



**Testimony by William Norbert
Governmental Affairs and Communications Manager**

Neither For Nor Against L.D. 2102

An Act to Clarify and Strengthen the Government Shutdown Loan Guarantee Program

January 27, 2026

Joint Standing Committee on Health Coverage, Insurance, and Financial Services

Senator Bailey, Representative Mathieson, and Distinguished Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services:

My name is Bill Norbert. I am the Governmental Affairs Manager at the Finance Authority of Maine (FAME) and am testifying Neither For Nor Against L.D. 2102, *An Act to Clarify and Strengthen the Government Shutdown Loan Guarantee Program*.

FAME is a quasi-independent state agency whose mission is to enrich business and educational outcomes through relevant, timely financial support to Maine's people. FAME's vision is a Maine where all people have access to improved economic outcomes through business growth and education attainment. One of the programs we administer is the newly created Government Shutdown Loan Guarantee Program.

This bill would amend certain program eligibility criteria and remove the 10% overall program cap. The cap basically provides that if the amount expended for loan guarantee payments by FAME equals or exceeds 10% of the total of all loans made by participating lenders, FAME must stop approving claims and notify the Treasurer of State and participating financial institutions of the total amount of loan guarantee payments made and cease honoring loan claims. It also allocates an additional \$250,000 to the program.

As you will recall, the Government Shutdown Loan Guarantee Program was enacted during the First Special Session of the 132nd Maine Legislature via LD 874: *An Act to Provide Relief to Federal or State Employees Affected by a Federal Government or State Government Shutdown*, now known as Public Law 2025, ch. 494. The program is administered by FAME in partnership with the State Treasurer and participating Maine lending institutions. The program provides access to no-interest loans for certain federal or state employees in Maine affected by a partial or full shutdown of the federal or state government that lasts for longer than seven consecutive days. FAME guarantees up to

10% of the overall pool of loans credit unions and financial institutions choose to voluntarily make to affected employees.

In a memo to the Committee dated January 8, 2026, FAME provided a program update following the federal government shutdown that lasted from October 1, 2025 through November 12, 2025 (forty-three days). We reported that three Maine lending institutions chose to participate in the first round of the program. These included cPort Credit Union; Kennebunk Savings Bank; and Franklin Savings Bank. A total of 151 loans were made totaling \$758,602.66. The average loan was \$5,023.86. Eighty-four of these loans were made to employees of the Portsmouth Naval Shipyard. Those particular loans totaled \$421,910.11.

Over the course of administering the program, we received feedback from both participating and non-participating lenders. We also have communicated with both the Maine Bankers Association and the Maine Credit Union League to better understand the perspectives of their member institutions regarding the new program. The Maine Credit Union League shared that their members have already provided more than \$2 million in zero-interest loans to affected workers through programs they developed independently of the state program. FAME has also received anecdotal feedback from several financial institutions whose input suggests several potential opportunities to strengthen participation and impact in future iterations of the program, including:

- Increase the Guarantee Percentage: Institutions noted that expanding the guarantee from the current 10% to at least 50% of the loan pool or higher would make participation more viable, particularly given that lenders are not permitted to consider applicants' credit when approving these loans.
- Consider Full State Backing: Some institutions expressed that having the full faith and credit of the State of Maine behind the loans would further encourage participation. If the loans went bad and FAME ultimately was unable to repay them in full, the state would step in and make the lenders whole.
- Origination Fee: Allowing lenders to include an origination fee would help offset administrative costs and provide an additional incentive to participate.
- Creditworthiness: Some institutions were reluctant to participate because the program does not allow them to evaluate a borrower's creditworthiness prior to making a loan, thus increasing the risk of default.

We support greater program utilization of and funding for the program, but we are concerned that removing the cap entirely (and thereby essentially promising that FAME will 100% guarantee full repayment to all lenders of any unrepaid loans) without much greater, ongoing funding for the program may give rise to unrealistic expectations and confusion on the part of borrowers and lenders. In addition to more funding, we suggest adding some language to allow for the cessation of any new loans and loan guarantees when existing funds run low. Further, to increase participation in the program by lenders, the Committee might consider removing the current prohibition on lenders' assessments of borrower creditworthiness.

We appreciate the opportunity to provide this feedback and to work collaboratively toward continual improvement of this program. FAME remains committed to supporting Maine's financial institutions and federal and state employees through the administration of this program. Thank you for your consideration of my comments. I would be happy to answer any questions you may have.