

**LD 898, "An Act to Support Rural Workforce Recruitment  
by Allowing Pay Differentials Based on Work Site Location and  
Employee Experience and Credentials Under the Maine Equal Pay Law"**

**Joint Standing Committee on Labor  
March 25, 2025**

Senator Tipping, Representative Roeder and Members of the Joint Standing Committee on Labor:

I am Trey Stewart; and I represent Senate District 2, which includes several municipalities in Penobscot and Aroostook Counties. I am pleased to present LD 898, "An Act to Support Rural Workforce Recruitment by Allowing Pay Differentials Based on Work Site Location and Employee Experience and Credentials Under the Maine Equal Pay Law," as it will address an unintended gap in Maine's law that is creating barriers to hospitals' ability to recruit specialists to rural areas.

Maine's equal pay statute (26 M.R.S.A. § 628) sets forth a general rule that employees who are members of different sexes or races and who work "in the same establishment" must receive equal pay if they perform "comparable work on jobs that have comparable requirements relating to skill, effort, and responsibility." The Maine Department of Labor's rules define "establishment" as any industrial or commercial facility or place of business. Further, entities operated by the same employer are considered to be a "single establishment." (12-170 C.M.R. Ch. 12 § I(G)).

The law contemplates only three narrow exceptions:

- Differentials that are paid pursuant to established seniority systems;
- Established merit increase systems;
- Differences in the time of day worked.

This contrasts with federal law, which references "equal work" on jobs requiring equal skill, effort and responsibility and which are performed under similar working conditions. The federal Equal Pay Act also includes an additional broader carveout, permitting pay differentials "based on any other factor other than sex."

The effect is that under Maine's law, employers are constrained in what type of compensation can be offered to employees working at different facilities and in different geographic regions.

They are also at a competitive disadvantage in recruiting highly qualified individuals into existing roles. You will hear examples from other testifiers, but Maine's statute is clearly a problem for our rural hospitals.

The proposed modification seeks to address these constraints while also staying true to the purpose and intent of the statute to address ongoing wage inequity. This goal is accomplished by adding two additional discrete grounds for a lawful pay disparity – geographic location and experience or credentials. This proposal will allow Maine employers to offer competitive pay to attract job candidates in rural and historically underserved locations as well as to recruit skilled workforce members in a competitive labor market.

Thank you for your time and attention and I look forward to working together to address this barrier to hiring in rural Maine communities.