

TESTIMONY

In Support Of

LD 567: An Act To Amend the Penalty for Early Retirement for Certain Members of the Maine Public Employees Retirement System

John Kosinski, Government Relations Director, Maine Education Association

Before the Joint Standing Committee on Labor and Housing

March 8th, 2021

Senator Rafferty, Representative Sylvester, and the other esteemed members of the Committee on Labor and Housing:

My name is John Kosinski, and I am here on behalf of the Maine Education Association (MEA) which represents 24,000 teachers, education support professionals, and retired educators across Maine.

I am here to testify in support of LD 567, An Act To Amend the Penalty for Early Retirement for Certain Members of the Maine Public Employees Retirement System. We appreciate the sponsor bringing this bill forward.

For teachers and state employees, the cuts to the pension system pushed by former Governor LePage and the Legislature in 2011 have been devastating to current and future retirees. Any broad fixes to repair the damage that was done to current and future retirees has eluded us due to Maine's constitutional restraints on making improvements to our pension system without paying the cost of those improvements upfront for all current and future retirees.

I have spoken about these devastating changes pushed by our former Governor before this Committee, so I will not use my time today to drone on about the cuts to the cost of living increases for current and future retirees and the devastating impact these cuts will have for decades to come. I will not go on and on about changes made in the retirement age, now requiring some teachers and state employees to work until they are 65 to avoid penalties in their pension – which is already meager. I will not take your time today to go into detail about how these cuts to the pensions of teachers and state employees were passed to reduce income taxes for the wealthiest Mainers.

Today, instead, I would like to focus on one specific element of the bill before you that intends to provide minor relief to the teachers and state employees who retired to maintain health care coverage in retirement. Yet another part of the cuts passed in 2011 were changes made requiring retirees to be normal retirement age to qualify for health insurance, thus meaning a person had to be 60 or 62 to receive the state contribution for health care. Prior to

2011, a teacher or state employee could receive the state contribution for health insurance if they had 25 years of service. After 2011, they had to retire by July 1, 2012 for teachers and ed techs to qualify for the state health insurance contribution if they were not normal retirement age. (For state employees they only had until January 1, 2012 to receive the state contribution for health insurance). Given the concerns about this change from some teachers and state employees, especially those with underlying health conditions who were concerned about working until normal retirement age, some decided to take the penalty to preserve their ability to access the state contribution for their health care. In other words, they retired preemptively to maintain their health insurance contribution.

It is important to note, teachers and eligible ed tech IIs and IIIs only qualify for a 45% contribution for their retired health care program, although bills sponsored this session by Representatives Ben Collings and Billy Bob Faulkingham are designed to increase the state contribution for retired teacher and ed tech health care **at no additional cost to the state for the next two years.** The 45% contribution was designed to increase every year by 5% to gain parity with state employees but was stymied by the fiscal collapse of 2008 and the subsequent austerity of the LePage Administration. This Legislature can change that and increase the state contribution for retired teachers and eligible ed techs. This is one small change the state can make for current and future retirees, especially after the cuts that were proposed and made in 2011.

Put simply, this bill will not make current or future retired teachers whole. Not even close. But it does show a bit of remorse for the harmful decisions of our previous Governor and Legislature. It attempts to restore a modest amount of what was cut from vested employees – dedicated and hardworking public servants.

Thank you for your time and your service to the people of the state of Maine, including our retired educators and state employees.