Testimony in Opposition to LD 2176
An Act to Ensure the Workers' Compensation Board's
Allocations are Properly Funded
February 6, 2024
Presented by Elizabeth Brogan

Senator Tipping, Representative Roeder and distinguished members of the Labor and Housing Committee, my name is Elizabeth Brogan and I am the Executive Director of the Workers' Compensation Coordinating Council and Maine Council of Self-Insurers. My testimony is in opposition to LD 2176.

A specific dollar assessment cap was included in the Maine Workers' Compensation Act in 1992, as the agency transitioned from general funding to a dedicated fund agency – with its budget funded by assessments collected from employers. Presumably, the architects of the 1992 Act put this dollar cap in place to provide an extra layer of assurance to the employers who would be paying the agency's bills.

The budgetary constraint that Director Rohde may find bothersome is exactly what the employer and insurer community finds reassuring. It's a feature, not a bug. That hard number cap can only be changed through legislation, usually ahead of the budget bill. Costs go up, but a slower process is more reassuring and stabilizing than the streamlined approach envisioned by this bill.

While the assessment cap is often referred to as a guardrail, the analogy I prefer is to some kind of traffic calming measure, like a speed bump or a curve in the road, designed to encourage slower and more cautious travel. These are put in place not because a straight road isn't faster and easier, but because a straight road encourages speeding and can lead to more serious accidents.

The reality is that the Workers' Compensation Board, consisting of three Labor appointees, three management appointees and the Executive Director as tie-breaking Chair, can pass any budget without a single management vote in favor. The dollar assessment cap allows employers some reassurance of the outer limit of what that budget will mean for them.

For these reasons, I urge the committee to vote ought not to pass on LD 2176. I am happy to answer any questions.