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POLICY SPOTLIGHT

Building a More Resilient Workforce in Maine with Portable Benefits

Portable benefits can help Maine attract and retain workers in the age of AI

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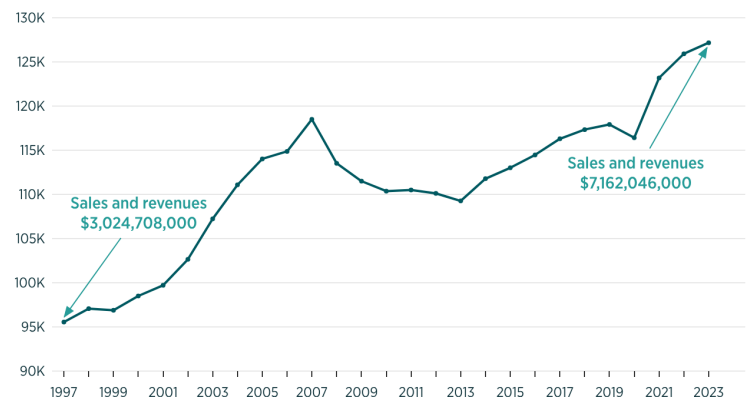
In today's economy, Maine's ability to attract and retain workers will depend in part on whether people can build secure careers in the ways they want to work. Those ways increasingly include not only traditional employment, but also entrepreneurship, freelancing, and small-business ownership.

Survey research finds that younger US workers are now embracing a wider range of independent career paths: 52% of Gen Z professionals reported freelancing in the last year. Among recent graduates, 37.5% were considering starting a business, 32.5% gig work, and 28.1% freelance work. The Global Entrepreneurship Monitor's latest US report found that adults age 18–24 and 25–34 had the nation's highest rates of early-stage entrepreneurial activity.

Today more than 127,000 Maine residents work independently. US Census Bureau data show that this is a growing workforce, generating about \$7.16 billion annually in revenue or sales for the state (figure 1). The top industries for independent work in Maine include professional and technical services, agriculture and fishing, construction, and real estate and rental leasing.

FIGURE 1. Growth in self-employment in Maine, 1997 to 2023

Number of establishments



Source: US Census Bureau, *Nonemployer Statistics (NES)*, last modified May 9, 2024, <https://www.census.gov/programs-surveys/nonemployer-statistics.html>.



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AI Is Accelerating the Shift Toward Independent Work

Early research suggests that artificial intelligence may further reduce the cost of working independently.¹ By helping one person perform research, writing, analysis, design, and other tasks once handled by a larger organization, AI may make self-employment, freelancing, and one-person businesses more feasible.

Preliminary data show faster growth in solo businesses and self-employment in AI-exposed industries and occupations since 2024. These findings are early and descriptive rather than causal, but they indicate that more workers may move among traditional jobs, contracts, freelance projects, and self-employment over the course of their careers. This worker flexibility creates a significant policy challenge: Most benefits remain tied to a traditional W-2 job.

Benefits Have Not Kept Up with the Way People Work

Portable benefits are a solution designed for today's flexible workforce. Unlike traditional benefits, portable benefits attach to the worker rather than a particular job. A worker-owned portable benefits account could receive contributions from multiple companies, clients, platforms, and associations, and it could support health insurance, paid leave, retirement savings, and more. Workers should not have to choose between flexibility and financial security, and businesses should not fear supporting independent workers because of reclassification concerns when providing benefits. A voluntary system would not require workers to become independent or replace traditional employer benefits—it would simply allow workers to carry greater security across different forms of work.

Portable Benefits Momentum Across the States

States across the political spectrum are exploring portable benefits. Maine can build on this momentum with a policy designed around its own workforce needs.

- **Maryland and Pennsylvania** have supported portable benefits pilot programs. In Pennsylvania, a pilot delivered more than \$1.3 million in benefits to previously ineligible workers, and 77% of participants said the benefits made them feel more financially secure.
- **Connecticut, Hawaii, and Rhode Island** introduced portable benefits legislation in 2025.
- **Georgia, Louisiana, New Hampshire, North Carolina, Tennessee, Utah, and Wyoming** have enacted voluntary reforms designed to make it easier for companies to provide benefits to independent workers.
- **Alabama, Idaho, Kansas, and West Virginia** have enacted portable benefits alongside tax-advantaged approaches intended to encourage participation.

Policy Recommendation for Maine

Maine can join the national movement by allowing workers to create portable benefits accounts and clients to contribute to portable benefits funds without triggering worker reclassification rules. Such a policy would not impose a new mandate on businesses or change the underlying test for determining who is an employee. It would give independent workers the ability to access benefits while giving businesses more legal clarity and flexibility to support the people on whose work they rely. In adopting a portable benefits regime, Maine can support a modern, inclusive economy that aligns with how people actually work today—empowering businesses to innovate and enabling workers to thrive.

¹ See <https://www.mercatus.org/research/research-papers/artificial-intelligence-ai-and-rise-independent-work-early-evidence-solo> and <https://www.mercatus.org/research/policy-briefs/flexible-and-portable-benefits-independent-workers-state-policy-guide>.