



STATE OF MAINE
HOUSE OF REPRESENTATIVES
SPEAKER'S OFFICE
AUGUSTA, MAINE 04333-0002
(207) 287-1300

RYAN D. FECTEAU
SPEAKER OF THE HOUSE

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**TESTIMONY OF SPEAKER RYAN D. FECTEAU REGARDING LD 2102, An
Act to Clarify and Strengthen the Government Shutdown Loan Guarantee
Program**

Good afternoon, Senator Bailey, Representative Mathieson, and esteemed members of the Committee on Health Coverage, Insurance, and Financial Services. I am House Speaker Ryan Fecteau, and I have the privilege of representing my hometown of Biddeford.

I am here today to offer testimony in strong support of LD 2102, *An Act to Clarify and Strengthen the Government Shutdown Loan Guarantee Program*, which I am happy to co-sponsor.

LD 2102 is a follow up bill to Representative Mathieson's LD 874, which this committee passed last year and which was signed into law by the governor. LD 874 created the state-backed Government Shutdown Loan Guarantee Program. The loan program, administered by the Finance Authority of Maine (FAME), supports Maine's state and federal workers who are furloughed or who have to work without pay during a government shutdown. Under the program, as originally established, affected employees can access up to three interest-free loans during a shutdown, up to a maximum of \$6,000 per loan. Loan amounts are calculated based on a person's monthly income and unemployment benefits.

It's really important to note that these loans are typically very low risk, because folks will either receive back pay for the work they did during the shutdown, or in the case of furloughed workers, go back to work and have their pay resume.

The establishment of the Government Shutdown Loan Guarantee Program is especially important given the record-breaking long federal shutdown we saw in the fall, and the possibility of another one looming on the horizon. The program allows families to keep paying their bills during uncertain times, when they don't know when they will receive their next paycheck.

However, since the program began, a number of issues have come to light that have made participation unnecessarily burdensome for workers and for financial institutions who want to offer these loans.

Now, for the law to work, we need to have implementation that results in a realistic likelihood of lenders participating. Despite the state guaranteeing the loans, only a small number of financial institutions have agreed to participate in the program. At those institutions that did participate, applicants faced major challenges in accessing loans. This bill would make critical changes to ensure that the program can function as intended. Namely, it would:

- Remove language stating that, should the amount expended for loan guarantee payments exceed 10% of the total of all loans issued, FAME will immediately cease to honor loan claims;
- Clarify that eligibility for the program is not dependent on a credit check, membership at a certain financial institution, the applicant's ability to appear in person, or whether the applicant has applied for unemployment benefits, and;
- Allocate \$250,000 to the program to assist with guaranteeing repayment of eligible loans.

These minor but impactful changes will strengthen the program by incentivizing Maine's financial institutions to participate. They will ensure that federal workers can actually access a program that was intended for them, without unnecessary requirements that add to the burden in a stressful time. These workers are playing critical roles in our state - maintaining and repairing submarines, fighting fires, caring for veterans, helping other Mainers apply for social security benefits - and they deserve to be looked after in times of uncertainty.

I am proud to co-sponsor this bill, and I urge you to pass it.

Thank you for the opportunity to offer this testimony.