



Testimony in Opposition of LD 598 :

“An Act to Require Minimum Pay for Reporting to Work”

Senator Tipping, Representative Roeder, and the distinguished members of the Committee on Labor, my name is Harris Van Pate and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify in opposition to LD 598, “An Act to Require Minimum Pay for Reporting to Work.”

LD 598 seeks to mandate that employers pay workers a minimum of two hours’ wages when they report to work but are sent home due to shift reductions or scheduling changes. While the intention behind this bill may be to provide greater financial security to workers, it ultimately imposes rigid one-size-fits-all mandates on Maine’s diverse array of employers, particularly small businesses and those in industries subject to highly variable demand.

A Misguided Government Mandate

This legislation would inject government micromanagement into employer scheduling practices, ignoring the reality that staffing needs often fluctuate due to unforeseen circumstances. Flexibility is key to maintaining operational viability for businesses in industries such as hospitality, food service, and retail sectors, where customer volume can swing dramatically based on weather, seasonality, or supply chain disruptions.

Rather than promoting fairness, this bill punishes employers for making real-time decisions necessary to stay afloat. For example, a restaurant owner faced with a storm forecast and a slew of last-minute cancellations might be forced to compensate employees who arrive for work even if there is no work to offer. This discourages hiring and disincentivizes small business formation in a state already facing demographic and economic challenges.

Harm to Small Businesses and Rural Employers

Maine’s economy is heavily reliant on small and seasonal businesses. LD 598 would disproportionately harm these employers, many of whom operate on razor-thin margins. While the bill exempts some seasonal workers and public employers, the threshold of “10 employees for 120 days per year” captures many small employers who may not have the resources to absorb unexpected labor costs.



In rural parts of the state, where employment opportunities are more limited and businesses often rely on dynamic scheduling, this measure would restrict the flexibility necessary to adjust staffing to meet local demand. As we've seen with other labor mandates, the result is not higher take-home pay for workers, but fewer jobs and more automation.

Unintended Consequences

Mandates like LD 598 frequently backfire. Employers may respond by:

- Reducing staff to avoid triggering the 10-employee threshold;
- Over-scheduling cautiously, leading to underemployment; and
- Shifting away from part-time or on-call contracts, eroding part time workers' options.

In other states where similar policies have been enacted or considered, evidence suggests such laws discourage hiring entry-level workers and reduce the overall availability of work hours.

A Better Approach: Flexibility and Voluntary Agreements

Rather than codifying punitive scheduling mandates into law, Maine should foster an environment where employers and employees can reach mutually beneficial arrangements. Many businesses offer scheduling guarantees or voluntarily shift premiums to attract talent in a tight labor market. Imposing one-size-fits-all mandates erodes this natural give-and-take in favor of rigid regulation, and may force employers to abandon more industry-specific and more flexible scheduling options for employees.

At a time when Maine is struggling with labor force participation and small business competitiveness, LD 598 would add another layer of red tape, compounding the challenges entrepreneurs face. Maine's labor force participation rate is the 38th in the nation, and this may significantly reduce that rate, especially within the working class.¹

Conclusion

LD 598 may be well-intentioned, but it reflects a broader trend of government overreach into private business decisions. This bill undermines flexibility, innovation, and job creation by imposing arbitrary wage mandates for unworked hours, particularly in Maine's most vulnerable regions and industries. For these reasons, we respectfully urge the committee to vote "Ought Not to Pass" on LD 598. Thank you.

¹ <https://www.jec.senate.gov/public/index.cfm/republicans/me/>