

**Testimony of Dillon Murray, Legislative Liaison, Maine Department of
Labor
In support of
LD 66, An Act to Expand Access to the Maine Wage Assurance Fund
To the Joint Standing Committee on Labor
2/11/2025**

Good morning/afternoon Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor and Housing. My name is Dillon Murray, Legislative Liaison for the Maine Department of Labor (Department). I am here today to speak on behalf of the Department in support of LD 66, An Act to Expand Access to the Maine Wage Assurance Fund.

Background and Legislative Intent of the Maine Wage Assurance Fund

The Maine Wage Assurance Fund was first established in law in 1979, and intended to serve as a crucial safety net for workers who experience wage loss due to their employer's insolvency or bankruptcy. The Legislature recognized that when businesses close unexpectedly, workers—who are often already in precarious financial situations—should not bear the additional burden of unpaid wages.

At the time of its creation, testimony underscored the devastating impact of lost wages on Maine families and communities. Workers rely on their paychecks to cover essential expenses such as housing, food, and healthcare. The Wage Assurance Fund was designed to mitigate this harm by ensuring that, when all other options fail, affected workers could receive at least partial restitution for their unpaid labor.

The current law provides for a maximum of two weeks' worth of wages to be paid to workers from the Fund. However, as economic conditions have evolved and businesses have grown in complexity, we now see that two weeks' wages often do not fully address the financial losses experienced by affected workers. This bill seeks to modernize the Fund's capacity to make workers whole by increasing the maximum payout from two to four weeks of wages and introducing liquidated damages equal to the unpaid wages.

Key Changes Proposed in LD 66

This bill amends 26 MRSA §632 to achieve the following:

1. **Increase the maximum payout from two to four weeks of unpaid wages** – Many employees are owed more than two weeks' wages when their employer goes bankrupt or ceases operations. Expanding the Fund's capacity to cover up to four weeks of wages aligns the program more closely with real-world needs.
2. **Provide for liquidated damages in an amount equal to unpaid wages** – This recognizes the economic harm workers suffer when their final wages are not paid. In these situations, workers have to take loans, borrow from family, or tap their savings in order to meet living expenses that should have been covered by their paycheck. Liquidated damages serve as a measure of the financial disruption and hardship caused by nonpayment, helping to restore employees to their rightful financial standing.
3. **Maintain Fund sustainability** – The Fund remains a revolving, nonlapsing account that is replenished by penalties and interest associated with Unemployment Insurance.

In the last ten years, payments from the fund have totaled about \$338,000. The fiscal year with the highest total money paid out was SFY 2020, with 73 workers receiving about \$92,000. Other years have had no instances where payments were required. Based on our experience with the program, we believe the expansion from 2 weeks to 4 weeks and the addition of liquidated damages can be supported within the fund.

Supporting workers in times of crisis fosters a stable workforce and healthier local economies. Workers who receive what they are rightfully owed are better positioned to transition to new employment without experiencing severe financial hardship. This, in turn, reduces reliance on state assistance programs and supports economic resilience across Maine.

LD 66 is a necessary and timely update to the Maine Wage Assurance Fund. By increasing the maximum wage payout to four weeks and awarding liquidated damages, this bill ensures that workers who lose their jobs due to an employer's bankruptcy or closure are better protected from financial harm. The Maine Department of Labor strongly urges this committee to support and advance this legislation.

Thank you for your time and attention. I would be happy to answer any questions you may have now or at a future work session.

The Maine Department of Labor is committed to serving Maine workers and businesses by helping employers recruit and train a talented workforce, providing workers with skills needed to compete in our economy, assisting individuals when jobs are lost, aiding people with disabilities reach career goals, ensuring safe and fair workplaces for people on the job and providing research and analysis of employment data to support job growth.