

Testimony in support of LD 1854, An Act to Complete and Implement the Comprehensive Review of the Classification and Compensation System for Executive Branch Employees

Arthur Phillips, Maine Center for Economic Policy
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Senator Nangle, Representative Stover, and members of the Committee on State and Local Government, my name is Arthur Phillips, and I am an analyst at the Maine Center for Economic Policy. I submit this testimony in support of LD 1854, an act that would help Maine properly value our essential public servants.

In November 2020, the Maine Department of Administrative and Financial Services (DAFS) published a study comparing the earnings of public and private sector workers across New England and found Maine State workers are paid 15 percent below the market average. Compared to only their public sector counterparts, Maine's workers are paid 11 percent below the average. Put another way, at the time of that report, Maine's Executive Branch employees would have had to work nearly six weeks longer to earn as much as public servants elsewhere in New England.ⁱ

These findings followed a longer history of State employees being underpaid, dating back to at least 2008. In 2009, the Department of Administrative and Financial Services engaged a consulting group to conduct a survey comparing state employees' compensation to their counterparts in Maine's private and private sector. That report found Executive Branch workers were paid between 7.5 and 21.7 percent less than in the private sector.ⁱⁱ In each of the intervening years between 2009 and 2019, workers received no or modest wage increases with an overall raise of 10.4 percent for the decade. During the same period, the overall rate of inflation was 18 percent, meaning workers' real wages shrank. Over the decade, Maine's inflation-adjusted GDP grew by 10.8 percent while State workers' purchasing power declined.ⁱⁱⁱ

In 2021, State workers ratified a contract that was a first step towards making up for over a decade of lost ground. Since then, however, the cost of living increased more than at any other time in the previous four decades, leaving our public servants even further behind. Private sector workers have been able to negotiate decent raises as employers compete for employees in a tight labor market and a booming economy. Our public sector workers saw a four percent raise in 2022, while Maine workers overall saw their wages increase by an average of 8.6 percent last year, meaning the wage gap only continued to grow. At a time of significant budget surpluses, if we expect to deliver the kinds of high-quality public services our residents need and deserve, we must do more to properly value our public servants.

Given the history of undervaluing public sector workers, our historic budget surpluses, and the effects of a very competitive labor market, we urge you to support LD 1854.

Notes

ⁱ State of Maine, Market Study Report, November 20, 2020, available at <https://www.maine.gov/bhr/sites/maine.gov/bhr/files/inline->

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ⁱⁱ Maine Department of Administrative and Financial Services, Labor Market Survey, January 2009, available at <https://mseaseiu.org/wp-content/uploads/2023/04/CrescendoConsultingLaborMarketSurveyJanuary2009.pdf>

ⁱⁱⁱ Wage history provided by Maine State Employees Association. Inflation figures from Bureau of Labor Statistics, CPI for All Urban Consumers, Northeast, January 2009 to January 2019, <https://data.bls.gov/timeseries/CUUR0100SA0>. Real Gross Domestic Product: All Industry Total in Maine, January 2009 to January 2019, <https://fred.stlouisfed.org/series/MERGSP>