

Testimony neither for nor against LD 2214, "An Act to Make Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2024 and June 30, 2025

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Good afternoon, Senator Rotundo, Representative Sachs, and members of the Joint Standing Committee on Appropriations and Financial Affairs; and Senator Baldacci, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services. My name is Arthur Phillips, and I am an analyst at the Maine Center for Economic Policy.

I am here today to speak neither for nor against LD 2214 in its entirety but in opposition to two sections: section 147, which repeals last year's eligibility expansion for the Medicare Savings Program; and line 563, which delays or limits investments in our child care infrastructure.

First, section 147. Last session, lawmakers approved a budget that expanded eligibility for the Medicare Savings Program, which provides much-needed assistance to older adults who are struggling to afford their prescription medications. This support was expected to particularly help women, people of color, and LGBTQ+ Mainers who are experiencing financial hardship in retirement due to pervasive economic discrimination throughout their careers. The proposed reversal of this expansion which was celebrated less than a year ago wouldn't just harm thousands of older Mainers; it would also leave considerable federal resources on the table and out of Maine. While this rollback would represent \$14 million in reduced state expenditures, it forfeits roughly \$38 million in federal funds.

Second, section 563 proposes to delay or reduce the critical investments in our child care system which were made just last year. Specifically, the proposed budget would delay implementing the expansion of child care subsidy eligibility to July 1. This comes after having announced last year that it would take effect January 1, and then in early January telling providers it would be effective this Spring. The proposed supplemental would also amend last year's creation of a child care staff scholarship program for child care workers with young children, turning this policy into a two-year pilot rather than an ongoing program. Finally, the budget appears to sweep \$4.4 million that was appropriated to child care workers, presumably to account for the gap between when the biennial budget was passed and when it came into effect. Those were appropriated to support child care

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workers. Either workers should be retroactively paid, or those funds should be invested in bolstering the tiered wage supplement structure that more and more child care workers are striving to ascend. We should not extoll essential workers' contributions and then reappropriate millions of dollars from them.

In addition to these objections, I want to highlight two initiatives that are not included in this proposal but which we believe should be. First, this session's LD 2199, sponsored by Senate President Jackson, would ensure child care providers who participate in the subsidy program are reimbursed based on enrollment rather than attendance. Without this change, child care providers are strongly disincentivized to serve subsidized families. If we want families who are eligible for subsidy to be able to access it, this is a critical piece of that puzzle.

Last, I want to highlight LD 1718, sponsored by Representative Meyer, which was carried over on the appropriations table last session. Our state has a significant shortage of direct care workers who provide critical services and support to older adults, people with disabilities, and people living with mental health needs. This bill would provide a modest tuition benefit for direct care workers, which they could transfer to their immediate families. With a very modest fiscal note, this innovative bill would help bolster a workforce that, despite progress in recent years, remains deeply undervalued.

Our state has an overflowing budget stabilization fund, revenue is strong, and there are very few economists who foresee a downturn around the corner. Meanwhile, older Mainers and child care providers are under tremendous strain from high costs and low incomes. We urge you to oppose these unnecessary rollbacks and to maintain our promises to Maine's people.

Thank you and I welcome any questions you may have.

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