Testimony of Beth White
Maine Service Employees Association, SEIU Local 1989

Before the Joint Standing Committee on Labor
1pm Tuesday, May 13, 2025,
Cross Office Room 202 and Electronically
In Support of LD 1872, An Act to Reinvest in the Pension Funds of the Maine Public Employees Retirement System , Sponsored by Representative Charles Skold

Senator Tipping, Representative Roeder, members of the Committee on Labor, I'm Beth White, director of politics and legislation for the Maine Service Employees Association, Local 1989 of the Service Employees International Union. The Maine Service Employees Association represents over 13,000 workers across the state, including state workers in all three branches of Maine State Government.

We are here in support of LD 1872. This legislation is necessary because in 2028, the State of Maine is expected to complete paying off its unfunded liability to the Maine Public Employees Retirement System (MainePERS). The anticipated payoff of the unfunded liability provides a real opportunity for the Maine Legislature to begin addressing, in a substantive way, the enormous harm it inflicted on retired state workers and teachers 14 years ago when, in 2011, the 125th Maine Legislature enacted enormous pension cuts that included:

- Froze retired state employee and retired teacher cost of living adjustments for three years – for 2011, 2012 and 2013;

- Reduced the retiree cost of living adjustment (COLA) for eligible retired state workers and teachers from 4% to 3%;

- And capped any future retiree COLAs to $20,000 of a retiree's pension base benefit, indexed to inflation. To be sure, over the years, because the COLA cap was indexed to inflation, the COLA cap now applies to $25,659.20 of the base benefit for eligible State, Teacher, Legislative and Judicial Program retirees.

The 2011 pension cuts have been catastrophic for retired state workers and retired teachers. As you have heard from many of our retiree members who have testified before this committee and others earlier this legislative session and in prior legislative sessions, the pension cuts have kept impacted retired workers behind the cost of living. Many have struggled to make ends meet, and they continue to struggle to make ends meet. In the years since, state legislators from all political parties have recognized these cuts went too far, yet to this date, the reduced COLA cap of 3% remains and the COLA applies only to the pension base, not to a retiree's entire pension. In other words, for those retirees who earned a pension that exceeds the pension base, their actual retiree COLA is often is far lower than 3% when considering their pension as a whole.

Over the years, and including this legislative session, members of our union and others have testified in support of legislation to undo the 2011 pension cuts, yet the cuts remain on the books. Fortunately, the anticipated payoff of the State's unfunded actuarial liability (UAL) provides a real opportunity for this Legislature to take action that can begin providing some level of economic justice to those who have been harmed, and to those workers who will be harmed upon retirement, by the 2011 pension cuts.

Specifically, LD 1872 requires that, for fiscal years 2028-29, 2029-30, 2030-31 and 2031-32, General Fund revenue shall be transferred annually to a non-lapsing fund to be used to pay for retirement benefit improvements for retired state employees and teachers and their beneficiaries. This is a meaningful step that this Legislature can take to address the ongoing harm caused by the 2011 pension cuts. Again, we respectfully ask you to support LD 1872.

Thank you and I would be glad to answer any questions.