

**Testimony in support of LD 2121, "An Act to Address Chronic Understaffing of State Government Positions"**

February 8, 2024

James Myall, Economic Policy Analyst

Good Afternoon, Senator Nangle, Representative Stover, and members of the Joint Standing Committee on State and Local Government. My name is James Myall. I'm an Economic Policy Analyst with the Maine Center for Economic Policy, and I'm here today to testify in support of LD 2121, "An Act to Address Chronic Understaffing of State Government Positions." MECEP supports this bill because it will ensure that state workers are paid fairly, and it will help deliver crucial public services that so many Mainers rely on.

In 2020, partly in response to the work of this committee, the Department of Administrative and Financial Affairs commissioned a Market Study to examine whether compensation to state employees was competitive with the private sector and with other public employers.<sup>1</sup> That study found an approximately 15 percent pay gap between state employees and their peers elsewhere. Since then, the Maine State Employees' Association and the Administration have negotiated a series of pay raises which will total 24 percent between January 2019 and July 2024. This is significant progress. Unfortunately, those raises have not kept pace with recent high wage growth elsewhere, which means the pay gap is very real, and in fact is likely even bigger today than it was in 2019.

MECEP recently examined the growth in private and public sector wages in Maine since 2019,<sup>2</sup> and found that while the MSEA contracts had negotiated a 24 percent increase in pay through July 2024, private sector wage growth is projected to be 35 percent over that same period.<sup>3</sup> What's more, in some industries, such as professional services or administrative support, the increases are even higher. Similarly, federal government workers in Maine have seen average earnings growth of 34 percent between 2019 and 2023.<sup>4</sup> Because state worker wages have grown more slowly than these other groups, the gap between them has only widened over the past 5 years.

The consequences of this wage gap are clear and troubling. The Administration's progress report which was delivered to you last week notes that the vacancy rate for state positions is currently 16 percent, which is much higher than the typical 9-10 percent.<sup>5</sup> These shortages have real impacts on Mainers and on the overworked state employees who are left to carry a higher workload. As the Governor noted in her State of the State Address, low pay has led to a dangerous shortage of workers in the Office of Child and Family Services. The Government Oversight Committee has heard about record wait times at the Office of Family Independence<sup>6</sup> which put the state at risk of violating federal law.<sup>7</sup>

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It is certainly true that Maine faces an overall workforce shortage. There are far more vacant positions than there were before the pandemic, despite a larger number of people working. There are approximately two open jobs for every unemployed individual in Maine — more open jobs than there are jobseekers. That is precisely why competitive pay is so important. The answer to worker shortages in both the private and public sector is to increase pay to attract talent. The private sector has already been doing this, and state workers are being left behind. In a labor market where we have a shortage of workers, we need to ensure that the most attractive jobs are the critical ones in delivering public services, rather than working in retail or fast food.

LD 2121 would take several steps to help meet the moment and ease the workforce crunch we're seeing in state government. The expanded payment of recruitment and retention bonuses, and the appropriation of money for a new compensation system are especially valuable.

I urge you to vote "ought to pass" on this legislation. Thank you, and I'll be happy to take any questions.

## Notes

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<sup>1</sup> Segal Group, *State of Maine Market Study Report*. November 2020. <https://www.maine.gov/bhr/sites/maine.gov.bhr/files/inline-files/Update%20to%20SLG%20on%20DAFS%20Compensation%20and%20Classification%20Effort%2002%2010%202021.pdf>

<sup>2</sup> James Myall, "Maine state employees still face significant pay gap." *Maine Center for Economic Policy*. Feb 6, 2024. <https://www.mecep.org/blog/maine-state-employees-still-face-significant-pay-gap/>

<sup>3</sup> MECEP analysis of US Bureau of Labor Statistics, Quarterly Census of Employment and Wage data (Q1 2019-2023); 2024 projections use the average 4.2% increase in wage and salary income from the Maine Economic Forecasting Committee's December 2023 report. MSEA contracted raises calculated using MSEA data.

<sup>4</sup> MECEP analysis of US Bureau of Labor Statistics, Quarterly Census of Employment and Wage data (Q1 2019-2023)

<sup>5</sup> Department of Administrative and Financial Services, *Report and Recommendations of the Maine State Government Classification and Compensation Plans Study*. Jan 31, 2024 <https://legislature.maine.gov/doc/10708> page 30.

<sup>6</sup> Department of Health and Human Services, Office for Family Independence, *Memorandum to Government Oversight Committee*, Apr 27, 2023. <https://legislature.maine.gov/doc/10134>

<sup>7</sup> Associated Press, "Feds warn of long Maine call center wait times as millions dropped from Medicaid." *Bangor Daily News*. Aug 17, 2023. <https://www.bangordailynews.com/2023/08/17/news/feds-warn-maine-call-center-wait-times-medicaid/>