



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 1872, "An Act to Reinvest in the Pension Funds of the Maine Public Employees Retirement System"

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor, my name is Adam Goode. I'm the Legislative and Political Director of the Maine AFL-CIO. We represent 40,000 working people in the state of Maine. We work to improve the lives and working conditions of our members and all working people. We testify in support of LD 1872.

LD 1872 is one strategy to help address the struggle of public sector retirees. There are many ways in which state employees, educators, corrections officers and public sector workers are disadvantaged in their retirement. For most of these retirees, the pensions they contributed to through MEPERS are their main source of income. For years the common practice has been for most of these workers to not receive social security.

This bill is a straightforward way to help public sector retirees. It requires dedicated funding to pension improvements after the unfunded actuarial liability (UAL) is paid off in 2028. Once the payoff comes, we should dedicate the funding the state would have spent on the UAL to undoing the damage of the 2011 pension cuts. On many occasions we have detailed to this committee the sacrifices that public sector workers make in their retirement, and it only makes sense that once the legacy UAL is paid off that we make sure the "savings" to the state is sent back to retirees in the form of fixes to their pensions.

We remind you that retired state employees, teachers and beneficiaries only get a cost-of-living increase for the first \$24,186.25 of their retirement benefit. LD 1872 could help provide funds that allow those cost-of-living increases to apply to a higher amount of the benefit. The changes made during 125th Maine Legislature, where there were significant pension cuts that included a freeze to the COLA for 3 years, an increased retirement age for those who had less than 5 years of service, and a permanent limit on the COLA by making it only apply to the first \$20,000 in pension income went too far, and this bill will set us up to strengthen retirement security for participants in MEPERS in the future.

This bill is an opportunity to start undoing the damage caused by the 2011 pension cuts. Public sector workers are frugal, but to ask these folks to continually fall behind due to their COLA having an arbitrary cap that was only enacted to help fund tax cuts for the wealthy is an extraordinary expectation.

We know you are aware that public sector workers and retirees have not been able to catch up with the cost of living since these 2011 changes were put in place. The result has been that retired state employees and teachers have fared worse than recipients of Social Security. Everyone was talking about inflation and the cost-of-living

during the election season in 2024. Even in times of low inflation, a maximum COLA of 3% on the first \$24,186.25 means a public sector retiree falls behind every single year and retirees move closer and closer to the poverty line.

LD 1872 is one of many bills before your committee that can help public sector retirees get back on the right track. We ask that you vote ought to pass.