MaineStreet Solutions

Testimony of
Peter M. Gore
On behalf of
The Workers Compensation Coordination Council
and
The Maine Council of Self Insurers
In Opposition to
Section YY of L.D. 210
February 6, 2025

Senator Rotundo, Representative Gattine, Senator Tipping and Representative Roeder, members of the Joint Standing Committee on Appropriations and Financial Affairs and the Joint Standing Committee on Labor, good afternoon, my name is Peter Gore, and I am a Government Relations Representative with the firm of Maine Street Solutions. I am here this afternoon speaking on behalf of two of my clients, the Maine Workers Compensation Coordinating Council and the Maine Council of Self Insurers, in opposition to the proposal contained in Section YYY of Governor Mill's biennial budget.

Since the adoption of the workers' compensation reforms of the early 1990's, the Maine Workers' Compensation Board (WCB) has been funded based on an assessment levied by the board on all Maine employers., commercially or self-insured. The assessment is based on the percentage of their premium, with the total assessment capped at a certain amount. That amount is currently set at $14.7 million and was only recently increased and approved by the legislature in 2023. Section YYY of LD 210 seeks to eliminate that long-stand assessment cap, and essentially allow the board to determine their budget at whatever level they want, and then present the business community with the bill. We are strongly opposed to this change.

When the WCB was first established in 1993, the assessment was capped at $6 million. Over time, based on the expanded duties and programs undertaken by the WCB, particularly the establishment of the Employee Advocate division within the board, the assessment has increased to the $14.7 million level of today. Sometimes the proposed statutory increases came from the board, and others from the legislature itself. When proposals have been made to increase the cap, the board members have discussed and voted on both whether to increase the cap, and by how much. Sometimes they have agreed, and other not. But whether the WCB members themselves agree is less important since the advent of the "tie breaker" vote of the WCB's Executive Director, established in 2002.

Not all iterations of the WCB have worked well together. In fact, many previous boards have had openly hostile relationships. The WCB of today tries very hard to work together, find commonality, and treat each other and their opinions fairly and respectfully. They are a credit to the ideals behind the reforms. However, with respect to the proposal before you today, the management members – representing the business community – have opposed the language in Section YYY of L.D. 210. In discussions that took place this past fall, the board members divided on the removal of the cap along their respective partisan lines, with the ED joining the labor members in support.

It is worth noting to both committees here this afternoon that the management members were not told, nor were they aware, that the language that is Section YYY was to be included in the Governor's budget. In fact, at their regular January meeting, the Executive Director had the opportunity to disclose to the entire board that this change was being proposed – and he did not. So, it was a disappointing surprise to the three business members to hear of this change.

I can think of no other cabinet level state agency that derives its entire operating budget through an assessment on the business community. I recognize that there are other examples of state entities generating their own income through licensing fees, etc. However, the WCB as a *cabinet-level agency* is unique. The assessment cap has served as a cost containment safety valve for employers, and we see no reason to eliminate this protection. We recognize the board's ED will cite the positive working relationship of this board when it comes to finding consensus around a budget. But in reality, given the presence of the "tie breaking" vote, the board need never agree on assessment amount again. Thus, marginalizing one side of the board and their concerns.

The WCB's financing isn't broken. The WCB received an increase last session and is free to plead their case to their committee of jurisdiction and the AFA committee for additional future increases if necessary. Handing them a blank check paid for by all Maine employers, particularly given the other costs of doing business required of them by the legislature, is unnecessary and unwarranted. We urge both committees to reject the inclusion of the change proposed in Section YYY of L.D. 210.

Thank you, I would be pleased to answer any questions you may have.