

Testimony in support of LD 209, "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 Year Ending June 30, 2025"

Arthur Phillips, Economic Policy Analyst
January 23, 2025

Good afternoon, Senator Rotundo and Representative Gattine, Senator Ingwersen and Representative Meyer, and members of the Joint Standing Committees on Appropriations and Financial Affairs and 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 in support of LD 209. MECEP supports the Mills administration's proposed expenditures to maintain higher MaineCare enrollment that we have seen since the COVID-19 pandemic. However, we want to address three areas of concern: the failure to implement cost-of-living adjustments (COLAs) for MaineCare services; the urgent need to invest in the Child Care Affordability Program; and the proposed changes to housing assistance through the General Assistance Program.

We appreciate the administration's commitment to maintaining MaineCare enrollment; however, we are concerned that the failure to invest in COLAs for MaineCare services will limit providers' ability to maintain services that so many Mainers depend on. On December 2, with less than one month's notice, the Department of Health and Human Services announced it would not implement cost-of-living adjustments for MaineCare programs. These cuts would result in broad impacts, including on our state's direct care professionals.

Several years ago, lawmakers established that the state would set the labor reimbursement rate for essential support services to at least 125% of the state minimum wage, and that this should be adjusted each year as the minimum wage is adjusted on January 1. This proposed budget fails to live up to that commitment and we urge you to ensure we are not undercutting some of our most essential and underpaid workers. Despite recent progress, direct care professionals continue to be paid less than competitive wages, which has myriad impacts across our economy. Our underinvestment in the direct care workforce depresses labor force participation and hours worked, lowers economic productivity, reduces public revenues, strains our broader health care system, and exacerbates gaps and quality of care.ⁱ We have found Maine needs more than 2,300 additional full-time direct care professionals to bridge the gap between the care people are entitled to and approved for, and the care that is available.ⁱⁱ We know the state must invest more in our direct care system and its workers, and this proposal appears to take us in the opposite direction.

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We also want to emphasize the importance of securing investments in the Child Care Affordability Program (CCAP). In the 131st legislature, lawmakers made new commitments to invest in our child care infrastructure, simultaneously raising wages for early childhood educators and helping more households afford the high cost of child care. However, we are concerned that following the significant expansion and new investments in the CCAP, last November the Department implemented a waitlist for families where one has not existed in recent memory. We ask members of the AFA and HHS Committees to both ensure that last year's investments in CCAP were spent according to the intent of appropriators and to increase funding to address the current waitlist. This program plays a critical role in ensuring young families can afford to stay in the labor force and know their children are receiving high-quality care.

Finally, we want to raise our concern about Part S, which restricts access to General Assistance for the purpose of housing security. In the current state of extremely low vacancy rates and bitter cold temperatures, it is imperative that we maintain our commitment to help Mainers stay housed. Implementing a drastic reduction in support will likely result in more families being forced into homelessness, with all the negative social and economic consequences that come with it. We urge you to reject the changes as proposed.

This bill is important, and we appreciate your time and attention looking into the above issues. Thank you and I welcome any questions you may have.

Arthur Phillips
aphillips@mecep.org

ⁱ The High Cost of Undervaluing Direct Care Work, Maine Center for Economic Policy, April 2023, available at <https://www.mecep.org/health-care/the-high-cost-of-undervaluing-direct-care-work/>

ⁱⁱ Closing the Gap: Maine's Direct Care Shortage and Solutions to Fix It, Maine Center for Economic Policy, June 2024, available at <https://www.mecep.org/jobs-and-income/closing-the-gap-maines-direct-care-shortage-and-solutions-to-fix-it/>