

**Testimony of Jake Lachance**

**Government Relations Specialist**

**Maine State Chamber of Commerce**

**Before the Joint Standing Committee on Labor**

**In Opposition to LD 1267, "Resolve, Directing the Department of Labor to Convene a Task Force to Examine and Study Issues Relating to the Gap Between the Economic Output and Wages of Workers in the State"**

Sen. Tipping, Rep. Roeder, and members of the Joint Standing Committee on Labor, my name is Jake Lachance, and I am a Government Relations Specialist for the Maine State Chamber of Commerce, which advocates for over 5,000 large and small businesses across the State of Maine. I am here today to express my opposition to LD 1267, "*Resolve, Directing the Department of Labor to Convene a Task Force to Examine and Study Issues Relating to the Gap Between the Economic Output and Wages of Workers in the State.*"

The Maine State Chamber of Commerce is strongly supportive of efforts to promote wage and economic growth but is concerned that the premise of this Taskforce is flawed by an overly simplistic assumption of a direct correlation between economic output and wages. This approach fails to account for the actual costs of doing business, differences in skill levels, or the educational background required for various roles. This proposed study seems to imply that these vastly different services are equal in value simply because they contribute to the same result. That logic defies the economic complexity of comparing state economies, industries, and would be counter-productive to develop policies that ultimately promote wage growth.

More broadly, the Legislature should not be in the business of setting compensation for specific jobs or industries. That is a matter best left to employers who must balance talent, cost structures, and market conditions. The business community already navigates tight labor markets, rising benefit costs, and regulatory uncertainty.

Furthermore, Maine would be an outlier if we pursue this kind of state-sanctioned link between wages and economic output. To my knowledge, no other state has adopted such a taskforce. Even those with policies aimed at boosting wage growth — such as indexing minimum wages to inflation, which Maine already takes part — stop well short of mandating a formulaic tie between productivity and compensation.

Again, the Chamber does support policies that encourage real wage growth. The Maine Development Foundation (MDF) has long emphasized this priority in its *Measures of Growth* report and the *Making Maine Work* initiative. But this task force, as designed, isn't the right tool for that job.

The methodology proposed for the study is too narrow. Wage levels are influenced by multiple variables — including R&D spending and post-secondary education and credentials, both of which MDF itself identifies as key factors in wage growth. The task force risks drawing misleading conclusions by

focusing too heavily on a singular relationship between economic output and wages, without controlling for industry mix across states or considering Maine's unique economic structure.

This also raises several practical questions:

- How exactly do we measure economic output at the individual level?
- What unit would be used — revenue per job, GDP per sector, some other metric?
- How do we assign value when roles are collaborative or interdependent?
- What happens when a business takes a loss for innovation or strategic growth — is output still the right metric?
- And crucially, what new reporting burdens will this impose on Maine employers?

The composition of the task force is also concerning. Only one think tank entity is mentioned amongst members of the business community. Is it to be assumed that information and research from that one think tank be the focus of what this task force is deliberating? While there is inherent value in different perspectives, the perception of the make-up of the task force is skewed, and the Chamber would advocate for no think tank involvement.

The structure of the task force, the lack of methodological clarity, and the real potential for Maine to become an economic outlier make this a risky and unnecessary endeavor. Based on the concerns previously stated, the Chamber urges the committee to consider more balanced, well-researched approaches to wage policy that foster both economic growth and fairness. We urge the committee to vote Ought Not to Pass and I am happy to answer any questions.