management. In the early 20th century, Management was given complete immunity from suit in tort. Never having to answer to a jury about negligence is very valuable to employers. In exchange, Labor was supposed to receive adequate and prompt wage replacement and medical coverage for workplace injuries.

For working people, whether black, brown or white, the original promise of workers' compensation has been unfulfilled. Employers still have complete immunity from worker lawsuits – but employee benefits have been repeatedly attacked and diminished.

The Maine AFL-CIO supports LD 1896. Working people who suffer no-fault workplace injuries once received cost of living adjustment (COLA) annual increases to their weekly benefits. This meant, for instance, that if a young CMP line worker was injured by a high voltage shock, becoming unable to work, the earning power of their benefits would slowly rise over time to reflect inflation.

Your family's bills don't go down if your income does. This committee is well aware that we have had recently high inflation rates, including rates of 6.5% in December and 7.1% in November last year. This means when a CMP line worker who is 30 years old suffers that high voltage shock at work they will likely qualify for workers' compensation. But, the lack of a cost of living adjustment will mean that this worker will spend the rest of their life unable to perform their work while being locked into financial support that reflects the value of the today's dollar. That worker still needs to buy groceries, heat their home, pay their rent, mortgage and property taxes and fund countless other necessities without the recourse of an increase in income.

We see no reason to seriously impair the purchasing power of any working person, let alone someone who has suffered an injury on their job. The taking away of cost of living adjustments seems arbitrary and with no policy justification. This change may save employers or insurers money, but we all know that those savings come at an expense. A truly balanced system means that insurance is affordable and benefits are adequate. An injured working person who receives the same rate of benefits in year 1 as year 3, 4, 5 and beyond will see their buying power go down every year. This is fundamentally unfair and punishes working people too much just because they were injured at work.

We urge you to address the lack of an annual cost of living adjustment in the form of indexing workers' compensation benefits to the rate of inflation.