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**Testimony of Dillon Murray,
Legislative Liaison, Maine Department of Labor
In Opposition to
LD 853, An Act to Replace the Minimum Hourly Wage with a Regionally
Based Living Wage
To the Joint Standing Committee on Labor
Hearing, March 25, 2025**

Good afternoon Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor. 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 respectful opposition to, "LD 853, An Act to Replace the Minimum Hourly Wage with a Regionally Based Living Wage."

We recognize and appreciate the intent of the sponsor in proposing this legislation, as ensuring fair wages for Maine's workers is an important policy consideration. However, the Department believes that the current statewide minimum wage structure, as approved by Maine voters via referendum in 2016, is working well and provides consistency for both Maine workers and the regulated community.

Under Title 26, section 664, subsection 1, Maine's minimum wage is currently \$14.65 per hour as of January 1, 2025. Maine law also provides for an annual cost-of-living adjustment (COLA) to ensure wages keep pace with inflation. This adjustment is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Northeast Region, as published by the U.S. Department of Labor. Additionally, if the federal minimum wage were to exceed Maine's minimum wage, state law requires that Maine's minimum wage match the federal level.

This system, implemented following a 2016 referendum, ensures that wages do not erode over time due to inflation and provides predictability for both employers and employees. The Department believes that this structure has been effective in balancing wage growth while maintaining economic stability.

LD 853 proposes to replace the statewide minimum wage with regionally adjusted wages based on living wage calculations from the Massachusetts Institute of Technology (MIT) Living Wage Calculator. The bill would establish three separate wage regions:

- Coastal Region (Hancock, Waldo, Knox, Lincoln, Sagadahoc, Kennebec, and Oxford counties)
- Northern Region (Aroostook, Piscataquis, Penobscot, Somerset, Franklin, Washington, and Androscoggin counties)
- Portland Metropolitan Region (York and Cumberland counties)

Starting January 1, 2026, the minimum wage for each region would be tied to MIT's living wage calculation for a single adult with no children, as of January 1, 2025. The bill also adjusts the cost-of-living increase schedule, delaying the first inflationary adjustment until 2027.

The MIT Living Wage Calculator is a widely used research tool that estimates the minimum income needed to cover essential living expenses such as housing, food, transportation, healthcare, and taxes. It relies on publicly available data sources, such as the U.S. Census Bureau and Bureau of Labor Statistics, to model living costs across different geographic areas.

While the MIT Living Wage Calculator provides valuable insights into cost-of-living differences between regions, it was developed primarily as an academic and research tool rather than a formal policy-setting mechanism. Its methodology is subject to periodic updates, and it does not necessarily align with state-specific economic conditions, employer capacity, or broader labor market trends. Additionally, because it focuses on the cost of living for a single adult with no children, it may not fully reflect the diversity of household compositions or industry-specific wage structures.

One challenge with using this tool as the basis for setting statutory wages is that it does not take into account regional economic conditions, business sustainability, or labor market fluctuations that may impact wages over time. Unlike Maine's current minimum wage framework, which includes an annual cost-of-living adjustment based on an established government inflation index, the living wage calculator does not incorporate an automatic mechanism for ongoing wage adjustments based on economic performance.

The Maine Department of Labor recognizes the importance of ensuring fair wages for workers, and we appreciate the sponsor's efforts to address regional cost-of-living differences. However, we believe that Maine's current statewide minimum wage framework, as approved by voters in 2016, provides a reasonable and effective approach. It ensures stability, predictability, and fairness for both workers and businesses across the state. For these reasons, the Maine Department of Labor opposes LD 853 and supports the continuation of the existing minimum wage framework as approved by Maine voters in 2016.

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.