

TESTIMONY

In Support of

LD 703: An Act To Increase the Amount to Which a State Employee or Teacher Retiree's Cost-of-living Adjustment Is Applied from \$20,000 to the Retiree's Actual Retirement Benefit

John Kosinski, Government Relations Director, Maine Education Association

Before the Joint Standing Committee on Labor and Housing

March 29th, 2021

Senator Hickman, Representative Sylvester and other esteemed members of the Labor and Housing Committee,

My name is John Kosinski, and I am here on behalf of the Maine Education Association (MEA) to testify in support of LD 703, An Act To Increase the Amount to Which a State Employee or Teacher Retiree's Cost-of-living Adjustment Is Applied from \$20,000 to the Retiree's Actual Retirement Benefit. The MEA represents 24,000 educators in our state including over 5,000 retired educators. We appreciate Representative Pickett bringing this important bill forward.

I hate to sound like a broken record, but I feel it is important to say it again – the cuts to the pension system passed by the Legislature in 2011 and pushed by Governor Paul LePage were deeply damaging to current retirees and will likely be felt for generations of teachers and Ed Techs IIs and IIIs to come. This bill is yet another attempt to fix the problems created by 2011, and I am confident it will see a similar fate – death by a large fiscal note.

Among the many changes made during those deliberations included capping the cost of living to the first \$20,000 of earnings for all MainePERS participants – this was on top of several other cuts and chops and edits that were made at the time. Capping the cost of living to the first \$20,000 was arbitrary, driven more by the state's bottom line, and at the time, the deep commitment of our Governor and some legislators to cut taxes, especially for the wealthiest among us. Little to no attention was paid to the impact this arbitrary cut would have on current or future retirees and their ability to keep pace with inflation and retire with the dignity they deserve. No discussion took place to analyze how this change my impact our ability to recruit the best and the brightest into the teaching profession. Little attention was paid to the needs of our current retirees who are already disadvantaged in retirement due to the GPO/WEP provisions of Social Security, the meager state contribution toward retired teacher health care, and the already meager benefits of a MainePERS benefit. Instead, the focus was squarely on the need to reduce income taxes for the wealthy.

But as I have testified in previous bills before this Committee, changes made to the pensions in 2011 were both structural and largely irreversible due to Maine's unique constitutional provisions which require the state to pay, up front, the cost of any improvements for future or current retirees. Just last year this Committee debated a similar bill, LD 1507, An Act To Increase the Portion of Retirement Benefits to Which the Cost-of-living Adjustment Applies.¹ That bill proposed to apply a cost-of-living increase to the first \$30,000 in earnings from the pension system. That bill passed this Committee but died when the Legislature adjourned due to COVID. But if we are being honest, that bill did not die because of the abrupt adjournment. Instead, that bill died due to a fiscal note of nearly \$250 million to the General Fund and over \$23 million to the Highway Fund.

The MEA supports this bill and hopes the Committee will move this bill forward. We also hope we all learn a lesson from the cuts to the pensions of the teachers and other public employees in 2011 and the long-term impact such choices have for thousands of current and future retirees.

Thank you for your time and attention and I am happy to answer any questions you may have.

¹ LD 1507, An Act To Increase the Portion of Retirement Benefits to Which the Cost-of-living Adjustment Applies, from the 129th Legislative Session found here: [getPDF.asp \(mainelegislature.org\)](https://www.mainelegislature.org/getPDF.asp)