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Testimony of Representative Kristi Mathieson presenting

**LD 874, An Act to Provide Relief to Federal or State Employees
Affected by a Federal Government or State Government Shutdown**
Before the Joint Standing Committee on Health Coverage, Insurance and Financial Services

Good afternoon, Senator Bailey and esteemed colleagues on the Health Coverage Insurance and Financial Services Committee (HCIFS). I am Kristi Mathieson representing House District 151, Kittery. Thank you for your time today. It is my honor to present to you **LD 874, An Act to Provide Relief to Federal or State Employees Affected by a Federal Government or State Government Shutdown.**

This bill provides support to Maine's state and federal workers who are furloughed and or have to work temporarily without pay during a government shutdown. Just because their pay stops does not mean their bills do. We can help make sure these impacted workers in our state have access to funds to pay their bills without acquiring debt that leads to further hardship. This bill came before HCIFS in the 131st Legislature.

LD 874 establishes the State and Federal Shutdown Loan Guarantee program administered by the Finance Authority of Maine (FAME), and encourages Maine lending institutions to participate voluntarily to offer interest-free loans for certain state and federal employees in Maine affected by a shutdown that lasts longer than seven consecutive days. Each employee would be eligible for up to three loans during a shutdown, each equal to their monthly after-tax pay, minus unemployment benefits - up to a maximum of \$6,000. The bill offers a grace period before repayment, either until the end of the shutdown or 90 days after disbursement, whichever is later, with no interest allowed on the loans until 180 days following the end of the grace period. At the end of that period, if the loan has not been repaid, the lender may apply to FAME for repayment of the uncollected amount, at which point FAME seeks repayment from the employee who received the loan.

Federal and State employees in Maine are the backbone of essential services, from maintaining our Department of Public Safety, Transportation, and Education to, in my district, our Navy submarines and safeguarding aviation, infrastructure and our borders. Yet, when they are furloughed or compelled to work without compensation, they face a daunting challenge: struggling to pay for heat, to put food on the table and meet their financial obligations. It is crucial to understand that these dedicated individuals are not the architects of government shutdowns, they are the workforce composed of dedicated professionals working in diverse roles to ensure the effective functioning of the state's services and the well-being of its residents.

Please join me in supporting our hardworking state and federal employees. Thank you for your time.