



November 15, 2021

Dear Commissioners,

The members of the Maine Paid Leave Coalition would like to thank you for your work and look forward to being partners with you in developing a plan for Paid Family and Medical Leave that works for all Mainers. The Maine Paid Leave Coalition is a group of partners working together to create comprehensive paid family and medical leave, and to implement a system that works for all Mainers, leaving no one behind. Our member organizations represent tens of thousands of Mainers, and includes the following organizations, as well as a number of small businesses:

- AARP Maine
- Alzheimer’s Association: Maine Chapter
- American Academy of Pediatrics: Maine Chapter
- BirthRoots
- Disability Rights Maine
- EQME
- In Her Presence
- Maine Association of Certified Professional Midwives
- Maine Association for the Education of Young Children
- Maine Center for Economic Policy
- Maine Children’s Alliance
- Maine Coalition Against Sexual Assault
- Maine Coalition to End Domestic Violence
- Maine Employment Lawyers Association
- Maine Equal Justice
- Maine Family Planning
- Maine People’s Alliance
- Maine State Breastfeeding Coalition
- Maine Women’s Lobby
- Mainers for Working Families
- National Association of Social Workers: Maine Chapter
- Paid Leave for ME
- Planned Parenthood of Northern New England
- Restore The Floor
- Southern Maine Workers’ Center

Our Coalition would like to offer for your consideration our Coalition-wide principles, as well as specific guidance on certain elements of the policy, as well as modeling that informed our decisions. Both are attached, and we welcome more opportunities to answer your questions and work with you on this critical issue.

Sincerely,
The member organizations of the Maine Paid Leave Coalition

Coalition Values and Principles

The Maine Paid Leave Coalition is committed to working together to implement statewide universal Paid Family and Medical Leave aligned with the following principles:

1. Paid family and medical leave policies should be universal. *All workers should have access to paid family and medical leave regardless of the size of the business, sector of the economy in which they work, full- or part-time status, or self-employment. Carve-outs or opt-outs make the program more expensive and potentially unsustainable.*

2. Paid family and medical leave policies should be gender inclusive and gender responsive. *PFML policies must include all workers of all gender identities including men, women, transgender and non-binary people.*

3. Paid family and medical leave policies should include job protection. *Studies clearly show that workers will often not make use of paid family and medical leave programs or take the length of time they need if doing so means they risk losing their jobs, even if they have paid into the program.*

4. Paid family and medical leave policies should include a comprehensive definition of family. *Families are configured in a multitude of ways. Inclusive paid family and medical leave policies should include the most comprehensive definition of family possible to ensure workers can care for a broad range of family members.*

5. Paid family and medical leave policies should be comprehensive, including parental, medical, and family care leave. *Paid family and medical leave proposals should be comprehensive, covering leave for bonding with and caring for a new child, caring for a sick family member, addressing one's own serious medical and mental health needs, and preparation and reintegration following military deployment.*

6. A social insurance system is the best funding model for paid family and medical leave programs. *Domestic and international evidence and experience suggest that there are real advantages to a social insurance model to fund PFML. There are cost efficiencies achieved in a universal program, the benefits are easily portable, and small business owner expenses are more predictable.*

7. Paid family and medical leave programs should not be privately administered (by a third-party, non-profit, or other private concern).

8. Paid family and medical leave programs should provide adequate levels of wage replacement for all workers. *Wage replacement rates need to be high enough for workers, especially low-income workers, to live on. When wage replacement is inadequate, many low-wage workers do not take leave for which they are eligible because the low benefit level places them at risk of financial instability.*

9. Paid family and medical leave programs should offer workers a reasonable and sufficient number of weeks of leave to allow them to fully address their needs.

10. Paid family and medical leave insurance premiums should be paid by both workers and employers. *Studies show both employers and employees benefit from paid leave programs. By sharing costs across both groups, the costs are significantly lowered for all involved.*

11. Outreach and education should be included in paid family and medical leave proposals, with a goal that all workers have equal access to information about benefits. *Research shows that low-income workers, workers of color, and workers with less than a college education are the least likely to know about, and therefore access, their state's paid family and medical leave program.*

12. Federal proposals should not prevent states from enacting more robust paid family and medical leave laws; and the states' proposals should not preempt local proposals.

Specific Policy Framework

Length and Nature of Leave

This is the key question that many policies start from - who is eligible for leave, for what purposes, and for how long? We suggest **one bucket of leave** for all standard leave purposes (caregiving and personal recovery), with a **total cap of 20 weeks**.

Rationale:

- This ensures that all types of leave, whether personal recovery, birth or placement of a child, or care for a family member, are equally valued, and places more discretion in the user's hands.
- Because there is a limit to the total income, and it is less than 100 percent wage replacement, users are unlikely to just take the total amount regardless of their need.

Other states with this model: Massachusetts is similar, with a 20 week cap for medical leave and 26 week total cap across all types of leave.

Wage Replacement and Cap

This refers to the amount of income a person will receive when they file. We suggest **aligning income replacement with the Unemployment Insurance standard**. Here's how that works:

- The average weekly wage (AWW) in Maine is about \$900/week. Wages of up to half the AWW (\$450/week) would receive a benefit of 90% wage replacement.
- Wages above AWW/\$450 would receive 50% wage replacement.
- The maximum weekly cap is the AWW - \$900

That means that a person who earns 750 per week in their normal role would get a wage replacement of about \$555/week ($(\$450 \times .90 = \$405) + (\$300 \times .50 = \$150) = \555).

Rationale:

- COVID has made it clear that lower wage earners people need access to more robust benefits.
- Using the UI standard makes it easier to understand, because it's already a tool many employers, workers, and system administrators are familiar with.

Other states with this model: Colorado

Payroll Tax Cap

Systems are usually funded with a payroll tax, funds contributed by employers or employees in the payroll process (just like social security). Some systems, such as Social Security, limit the total amount of income which can be taxed. We suggest that there should be **no cap on payroll taxes**.

Rationale:

- Ensuring that people of all income levels chip in to the system will keep the overall payroll tax very low.

Employer/Employee Contribution

This refers to who pays the payroll tax for the program, and at what percentage. We suggest that **employers and employees each pay 50 percent of the total costs** of the program.

Employers and workers share the costs of the program in 7 of 10 states. We propose that **employers of fewer than 10 employees be exempt** from the employer-side payroll tax.

Rationale:

- Sharing the costs between workers and employers keeps the costs low for everyone.
 - Employers and workers both benefit from the program, and employers tend to be able to hire and retain staff for longer when employees have access to PFML.
 - Most states use a system of shared costs in this way.
 - Small businesses are the least likely to be able to pick up added costs; exempting them ensures that Maine's small businesses are less burdened by this program.
- Self-employed individuals should be exempt from the employer-side portion as well.

Other states with this model: Colorado

Method and Assumptions

Coalition members modeled the possible payroll tax implications of the different elements of a PFML policy with adaptations to the "Workers Plus" software shared by the US Department of Labor. The calculations use Rhode Island's usage rate to estimate costs, which is the highest of the 3 existing programs for which we have data. Actual usage and costs could be lower. The model assumes a 90 percent wage replacement rate. Based on this modeling, the estimates for total cost (through a payroll tax) would be:

- Baseline (12 weeks, including safe leave) 0.46% (.46 cents per \$100)
- Maximum benefit of 20 weeks +0.07%
- Exempting employer-side taxes for < 10 +0.03%