

**The Wage Gap Still Exists: With an 18% Vacancy Rate, Maine Taxpayers Forced to Pay  
Turnover Costs Exceeding \$432,000 Per Day in 2023**

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## **Failing to Close the Pay Gap Cost Maine Taxpayers Over \$432,000 Per Day in 2023**

Good afternoon, Senator Nangle, Representative Stover, and members of the Committee on State and Local Government. My name is Dr. Derryen Plante, I have been with the State of Maine for 9 years, and I am here on my own time to speak in support of LD 2121.

To understand the impact of this bill we must first establish an understanding of the issue. Our current classification system is over 40 years old. In a classification system that functions properly, employees are hired at Step 1 and promote to a higher step following a successful annual review. Promotion to a higher step in the pay scale results in a merit-based pay increase to that employee, which is a critical component of recruitment and retention.

Would you be surprised if I told you in my last 7 years with Maine Revenue Services, I have completed my Masters degree, completed my PhD, and successfully passed every performance evaluation, many with flying colors; yet I have never received a merit-based pay increase. This is one of the many consequences of our broken classification system. At Maine Revenue Services most of the individuals who are hired are brought in at the highest step of the pay scale, which means no matter how hard they work, they will never receive an increase in pay based on their effort or excellent performance.

The report recently issued by the Commissioner brings to light a couple key factors I want to touch on. You will undoubtedly notice the mention that this administration has increased pay by 24% in the last 5 years, and they insist it is time to set aside the phrase “pay gap” because progress is being made. I am here to tell you, that simply is not true. If you jump to page 15 of that same report, you will notice that inflation over the last 5 years is also 24%.

	Cumulative wage growth relative to January 2019	Inflation relative to January 2019
3% September 2019	3.0%	1.5%
4% January 2021	7.1%	3.9%
2% December 2021	9.3%	11.1%
4% July 2022	13.6%	16.6%
6% January 2024	20.5%	22.5%*
3% July 2024	24.1%	24.5%*
4% July 2024 – new step 9 for those eligible	29.0%	24.5%*
*inflation estimated to continue at average 2023 month-over-month rate		

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*"Incredibly, State of Maine wage increases have kept pace with the worst inflationary period in decades..."*

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You don't need a PhD to recognize that  $24 - 24 = 0$ . This means that no meaningful progress has been made at all to close the pay gap in the last 5 years, and this administration refuses to admit that. The report goes on to outline the number of different stipends and additional steps that the administration has approved in recent contracts. These efforts not only worsen an already broken classification system but give evidence as to how dysfunctional it currently is. As a member of the 2023 MSEA contract bargaining team, I can assure you that none of the new "benefits" listed by this administration in their report were given willingly.

The administration was able to drag their feet long enough at finalizing this classification and compensation study for them to use the excuse "well, the numbers are too out of date to be useful now." This is one of the most shameful and blatant abuses of power I have seen from this administration. Despite record setting tax revenues, this administration has continued to deem state employees unworthy of fair pay and a functioning classification system.

This denial has led to record setting turnover and vacancy rates throughout state government. As of February 1<sup>st</sup>, 2024, the statewide vacancy rate was just under 18%. A report has been attached outlining the vacancies by position throughout the state. These vacancies have a financial impact, one that is currently costing Maine taxpayers over \$423,000 a day in turnover costs. The taxpayers of Maine deserve better than to have \$423,000 of their money go into a shredder everyday with nothing to show for it. It is clear this administration will continue to avoid making long overdue changes to their classification system unless required to do so by law. Thank you for your time and consideration to this matter.

## Quick Facts

1. The state of Maine lost 1,521 employees in 2023. The turnover cost associated with losing an employee is 1.5 – 2 times their annual salary, depending on their experience and position. ZipRecruiter estimates the average Maine salary to be \$58,007 as of January 2024. If we use this figure, and a turnover cost of 1.75 times the annual salary on average, we can calculate that turnover cost Maine taxpayers:
  - a. **\$154,400,132.25** annually in 2023
  - b. **\$423,014.06** per day in 2023
  
2. The statewide vacancy rate as of February 1, 2024, was 17.77%. There are currently **1,157 job classifications** in the State of Maine. The table below lists the number of job classifications that are currently understaffed by more than the average of 18%, at 25%, at 50%, and completely vacant.

Category	Number of Job Classes	Percentage of Total Job Classes
100% Vacancy Rate	69	6.0%
Over 50% Vacancy Rate	139	12.0%
Over 25% Vacancy Rate	257	22.2%
Over 18% Vacancy Rate	340	29.4%

3. A rough estimate shows that the **current wage gap sits at 16.7%**.

Year	COLA % Increase	Wage % Increase	Net Gain	Wage Gap
2019				15%
2020	1.6%	4.0%	2.4%	12.6%
2021	1.3%	2.0%	0.7%	11.9%
2022	5.9%	4.0%	-1.9%	13.8%
2023	8.7%	0.0%	-8.7%	22.5%
2024	3.2%	9.0%	5.8%	<b>16.7%</b>