



JANET T. MILLS
GOVERNOR

STATE OF MAINE
BUREAU OF HUMAN RESOURCES
4 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0004

ADMINISTRATIVE & FINANCIAL SERVICES

KIRSTEN LC FIGUEROA
COMMISSIONER

BUREAU OF HUMAN RESOURCES

MICHAEL J. DUNN
STATE HR OFFICER

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

May 5, 2025

Re: *LD 1539—An Act to Create a State Employee Compensation Stabilization Fund*

Senator Baldacci, Representative Salisbury, and members of the Joint Standing Committee on State and Local Government; I am Anya Trundy, a Deputy Commissioner for the Department of Administrative and Financial Services (DAFS) and I am testifying today Neither for Nor Against *LD 1539, An Act to Create a State Employee Compensation Stabilization Fund*. The Bureau Human Resources (BHR) would primarily like to provide the committee with information that you may find helpful as you consider this bill.

The idea of setting aside funding to help augment the salaries of State employees more feasible is a laudable one, and this bill proposes diverting 1% of the cascade to the Highway Fund in a new account managed by DFAS for such a purpose. However, an analysis of the past 15 years, shows that 1% of the cascade to the Highway Fund would have yielded just \$12 million, with the bulk of that money, \$8 million, attributable to fiscal years 2021 and 2022, which due to federal stimulus funds were anomalies.

There doesn't seem to be any harm in creating a State Employee Compensation Stabilization Fund, but just to manage expectations, it is unlikely to generate a significant balance, and we would caution that any money that amasses in the fund will only serve to provide one-time funding. When DAFS weighs the State's ability to extend salary increases, beyond looking at the balance of the Salary Plan, we must also consider: 1) the ongoing fiscal impact and whether projected revenues can support the increase to the baseline budget, and 2) whether accounts funded by federal funds and other special revenue will be able to absorb the increased salary expense.

Finally, this bill only refers to one labor organization, but there are four that represent Maine State employees, and raises will affect all State employees equally, so we would suggest a small change to the language and make "organization" plural.

Thank you very much for your time and attention. I am happy to answer any questions.