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TO: Senator Donna Bailey
Representative Kristi Mathieson
Members, Joint Standing Committee on Health Coverage, Insurance & Financial Services

FROM: Scott Lizotte, President, International Association of Fire Fighters (IAFF), Local F-316

DATE: 27 JAN 2026

SUBJ: L.D. 2102: An Act to Clarify and Strengthen the Government Shutdown Loan Guarantee Program

Senator Bailey, Representative Mathieson, and distinguished members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services.

Thank you for the opportunity to testify today in support of L.D. 2102. My name is Scott Lizotte, and I am the President of IAFF Local F-316 (Cutler Federal Firefighters), representing federal firefighters stationed at Naval Support Activity (NSA) Cutler, Maine. Our members provide critical all-hazards response, including firefighting and emergency medical services, to protect federal facilities, personnel, and the surrounding community. I submit this testimony **in strong support of** L.D. 2102, which improves the Government Shutdown Loan Guarantee Program to better serve affected federal employees during future shutdowns.

The original program aimed to offer no-interest loans with state guarantees, bypassing credit checks to provide rapid relief. Unfortunately, implementation fell short due to limited voluntary participation by banks and credit unions. Lenders were deterred by the inability to run credit checks, the 10% cap on guaranteed payments (creating a "first-come, first-served" reimbursement risk), and the modest \$250,000 fund size. In our local experience, none of our members successfully obtained a loan under the program, despite being eligible.

A major barrier was the requirement, imposed by participating or potential lenders, that employees first apply for unemployment benefits or provide proof of eligibility/status to offset the loan amount (subtracting 4x weekly benefits from the maximum). Applying for unemployment is not a quick process; it involves paperwork, verification, and delays that compounded the urgency during a shutdown. None of our members were eligible for unemployment compensation as they were furloughed but still required to report for duty as excepted/essential employees. Many members simply gave up rather than navigate this additional hurdle in an already chaotic time. This undermined the program's goal of speedy, accessible support.

During the 2025 shutdown, the longest in U.S. history, lasting 43 days, our members worked without pay while continuing to staff fire apparatus, respond to emergencies, and protect federal assets. Consider the profound impact on essential workers like our firefighters: How would you manage without a paycheck for over six weeks while still risking your life to fulfill these duties and cover essentials such as mortgages, childcare, groceries, and utilities? This prolonged hardship, through no fault of their own, amplified the strain when the state program failed to deliver meaningful relief.

As alternatives, most members turned to:

- Thrift Savings Plan (TSP) hardship withdrawals, which triggered taxes, early withdrawal penalties, and reduced long-term retirement growth.
- Personal loans from other sources, which required credit checks (harming credit scores) and, in some cases, carried interest despite low-rate promotions.

Federal employees like our firefighters have demonstrated strong repayment reliability, due in part to the requirement to maintain their security clearance, underscoring the low default risk for this borrower group.

L.D. 2102 directly tackles these problems:

- It explicitly states that eligibility is not dependent on applying for unemployment compensation benefits (or credit checks, membership status, or in-person appearance), removing the burdensome prerequisite that slowed or prevented access.
- It repeals the 10% cap on guaranteed payments, eliminating lender uncertainty.
- It provides an additional \$250,000 allocation to strengthen the fund.

These changes will promote broader voluntary lender participation, streamline eligibility, and prevent the low uptake and rollout challenges seen previously. With federal shutdown risks ongoing, Maine needs a reliable safety net for its essential workers.

By comparison, Navy Federal Credit Union offers a streamlined Government Shutdown Loan Program for eligible federal members, providing 0% APR loans with rapid enrollment based on direct deposit verification and almost zero paperwork. This model demonstrates how accessible and effective such relief can be when lenders participate willingly and processes avoid unnecessary hurdles—precisely the improvements L.D. 2102 aims to achieve in Maine's program.

IAFF Local F-316 urges passage of L.D. 2102 on an emergency basis. Thank you for your consideration.

Respectfully Submitted,



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