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Testimony of Rep. Jan Dodge in support of
Part HHHHH of the Budget Change Package
Before the Appropriations and Financial Affairs Committee

Good afternoon, Senator Rotundo, Representative Sachs and honorable members of the Joint Standing Committee on Appropriations and Financial Affairs. I am Representative Jan Dodge of House District #39, Belfast, Northport and Belmont. I am here to speak in support of Part HHHHH of the budget change package.

The 3% ad hoc Cost of Living Adjustment (COLA) will result in an average one-time benefit of $527. This is not sufficient due to the depth and breadth of pension injustices imposed on teachers and certain state employees. These have been revealed, acknowledged and explained.

Bills have proposed corrective measures for the unfairness in multiple facets of retiree compensation. We need the help of the Appropriations and Financial Affairs Committee and the Chief Executive.

LD 70 would eliminate the cap on the amount of a pension to which a COLA is applied. This bill had a preliminary fiscal note of $1.1 billion, yes, billion with a "b," dollars. Please consider the level of fiscal harm experienced by a group that fixing just one of their problems will cost $1.1 billion dollars.

Another bill, LD 1096, would remove the 3% cap on the COLA. Please remember retired teachers and state employees do not ever receive cost of living adjustments in the 8 to 9% range like those who participate in Social Security.

In the 130th Legislature, a bill passed to achieve Maine Income Tax parity with Social Security for MEPERS recipients by 2024. State, Federal and military retirement benefits were only allowed a $10,000 deduction but are moving incrementally to a $35,000 deduction.

LD 112 prompts consideration that retired teachers have paid a large percentage of their health insurance costs out of their meager pensions for decades. It took fifteen years to increase benefits by 10%.

The budget balancing actions of 2011 and 2012 increased the penalty for retiring prior to age 62 from 2.25% up to 6% for each year under the statutory age of retirement. That age is a moving goal post of 59 and a half to 60, to 62 and then to 65. Some find they have worked for 30 to 35 years and still do not qualify for full retirement. I taught for 31 years and retired at age 54, and I lost 6% of my pension for each year I was under 60, the statutory age of retirement at the time. This is not a one-time penalty, but the formula that determined the calculation of the pension amount I will receive each year until I die. My loss is compounding over time. Further, some teachers chose to teach in school districts in rural Maine where salaries were nearly the lowest in the state. That, too, reduces the pensions of many.

In 11 years, my MEPERS pension has increased three-hundred two dollars and ninety-six cents ($302.96), or an average yearly increase of twenty-seven dollars and fifty-four cents ($27.54). I know EACH of my budget categories has increased by more than that amount! A few months ago, I bought a head of cauliflower for a pasta salad that cost nine dollars and change!

Please expand this one-time correction and prioritize cumulative pension increases. This segment of Maine's retirees has suffered the injustice of multiple assaults on their pensions. It is time to turn the tide. We have waited long enough.

Thank you.