



# 132nd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2025

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**Legislative Document**

**No. 1539**

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S.P. 623

In Senate, April 8, 2025

### **An Act to Create a State Employee Compensation Stabilization Fund**

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Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in black ink, appearing to read "D M Grant", is positioned above the printed name of the Secretary of the Senate.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator TIPPING of Penobscot.  
Cosponsored by Representative ROEDER of Bangor and  
Senators: BALDACCI of Penobscot, HICKMAN of Kennebec, Representatives: ARCHER of  
Saco, DHALAC of South Portland.

**Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 5 MRSA §1536, sub-§1, ¶A**, as amended by PL 2015, c. 267, Pt. L, §8, is further amended to read:

A. Eighty percent to the stabilization fund; and

**Sec. 2. 5 MRSA §1536, sub-§1, ¶G**, as enacted by PL 2021, c. 398, Pt. ZZZ, §3, is amended to read:

G. Twenty Nineteen percent to the Highway and Bridge Capital program, Other Special Revenue Funds account; and

**Sec. 3. 5 MRSA §1536, sub-§1, ¶H is enacted to read:**

H. One percent to the State Employee Compensation Stabilization Fund under section 7066.

**Sec. 4. 5 MRSA §7066 is enacted to read:**

**§7066. State Employee Compensation Stabilization Fund**

The State Employee Compensation Stabilization Fund, referred to in this section as "the fund," is established within and administered by the Department of Administrative and Financial Services.

**1. Use of funds.** Amounts in the fund must be expended to augment the salaries of state employees to provide parity between the salaries of state employees and the salaries of comparable positions in the public and private sectors as determined by a market pay study under section 7061, subsection 4, paragraph B or another market pay study conducted, contracted or reviewed by the Department of Administrative and Financial Services and as agreed upon through negotiations with the labor organization that represents state employees.

**2. Funds received; investments; unexpended balances.** The fund is funded by revenue received pursuant to section 1536, subsection 1, paragraph H. Amounts in the fund may be invested as provided by law, and interest earned by the fund is credited to the fund. Unexpended balances in the fund at the end of the fiscal year may not lapse but must be carried forward to the next fiscal year.

For purposes of this section, "state employee" has the same meaning as in Title 26, section 979-A, subsection 6.

## SUMMARY

This bill creates the State Employee Compensation Stabilization Fund within the Department of Administrative and Financial Services. Funds must be used to augment the salaries of state employees to provide parity between the salaries of state employees and the salaries of comparable positions in the public and private sectors as determined by a market pay study. Unexpended balances in the fund at the end of the fiscal year do not lapse and are carried forward to the next fiscal year. "State employees," as used in the bill, refers to employees of the executive branch.

The bill amends provisions governing the allocation of excess General Fund revenues to fund the State Employee Compensation Stabilization Fund. The bill reduces the

- 1 percentage of funds received by the Highway and Bridge Capital program from 20% to
- 2 19% and directs to the State Employee Compensation Stabilization Fund 1% of the excess
- 3 General Fund revenues left over after certain transfers are made.