

Senator Rotundo, Representative Gattine, members of the Appropriations and Financial Affairs Committee, I'm Elizabeth Ahlgren. I am here on my own time to speak about chronic staffing issues and the employee pay gap for Maine's Executive Branch workers in LD210. I work at the Workers' Compensation Board of Maine. I would like to thank committee members and MSEA Local 1989 for arranging my testimony here today. I should clarify that I am speaking in an informal and personal capacity and in no way represent the Board or the union.

As Committee Members are no doubt aware, Governor Mills' recent proposed state budget calls for a re-allocation of nearly \$44 million away from the State's personnel budget. I urge the members of this committee to reject the proposal to withdraw this \$44 million from the State's personnel budget. As we are all aware, the State's MSEA executive contract expires on December 31, 2024. The new contract will come with legal obligations for further State personnel expenditures. But even setting that aside, we are already witnessing serious problems with recruitment and retention in state government employment, particularly in light of the continued pay gap compared to the private sector.

I work in an agency that has just recently, after sustained and diligent efforts, managed to come close to being fully staffed. As of April 2024, the seniority list for the Board's Portland office revealed that five of the sixteen staff members had been there less than one year, and that three more had been hired in the preceding year. In other words, just half of the Portland office staff had had more than two years' seniority. In contrast, for instance, on Friday January 31st, I attended a retirement party for a beloved colleague who had served the Board for around twenty-five years. It is true that there are multiple interlocking factors contributing to difficulties in recruitment and retention. But this is not just an inter-generational cultural shift. What we have likely all observed more generally since the start of the tight labor market around 2015-17 and more acutely since the beginning of the COVID-19 pandemic is that employees are now joining employers in driving a hard bargain and raising their professional expectations. For employers, that means efficiency and productivity, and for employees, that means pay and benefits. Now I do want to acknowledge that on the benefits side, state employment remains very attractive to me and to many of my law school peers. But now we are fresh out of school and confronting both significant student loan balances and the newly uncertain future of the SAVE Plan, other student loan repayment programs and Public Service Loan Forgiveness in general. The fact that several recent graduates have joined me as advocates reflects a widely acknowledged oversupply of law school graduates like myself rather than the attractiveness of state employee payscales.

As you might expect, at the Board, we hire many, and many insurance companies lure our employees away with the promise of higher compensation. My understanding is that on the attorney side, at least at the Board, salaries lag by approximately 15-20% compared to private sector pay. In contrast to my own approximately \$60k/yr salary, for example, a former co-tenant and friend of mine who worked as a loss adjuster for Nationwide made over \$80k/yr after just four years of experience without a bachelor's. I challenge any one of the Members and/or their staff to identify someone in state service with similar compensation at that point in their careers.

In closing, I'd like to gently remind the members of this Committee that an investment in the State's personnel budget is an investment that goes far beyond the livelihood and well-being of individual state employees and their families. I know that my work at the Board is, in significant part, funded by workers' compensation premium assessments, and supports a variety of service providers like doctors and rehab facilities. Likewise, my colleague Stefanie and I recently reminded policymakers that state offices like DHHS are in delicate partnerships with the federal government in administering healthcare-related programs. These programs provide support for private employers such as nursing homes, which frequently provide rare paths to the middle class in rural communities via apprenticeships and training programs. Finally, there are many other state offices like DOT whose expenditures are largely if not overwhelmingly based on private-sector contracts. The reality is that our state runs its services with a model of efficient and modern public-private partnerships, and that cuts to our state's budget would have negative knock-on effects on jobs and salaries in the private sector. Finally, because the private sector can always find partners with other private sector groups, we at the State are under a unique obligation to retain their fact in the State's willingness to remain an honest and transparent business partner.

Thank you for your time and attention in this crucially important matter.