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Testimony of Rep. Charles Skold in support of

LD 66, An Act to Expand Access to the Maine Wage Assurance Fund.

Before the Joint Standing Committee on Labor

Good afternoon, Senator Tipping, Representative Roeder, and distinguished members of the Joint Standing Committee on Labor and Housing. I am Representative Skold, and I am pleased to testify in strong support of LD 66, An Act to Expand Access to the Maine Wage Assurance Fund. This bill represents a critical update to a vital program that protects Maine workers from the financial devastation caused by unpaid wages when employers close or declare bankruptcy.

The Importance of the Maine Wage Assurance Fund

The Maine Wage Assurance Fund was established to serve as a safety net for workers who lose wages due to employer insolvency or bankruptcy. It was created with the understanding that workers should not bear the brunt of financial harm when businesses fail to meet their obligations. The fund provides partial restitution for unpaid wages, helping workers cover essential expenses like housing, food, and healthcare during a difficult transition period.

However, the current law limits payouts to two weeks of wages, which is often insufficient to address the real-world financial losses experienced by workers. LD 66 modernizes the fund to better align with the needs of Maine's workforce by increasing the maximum payout to four weeks of wages and including liquidated damages equal to the unpaid wages. These

changes will ensure that workers are more fully compensated for the harm they suffer when their wages are withheld.

Key Changes Proposed in LD 66

LD 66 makes three key changes to the Maine Wage Assurance Fund:

1. **Increasing the Maximum Payout from Two to Four Weeks of Wages:** Many workers are owed more than two weeks of wages when their employer closes or declares bankruptcy.
2. **Including Liquidated Damages Equal to Unpaid Wages:** This addition recognizes the broader economic harm caused by wage theft.
3. **Maintaining Employer Accountability and Fund Sustainability:** The fund remains a revolving, nonlapsing account, and the proposed changes do not change that. It is my understanding that historical usage of the fund demonstrates that it can absorb the increased payouts without requiring additional resources, and the Department will likely speak in more detail to this aspect of the bill.

Impact on Workers

For workers, this bill is a lifeline. Workers rely on their paychecks to cover essential expenses, and when wages are withheld, the consequences can be devastating. By expanding the fund's coverage, LD 66 ensures that workers are better protected from financial harm and can transition to new employment with greater stability.

Conclusion

In conclusion, LD 66 is a compassionate update to the Maine Wage Assurance Fund. It builds on the fund's original intent—to protect workers from the financial fallout of employer insolvency—while modernizing its provisions to reflect the realities of today's economy. Together, we can ensure that Maine's workers are treated with the dignity and fairness they deserve.

Thank you for your time and consideration. I urge the committee to support LD 66 and join me in standing with Maine's workers.

Sincerely,
Representative Skold