



**Testimony by William Norbert
Governmental Affairs and Communications Manager**

in Support of L.D. 2113

An Act to Provide Relief to Federal Employees Affected by a Federal Shutdown

March 7, 2024

Joint Standing Committee on Health Coverage, Insurance and Financial Services

Senator Bailey, Representative Perry, and Distinguished Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services:

My name is Bill Norbert. I am the Governmental Affairs and Communications Manager at the Finance Authority of Maine (FAME). I am here to testify in support of L.D. 2113, *An Act to Provide Relief to Federal Employees Affected by a Federal Shutdown*.

I want to thank President Jackson for bringing the bill forward again and for including FAME in discussions regarding the concept. We worked with him and other stakeholders, including our partners in Maine's lending community, in the past on a similar proposal in a previous Legislature. Thankfully the program did not need to be activated, but concerns related to potential federal shutdowns remain and it is important we be prepared.

This bill establishes the Federal Shutdown Loan Guarantee Program, to be administered by FAME. It would provide access to no-interest loans for certain federal employees in Maine affected by a partial or full shutdown of the federal government that lasts for longer than fourteen consecutive days. Under the proposal, FAME would guarantee with new state funding up to 10% of the loans eligible credit unions and financial institutions make to affected employees.

Under the program, affected employees would be eligible for up to three loans during a shutdown, each equal to their monthly after-tax pay, less unemployment benefits, up to a maximum of \$6,000 per loan. Eligibility must be proven by the employee based on certain requirements. The creditworthiness of an employee may not be used as a factor to determine eligibility for the program.

Participation by a Maine lending institution would be voluntary. An eligible financial institution that makes a loan pursuant to the program would be prohibited from

requiring repayment of the loan during the grace period, which is the time during the shutdown or ninety days after the disbursement of the loan, whichever is later, and from imposing interest on the loan for 180 days following the grace period.

Following the end of the 180 days, an institution that made a loan under the program, after a good faith effort to collect the principal amount of the loan, may apply to FAME for repayment of the uncollected amount of the loan in default. The Treasurer of State would be required to transfer funds for the payment of the uncollected amount to FAME, which in turn would be required to make the payment to the financial institution. FAME would be required to make reasonable efforts to recoup the amount of any payments made to eligible financial institutions from the employee who defaulted on the loan.

Finally, the bill gives the Joint Standing Committee on Appropriations and Financial Affairs, in consultation with this committee, authority to report out legislation to address any funding needs of the program.

Maine has many residents who are employees of the federal government. During a partial shutdown or full shutdown of the government, these federal employees are not paid, regardless of whether they are working. This can cause enormous stress, both fiscal and emotional, on those employees. We are happy to play a role in assisting them until they return to paid work.

Thank you for your consideration of the bill. I will be happy to answer any questions you have.