



HOUSE OF REPRESENTATIVES

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Testimony of Rep. Jan Dodge presenting
LD 111, An Act to Increase the State's Share of Retired Teacher Health Insurance
Before the Joint Standing Committee on Labor

Good morning, Senator Tipping, Representative Roeder and esteemed colleagues of the Labor and Housing Committee. My name is Jan Dodge and I represent House District 39, which includes Belfast, Northport and Belmont. I am here today to introduce **LD 111, An Act to Increase the State's Share of Retired Teacher Health Insurance**. The bill will help reduce the financial hardship caused by retired educators' high burden of paying ever increasing healthcare costs.

Retiree health coverage for various sectors – State Troopers, Judges, Department of Transportation workers and others - were negotiated in different years and under different administrations. Some were lucky to negotiate high percentages of coverage. Retired teachers began with 35% of their health insurance covered by the state with the promise to increase this by 5% increments until they reached parity with other groups. The rate of coverage went from 35% to 45% in 2006 and remained at that level until 2021. It took 15 years to move 10 percentage points.

In the 130th Legislature a floor amendment was added to the final budget agreement to raise the percentage to 55%. My floor speech that day referenced that the retired teacher health insurance story read like the Book of Job in the Bible! Yes, Job had troubles, too! The budget amendment passed with bipartisan support and was funded by the Appropriations and Financial Affairs Committee (AFA). The current rate is 60% and LD 111 is a plan to raise the percentage by ten (10) percentage points - 5% each year of the biennium. 65% in effect from July 1, 2025 to June 30, 2026 and 70% July 1, 2026.

My testimony today must also include other facts to help you understand the multi-faceted situation retired educators face. This subset of professionals experienced the following:

Educators had their retirement age raised multiple times. Some find they have worked 30-35 years and still do not qualify for full retirement! To illustrate – I taught thirty-one (31) years and retired at the age of 54. This resulted in a 6% penalty for each year I was under 60, the acceptable statutory age of retirement at the time. This was not a one-time

penalty, but the process that determined the calculation of my retirement benefit I will receive each year until I die. This means my loss is compounding over time. Further, I chose to teach in a tiny school district in Down East Maine where the salaries were already nearly the lowest in the state. Health insurance costs come out of these small pensions.

Educators have a 3% cap on their Cost of Living Adjustment (COLA). This is unfair since other retirees or those on Social Security receive COLAs that reflect the true increase in costs. Recently, when inflation was running in the 7-9% range, Maine's teachers were falling further behind in this category, too, because of the COLA cap.

Educators also have a limit on the amount of their pension to which the COLA can be applied. That means a COLA produces an added benefit of 3% of only part, not all of their yearly pension. Beginning in September of 2024, eligible State, Teacher, Judicial and Legislative Plan Retirees will receive a 3% COLA on their benefit up to \$25,659.20 or a maximum increase of \$64.15 a month. The 2024 COLA base will increase by 3% to \$26,428.98, which will be the COLA base in 2025. This statutory calculation reduces the help that a COLA is intended to provide!

Please pass LD 111 to help those who chose a noble profession in service to our children and our communities to receive health insurance with less financial struggle and hardship.

Thank you. I would ask that you direct your questions to Kathy Morin of MainePERS who is well versed in these calculations.