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TESTIMONY IN SUPPORT OF

L.D. 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

Senator Hickman, Representative Sylvester, and member of the Labor and Housing Committee. I am Victoria Wallack, communications and government relations director of Maine School Management Association, testifying on behalf of the legislative committees of the Maine School Boards Association and Maine School Superintendents Association in support of L.D. 703.

This bill would restore a benefit to our retirees who were essentially required by law to forgo benefits to help balance the state budget in 2011. The change was made as part of the biennial budget process that year and at the time represented a \$280 million savings for the state.

As you know that pension affects state workers and school district employees, from teachers to administrators, who are part of the Maine State Retirement Teacher Plan.

Many of those people are now contemplating that retirement, but the question remains whether they are prepared to do it under this diminished benefit.

We anticipate there will be a substantial fiscal note on this proposal, but when this cost-cutting initiative was passed 10 years ago, it created a significant fiscal impact on our employees and their retirement plans.