

Senator Rotundo, Representative Sachs, and members of the Joint Committee on Appropriations and Financial Affairs. I am Jane Gilbert from Augusta, and I am a retired state employee. I ask that you support, fix, and fully fund the Cost-of-Living Adjustment (COLA) and reverse the 2011 pension cuts for retired Maine state public workers as you work on this budget change package. We are grateful for the 1%, one-time COLA that was included in the first budget proposal, however, that is not enough to keep retirees from falling further behind.

There are two elements that adversely affect State Employees' and Teachers' income.

Two of these were put into effect by former Governor Paul LePage and the former State Treasurer Bruce Poliquin. They were necessary in order to give a big tax break to individuals in the upper income tax bracket. Both of these have had severe consequences for long term employees and teachers.

The first is the current cap of \$24,186.25 on retirement income eligible for a COLA. This may sound harmless enough but the long-term effect is a reduction in income for employees who retire. An example: any retiree who is eligible to receive a retirement benefit has that benefit reduced over time as the cap on the COLA decreases the benefit level. This has the biggest impact on long term retirees and teachers, the very individuals not eligible for Social Security or who have a significantly reduced Social Security benefit. This is not sustainable.

Second, the COLA itself often does not reflect the actual cost of living increase. The COLA is capped at 3%, no matter what inflation may be. Fuel, food, and essential utilities have increased in costs much, much higher than 3% in 2022. While we are thankful for the additional COLA improvements that were provided in the supplemental budget in 2022, unfortunately, inflation has surpassed those improvements. We are falling further behind until the legislature fixes these wrongs done onto us by the 2011 Governor and Legislature.

For example, if an individual worked for the State for 30 or 40 years and earned a retirement benefit of \$36,000, only **\$24,186.25** would be eligible for a COLA and roughly \$12,000 would not. If inflation is more than 3%, it doesn't matter; the COLA for MainePERS pensions is capped at 3%.

This is a myriad of wrongs imposed on retired state employees and teachers that should and could be corrected. While the Governor's budget change package seeks to provide an additional one-time 3% COLA payment, it does not address the cap on the amount of retirement income that is eligible for the COLA, and the 3% will not be applied to the base and will not be cumulative. It is simply a one-time check. Please support, fix, and fully fund the Cost-of-Living Adjustment (COLA) for retired Maine state public workers and work to reverse the 2011 pension cuts.

Jane Gilbert, Augusta