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Commission To Develop a Paid Family and Medical Leave Benefits Program

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Office of Policy and Legal Analysis

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Commission To Develop a Paid Family and Medical Leave Benefits Program

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Executive Summary

The Commission to Develop a Paid Family and Medical Leave Benefits Program was first established by Resolve 2021, chapter 122 and established in substantially similar form in Public Law 2021, Chapter 635, Part KK. The law included funding for the costs of contracting with an outside entity to conduct and complete an actuarial study of the program developed by the Commission. The law directs the Commission to submit a report, with findings and recommendations to the Legislature by November 2, 2022. The Commission requested from the Legislative Council, and was granted, an extension to December 6, 2022.

As set forth in the law, the Commission's duties are to:

- Develop a plan to implement a paid family and medical leave benefits program by consulting with other states that have established paid and medical leave benefits programs;
- Contract for and complete an actuarial study of the planned program, including start-up costs and ongoing costs of the program, the economic impact on and benefits to the State and the contributions needed to maintain the solvency of the program; and
- Make recommendations, based on the actuarial study and other factors, to implement a paid family and medical leave benefits program, including any necessary legislation.

The Commission members all agreed on the goal to create a paid family and medical leave benefits program that is affordable, accessible and is straightforward to navigate by employers and employees. The Commission unanimously supports the enactment of a paid family and medical leave program with the following design elements.

- The purposes of leave should mirror those permissible under the federal Family and Medical Leave Act – to care for a new child, to care for a family member with a serious health condition, or to attend to certain exigencies related to a family member's military deployment. In addition, safe leave should be available to address certain medical and non-medical needs arising from domestic violence, harassment or stalking.
- The definition of family includes affinity relationships so that an individual is entitled to use paid leave to take care of a person who is considered an equivalent of a family relationship without actually being family.
- The program should include all employees. This includes full-time, part-time, temporary and seasonal workers. It includes employees in the private and public sector. Self-employed workers would be able to opt into the program.
- An individual may take leave to bond with a newborn or adopted child within the first 12 months of benefits being paid out. This is a short term additional cost to the program.
- Employees eligible for benefits must have worked within the prior four quarters. The Commission did not determine the amount of income required but recommends that the amount be low enough to allow for broad accessibility and be tied to some form of cost of living to allow for the amount to remain current over time.
- The funding of the program should be split between employers (with 15 or more employees) and employees. The split should be between 25% employer/75% employee and 50% employer/50% employee. The desired maximum total contribution is 1% of wage rates.
- The contribution to the program applies to the entire wage base.
- Wage replacement is recommended to be 80% or 90% of wages up to a maximum of 120% of the state average weekly wage. Maine's average weekly wage was $1103 in March 2022 compared to the national average of $1216 and is the 19th lowest in the nation.

- Employees are subject to an annual 12-week maximum limit for a particular qualifying need and a 16-week combined maximum limit.
- There is a seven-day waiting period for medical leave.
- There is no additional job protection as current federal and state family and medical leave laws provide sufficient protections.
- Workers receiving workers compensation benefits or unemployment insurance may not also receive benefits from the paid family and medical leave program at the same time.
- Whether the program is administered by the State or by a third-party administrator under contract with the State, a robust oversight entity is critical. Annual and continuous tracking and data analysis to measure experience and determine future contribution rates is important. The Maine Department of Labor estimates that $65 million will be needed for start-up technology costs.

The Commission is incredibly grateful to Milliman, Inc. and to Paul Correia and Dan Skwire for their assistance and actuarial information. Their professionalism, responsiveness, and expertise have been invaluable to the Commission. The members of the Commission look forward to working with the Joint Standing Committee on Labor and Housing during the First Regular Session of the 131st Legislature to enact this very important program.

I. Introduction

For two years, the Commission to Develop a Paid Family Medical Leave Benefits Program (one established in 2021 and another in 2022) has been working for to develop a paid family and medical leave benefits program in Maine. The first Commission was established by Resolve 2021, chapter 122 in the first special session of the 130th Legislature. The resolve included funding to contract with an outside entity to conduct and complete an actuarial study for the Commission. The Commission completed its report in February 2022 for presentation to the Joint Standing Committee on Labor and Housing. A copy of the first commission report is included as Appendix C. At the time the report was completed a subcommittee of the Commission was still in the process of finalizing a contract for the actuarial study. The Commission's study report outlined a basic framework with options for Milliman, Inc. to review and evaluate. The contract between the Legislative Council of the Legislature and Milliman, Inc. was finalized on May 16, 2022.

The Commission recommended the enactment of legislation in the Second Regular Session to reauthorize the Commission so that it could continue its work through the end of 2022. The Commission was reestablished in a substantially similar form in Public Law 2021, chapter 635 (supplemental budget for fiscal years 2022 and 2023), Part KK. Part KK carried forward the funding from Resolve 2021, chapter 122 as well as providing $300,000 in unappropriated surplus to support the costs of contracting with an outside entity to conduct and complete an actuarial study. Part KK is included in Appendix A.

Pursuant to Part KK, the Commission has 12 members: 4 legislative members; 7 non-legislative members representing interests specifically identified in the earlier resolve and current law; and the Commissioner of the Department of Labor. The members appointed by the presiding officers are the same as in 2021 except that John Leavitt was appointed as a member with expertise in issues affecting labor and independent contractors (replacing DrewChristopher Joy who was employed in a different job as of the end of 2021). The complete membership list is included in Appendix B.

The Commission's specific duties as set forth in Section KK-5 include:

- Developing a plan to implement a paid family and medical leave benefits program by consulting with other states that have established paid and medical leave benefits programs;
- Contracting for and complete an actuarial study of the planned program, including start-up costs and ongoing costs of the program, the economic impact on and benefits to the State and the contributions needed to maintain the solvency of the program; and
- Making recommendations, based on the actuarial study and other factors, to implement a paid family and medical leave benefits program, including any necessary legislation.

Public Law 2021, chapter 635 became effective on April 20, 2022. The Commission met seven times: May 31, October 3, October 11, November 1, November 18, November 29, and December 2. The Commission meetings were conducted remotely. The meetings are accessible to the public through the Legislature's livestream. More information about the Commission, including meeting agenda and materials are posted on the Commission's website at:
https://legislature.maine.gov/commission-to-develop-a-paid-family-and-medical-leave-benefits-program

The date for the report in Section KK-7 was November 2, 2022 and the Commission was approved for six meetings by the Legislative Council. The Commission requested, and was granted, permission for an extension until December 6, 2022 and to hold additional meetings.

II. Commission Process

The Commission held seven meetings in 2022. During the course of these meetings, the Commission worked to refine the parameters of their proposed family and medical leave plan with Milliman, Inc. The first meeting in May was requested by Milliman, Inc. to gather information and answer questions. Over the other six meetings held, the Commission worked through aspects of the recommended program design. Milliman, Inc. provided written materials and responses to Commission questions and decisions. Public testimony was also taken at the beginning of each meeting with the exception of the May meeting.

Actuarial Contract

The previous Commission established by Resolve 2021, chapter 122, established a subcommittee to contract for the services of an actuarial consultant. This resolve, as well as Public Law 2021, chapter 635, Part KK, required the Commission contract with an actuarial consultant to assist the Commission in developing recommendations and modeling options and cost estimates for a paid family and medical leave benefits program. Prior to the submission of the Commission's initial report in January 2022, the Commission developed an invitation for proposal for the services of an actuarial consultant. The invitation for proposal was released on January 28, 2022 and written proposals were submitted on February 11, 2022. Three consultants submitted proposals to the Commission: Milliman, Inc.; Spring Consulting; and Wildfig Partners. The subcommittee – made up of Commission chairs, Senator Daughtry and Representative Cloutier, and Commission members, Dr. Barbara Crowley and Commissioner of Labor, Laura Fortman – reviewed the written proposals and scheduled presentations from each consultant before making a final selection. The Commission selected Milliman, Inc. as its actuarial consultant and contracted with Milliman from May 18, 2022 through December 20, 2022. More information about the selection process, including the notification of award and submitted proposals can be found on the Commission's webpage, here.

Milliman, Inc. consultants, Paul Correia and Dan Skwire, were actively engaged with the Commission and made presentations at several Commission meetings. Using the design framework and suggested options developed by the Commission and feedback provided at the May 31 meeting, Milliman, Inc. submitted a preliminary report, including its actuarial analysis, in August 2022 and gave an overview of the report at the October 3 meeting. Throughout the course of the rest of the Commission's meetings, members requested additional modelling of several different options from Milliman, Inc. Several written updates were provided and presented at Commission meetings. Copies of the preliminary report and related letters and presentations are provided in Appendix D. Each slide presentation made by Milliman is posted with the meeting materials for each Commission meeting by date; links to the meeting materials for each meeting can be found here.

Changes in the paid family and medical leave landscape in 2022

Other states with paid family and medical leave programs

At the time the first Commission report was written in February 2022, there were nine states (California, Colorado, Connecticut, Massachusetts, New Jersey, New York, Oregon, Rhode Island, Washington) and Washington DC that had enacted paid family and medical leave programs (Colorado, Connecticut and Oregon were not yet providing benefits). See the Commission report for further details.[1] Since then, Connecticut has begun to provide benefits and two additional states, Maryland and Delaware, have

[1] https://legislature.maine.gov/doc/8234

enacted programs. Maryland benefits are set to begin on January 1, 2025 and Delaware's begin on January 1, 2026. (See A Better Balance chart[2] and Milliman, Inc. design comparison.[3])

Ballot initiative

In the summer of 2022, the Maine Women's Lobby and the Maine People's Alliance launched a ballot initiative to put a referendum on an upcoming general election ballot that would allow Mainers to vote directly whether to establish a paid family and medical leave benefits program. In order for a ballot initiative to be put on the ballot, the Maine Constitution requires that organizers of the ballot initiative submit signed petitions from approximately 64,000 registered Maine voters in order for the measure to be placed on the ballot. As the process to collect signatures and certify petitions for a ballot initiative takes significant time, the Maine Women's Lobby and the Maine People's Alliance undertook this effort at the same time the Commission was developing its recommendations for a paid family and medical leave program for presentation to the 131st Legislature. The leaders of the ballot initiative indicated that next steps would be determined depending on the outcome of the gubernatorial race and elections for the 131st Legislature.

The Commission was aware of the ballot initiative but conducted their work independently and did not review the details of the ballot initiative while they were considering options and developing their final recommendations. At the Commission's last meeting on December 2, 2022, Commission members did review a comparison of the program design recommendations they were considering to the proposed ballot initiative language. A chart comparing the Commission's final recommendations to the ballot initiative is included as Appendix F.

III. Recommendations: Developing a Program Design for Maine

Commission members agreed on the goal to create a paid family and medical leave benefits program that is affordable, accessible and is straightforward to navigate by employers and employees. The Commission unanimously supports the enactment of a paid family and medical leave program. The last several years have seen an increase in paid family and medical leave programs being enacted around the country. The need for individuals to take time out of the workplace to deal with personal and family issues was already apparent, but the pandemic has shined a bright light on this issue. The recent enactment of paid time off[4] by the Maine State Legislature can be viewed as part of this movement. The Commission repeatedly commented that the highest priority is to get a paid family and medical leave program enacted by the Legislature. Policy making is generally an incremental process. States with existing leave programs have made statutory and regulatory changes over time as new issues emerge and demographic and financial outlooks evolve. In practice, states are still creating "best practices" with regard to these programs. Similarly, in Maine, once a program is enacted, incremental changes will continue to be made. Commission members noted that careful consideration should be given to where authority should lie – statutory or regulatory – with respect to various aspects of the program to ensure flexibility. Commission members also noted that continuous monitoring and oversight, including clear requirements for annual review, are critical to success.

The paid family and medical leave program recommended by the Commission in this report, and assumed in the actuarial analyses, is based on contributions from employees and certain employers beginning on January 1, 2024, with benefits becoming effective on January 1, 2025. One of the purposes of the actuarial analysis is ensuring solvency of the program. Milliman, Inc. stated that the contribution rates

[2] https://legislature.maine.gov/doc/9065
[3] https://legislature.maine.gov/doc/8607
[4] https://legislature.maine.gov/legis/statutes/26/title26sec637-2.html

targeted a fund balance in the range of 120% to 125% of the previous year's expenditures during the program's initial years because of the uncertainty around utilization and claim costs when benefits begin to be paid out. As uncertainty is reduced with real world data, the target can be reduced.

The Commission supports a paid family and medical leave program and recommends the design elements described in this section.

Start-up costs

The Maine Department of Labor provided the estimated costs of establishing and operating a paid family and medical leave program prepared for the ballot initiative to the Commission at the October 11 meeting. The estimate for one-time technology and system implementation costs is $65 million. The Department noted that the initiative language caps the bonding for start-up costs at $50 million. The initiative requires state operation of the program (this issue is discussed below) and the estimate includes ongoing costs projected at $18.9 million. The fiscal estimate is provided in Appendix E.

Purposes of leave

The Commission determined that the purposes of leave under a paid Maine program should mirror those permissible under the federal Family and Medical Leave Act. Under FMLA, leave can be used to care for a new child, to care for a family member with a serious health condition, or to attend to certain exigencies related to a family member's military deployment. The Commission also agreed on the inclusion of "safe leave" used for the purpose of attending to certain medical and non-medical needs arising from domestic violence, harassment or stalking.

Definition of family

The Commission determined that the definition of family member used in the state family and medical leave law should also be adopted for the purposes of a paid family and medical leave program (child, domestic partner's child, grandchild, domestic partner's grandchild, parent, domestic partner, sibling or spouse). The Commission also recommends that the definition of family should include affinity relationships so that an individual is entitled to use paid leave to take care of a person who they consider an equivalent of a family relationship without meeting the standard definition of family. New Jersey, Washington, Connecticut, Oregon and Colorado include affinity relationships in their family and medical leave laws.

Employees covered

The Commission consistently stressed the importance of the program being broadly accessible. Therefore, the Commission determined that the Maine program would include all workers. This includes full-time, part-time, temporary and seasonal workers. Self-employed workers would be able to opt into the program and this is consistent with other paid programs in the U.S.

The intent is to cover employees in both the public and private sectors. Milliman, Inc. ran both scenarios for including and not including public employees and determined that there was minimal material impact on claim costs. At the November 18 meeting, Paul Correia said he worked with the Maine Department of Labor to gather demographic information and public/private sector data. The public sector has a greater number of female employees and this increases costs; however, the public sector has lower average wages and this mitigates that public sector imbalance. He also noted that more recently enacted programs tended to include public sector employees. The Commission voted to include public sector employees at this meeting.

The program supported by the Commission provides that if a current employer, either private or public that has a substantially equivalent plan to the plan enacted and implemented, those plans can continue to operate at the outset. For example, current collective bargaining agreements may include paid plans, including ones that are inferior to the state plan, and those can continue, until the expiration of the contract. Commission members stated that they do not want to require a renegotiation of contracts noting that interfering with existing contracts could raise legal or constitutional issues.

Qualifying events prior to start date of the family and medical leave program

The Commission discussed whether employees who have children born, adopted or fostered prior to the effective date of paid family and medical leave benefits would be eligible for bonding leave and if there would be any limits to that leave. It is quite common for new programs to allow for bonding claims for newborn or adopted children within 6-12 months of the effective date of the program to be filed and this has led to claims being 5-10% higher in the first year. Paul Correia noted that Washington had more claims in the first year of the program because of bonding claims. The Commission determined that an individual could take bonding leave within the first year after birth, adoption or placement in foster care as long as they had prior not taken any leave for that purpose to the effective date of the program. Milliman, Inc. determined that the estimated increased claims and related costs for such claims in the first year would increase the cost of the program by about 2%.

Requirements for qualification

The Commission had multiple discussions about the requirements to qualify for benefits and the consensus was that, given that one cannot predict illness or injury, there should be a low barrier for entry. The federal Family and Medical Leave Act of 1993 allows employees in the public sector or in businesses with 50 or more employees to take unpaid leave as long as the employee had worked for 12 months and worked 1,250 hours in the previous 12 months. Maine law currently allows unpaid leave for employees of businesses with 15 or more employees at one location in the state (26 MRSA §844).

Paid family and medical leave programs around the U.S. are more flexible allowing employees working in small businesses and for different employers (either concurrently or over time) to qualify and participate. A basic assumption is functional portability. The Commissioner of Labor (and Deputy Commissioner in her absence) reminded the Commission that the Department of Labor does not collect information on the number of hours worked by employees and only have data on income earned. Therefore, eligibility for paid family and medical leave in Maine must be based on a level of income earned. Commission members stressed that any standard chosen should be easily attainable to ensure that those newly returned to the workforce are eligible and therefore determined that the lookback period for eligibility should be within the prior four quarters, in other words, to be eligible the individual must have worked any time within the last four quarters.

However, the Commission did not determine what the amount of income should be to qualify. Therefore, the Commission recommends that the Labor and Housing Committee determines what the income eligibility requirements of the program should be but the Committee must keep in mind that whatever the minimum qualification income is, it must be based on income and tied to a factor of the state average weekly wage during the four quarter period, and not the number of hours worked. Although the wages earned by the person taking leave will be reflected in the paid compensation, the Commission argues that the threshold should be low enough to allow for broad accessibility. The Commission also notes that putting the precise amount in statute would run the risk of the number becoming meaningless over time. Tying the income eligibility amount to a factor of the state average weekly wage (or some other standard) allows the amount determined to remain current.

Program funding – employer and employee split; maximum contribution

The Commission had extensive conversations about how the funding of the program would be split between employers and employees, whether there should be a small employer exemption, and maximum contributions from wages. With the exception of the Washington DC program which is fully covered by contributions from employers, the paid family and medical leave programs that currently exist in other states (including those not yet in effect) are either fully paid for by employees or are split between employers (with small employer exemptions) and employees. (See A Better Balance chart[5] and Milliman, Inc. design comparison.[6]) The letter from Milliman, Inc. from November 9 includes research regarding maximum contributions, including whether those maximums are in statute (see Appendix D). Commission members also noted that the web surveys of employees and employers conducted in 2021 indicated a willingness of both employees and employers to contribute a portion of wages to fund a paid family and medical leave program.[7]

With regard to program funding, the Commission makes the following recommendations:

- Employers with fewer than 15 employees would be exempt from contributions to fund the program (all employees would be required to contribute).
- Employers with 15 or more employees and employees would contribute to program costs based on a percentage of wages.
- 1% of wage rates is the desired maximum amount of total contribution.

The Commission determined that employers with fewer than 15 employees should be exempt from contributions to fund the program. This number was chosen to match the threshold that is currently used for the state's unpaid family and medical leave program. Employees would still be required to contribute as all employees are entitled to benefit from the program. Commission members noted that they would not like to raise the small employer exemption to more than 15 because it would increase the burden on employers paying into the program.

The Commission determined that the funding split between employers (with 15 or more employees) and employees should be between 25% employer/75% employee and 50% employer/50% employee, including an option of 40% employer/60% employee. Commission members took a series of straw votes but were unable to determine what the ideal split for the program should be and instead decided to set the parameters between 25/75 and 50/50 for the Labor and Housing Committee to consider. Commission members found it difficult to make a unified recommendation on funding for multiple reasons. In general, the program benefits the employee as the beneficiary of the program. Some members were concerned that small employers (including those who may have just a few more employees than the cut off of 15 employees) are already struggling with increasing minimum wages, paid time off and other business costs, and paying 50% of the costs of the program could be the last straw for these businesses. Other members felt that employers are saving money from short term disability costs being shifted with a new family and medical leave program and therefore it would be appropriate for employers to pay 50% of the costs of the program.

The Commission agreed that a maximum contribution set at 1% of wages would be a preferable. This preference is informed by the research from Milliman, Inc.[8] Members noted that the presence of such guardrails in the program provides comfort to employers and employees that the costs of the program cannot be unending. However, it was also noted that putting a prescriptive number in statute limits

[5] https://legislature.maine.gov/doc/9065
[6] https://legislature.maine.gov/doc/8607
[7] See Commission report at https://legislature.maine.gov/doc/8234 The report notes that although web surveys do not ensure a scientific sample they still generated useful information about preferences.
[8] https://legislature.maine.gov/doc/9253

flexibility and therefore the Commission notes that the 1% of wages maximum contribution is a recommendation related to program design rather than a proposed statutory provision. See Appendix D.

At the request of the Commission, Milliman, Inc. included sample payroll contributions in the December 1 letter and December 2 presentation to the Commission. This provided members with concrete illustrations of what contributions would look like to individual employees and employers. See Appendix D.

Base wage for contributions

The Commission discussed whether the contribution of wages used to fund the program should be capped at the wage base used for social security purposes or whether it should apply to the entire wage base. The Commission recognizes that it is more common to apply a cap on contributions at the social security limit. (The referendum proposal applies the social security limit on contributions.) However, the Commission voted unanimously (of those present at the November 29 meeting) to set the contribution on the entire wage base and not apply a cap at the social security level as this lowers the overall percentage of total contribution.

Benefit payment amounts and wage replacement rates

The Commission repeatedly considered benefit payments should be recommended for employees that qualify for family or medical leave and what the appropriate amounts for the wage replacement rate and the maximum benefit amount should be. Commission members consistently stated that they support a program structure that is accessible to lower income individuals. In that light, they support a program structure that is more generous to those with lower income.

The Commission considered, and ultimately rejected, the option of a tiered approach to wage replacement. The Paid Leave for Maine Coalition provided public testimony on September 9 stating that the ballot initiative is predicated on the assumption of a 90% wage replacement rate up to 50% of the state average weekly wage and then 65% up to a cap of the state average weekly wage. The Commission considered this tiered approach but determined that it would recommend a flat rate because it would be simpler to understand and administer. Therefore, the Commission is presenting two options to the Labor and Housing Committee regarding wage replacement. All Commission members support an 80% wage replacement but the majority prefer and support a 90% wage replacement. (Representative Stearns voted for 80% and against 90% noting that 80% would already be a huge improvement over the current unpaid system.)

The Commission supports establishing a maximum replacement rate of 120% of the state average weekly wage for the program. Commission members noted that the average weekly wage in Maine is low citing the number of seasonal workers in the state and therefore members supported a maximum weekly benefit that is 120% of the state average weekly wage rather than the 100% state average weekly wage that some states use. Kim Smith, Deputy Commissioner of Labor, provided data in response to questions at the November 29 meeting, that in March 2022, the national average weekly wage was $1,216 and the state average weekly wage was $1,103 (19th lowest in the nation).

Maximum benefit periods and intermittent leave periods

The Commission determined that there should be an annual 12-week maximum leave limit for a particular qualifying need and a 16-week combined limit. Members also supported the ability for employees to use intermittent leave as long as the minimum was for full work day increments (whatever that full day might look like for the employee). Commission members noted that smaller periods of time for appointments could be covered by paid time off.

Waiting periods

The Commission supports a recommendation that an employee must wait seven days before being eligible for medical leave.[9] Commission members cited a number of advantages to a seven-day waiting period especially given that an employee could use paid time off to replace their income during that one week waiting period. A waiting period generates savings and thus allows for a more generous benefit. It also mirrors other programs such as unemployment insurance. The need to keep administration simple was repeatedly raised during the Commission's meetings and it was raised again during conversations about waiting periods because it would result in fewer applications requesting just a few days leave. Commission members again noted that paid time off could be used to cover the waiting period. It was also noted that Washington had a waiting period at the onset of its program and then took it away later on, thus, removing the waiting period could be considered in Maine at a future date.

Job protection

Current federal and state family and medical leave laws provide job protection (or placement in substantially similar jobs). The Commission determined that current law provided sufficient protections for employees and that it is not necessary at this point to include specific language in a paid family and medical leave law. The Commission also heard testimony with concerns about how holding jobs open could impact small businesses, such as a business with two employees.

Workers compensation and unemployment insurance

The Commission heard public testimony requesting that the workers compensation program should remain primary when an employee has to take leave to address an injury or medical issue that results from a workplace injury. The Commission agreed that workers who are receiving compensation benefits from workers compensation or unemployment insurance should not receive benefits from paid family and medical leave at the same time. The Commission heard from Milliman, Inc., that this is how paid family and medical leave programs operate in most states with such programs. The Commission recommends that in developing legislation to implement a paid family and medical leave program, the Labor and Housing Committee should request the assistance of the Workers Compensation Board to craft language that clearly accomplishes this goal.

Administration of the paid family and medical leave program

The Commission had multiple conversations about whether the program should be administered by a state agency or a third party. Regardless of whether the program is administered by a state department or through a private contract, the Commission's overarching concern is that it is streamlined and uncomplicated for both employers and employees. Even if the program is administered by a third party contract, there will need to be additional staffing and oversight at the Department of Labor regardless. Members also noted that a contract could require a degree of in-state presence. Administrative ease was a concept returned to by Commission members in various discussions including interactions with other benefits, waiting periods for medical leaves, full day leaves as a minimum length of time and other issues.[10]

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[9] This was not a unanimous recommendation; it was 7-1 of those present for the vote.
[10] The ballot initiative is drafted to require state administration of the program. The Commission received testimony from Maine Equal Justice on October 11, expressing concerns about contracting out the program.

Program evaluation

The Commission stressed the need for continuous data collection, evaluation of trends, financial review and auditing as a key to success of a paid family and medical leave program. Robust oversight of the program is critical. Milliman, Inc. also strongly recommended tracking and analyzing program experience as it emerges including an annual actuarial review to measure experience and determine any change in contribution rate in time for implementation in the following calendar year.[11] Requirements in the statute and any contracts must be clearly stated.

Members also recommended that in early stages of implementation of the program, there should be additional oversight by the committee of jurisdiction along the lines of the periodic oversight of government programs under the Government Evaluation Act in Title 3, chapter 35. (The Government Evaluation Act would not apply to a contract although if the program is administered by the Department of Labor, this would be included in GEA requirements.)

States with paid family and medical leave programs have often made changes to their programs in response to the financial stability of the program and/or changing needs of users of the programs. Some states have extended the programs to allow more individuals to use the program, or extend the number of weeks that can be taken. Premiums have also been adjusted in response to the economic health of the program. To make decisions that are financially prudent and responsive to state needs means good data collection, evaluation of trends, and financial review and oversight.

IV. Next steps

The Commission is incredibly grateful to Milliman, Inc. and to Paul Correia and Dan Skwire for their assistance and actuarial information. Their professionalism, responsiveness, and expertise have been invaluable to the Commission. The Commission also wants to thank Anna Broome and Colleen McCarthy Reid for their incredible staffing and support over the past two years. The Commission is incredibly grateful for them and their assistance and would not have been able to complete their work without them. The Commission also wants to thank and acknowledge everyone in the Office of Policy and Legal Analysis and the Office of Fiscal and Program Review for their work for the Commission. The members of the Commission look forward to working with the Joint Standing Committee on Labor and Housing during the First Regular Session of the 131st Legislature to enact this very important program.

[11] https://legislature.maine.gov/doc/9253

APPENDIX A

Authorizing Legislation: Public Law 201, Chapter 635, Part KK

Public Law 2021, Chapter 635, Part KK

PART KK

Sec. KK-1. Commission reestablished. The Commission To Develop a Paid Family and Medical Leave Benefits Program, referred to in this Part as "the commission," originally established in Resolve 2021, chapter 122, is reestablished.

Sec. KK-2. Commission membership. Notwithstanding Joint Rule 353, the commission consists of 12 voting members as follows:

1. Two members of the Senate appointed by the President of the Senate, including a member from each of the 2 parties holding the largest number of seats in the Legislature;

2. Two members of the House of Representatives appointed by the Speaker of the House, including a member from each of the 2 parties holding the largest number of seats in the Legislature;

3. Two members appointed by the President of the Senate as follows:

A. One member with expertise in issues affecting labor and independent contractors; and

B. One employer with more than 50 employees;

4. Three members appointed by the Speaker of the House as follows:

A. One member with expertise in issues related to family and medical leave benefits;

B. One employer with 50 or fewer employees; and

C. One member who is an employer in the hospitality industry;

5. Two members appointed by the Governor as follows:

A. One member with expertise in issues affecting maternity and postpartum care; and

B. One member with expertise in issues affecting elder care; and

6. The Commissioner of Labor or the commissioner's designee.

To the greatest extent practicable, the appointing authorities shall reappoint the persons they appointed to the Commission To Develop a Paid Family and Medical Leave Benefits Program under Resolve 2021, chapter 122.

Sec. KK-3. Chairs. The first-named Senate member is the Senate chair and the first-named House of Representatives member is the House chair of the commission. Notwithstanding Joint Rule 353, the chairs may appoint, as nonvoting members, individuals with expertise in paid family and medical leave, social insurance programs or related state infrastructure.

Sec. KK-4. Appointments; convening of commission. All appointments must be made no later than 30 days following the effective date of this Part. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting of the commission. If 30 days or more after the effective date of this Part a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the commission to meet and conduct its business.

Sec. KK-5. Duties. The commission shall:

1. Develop a plan to implement a paid family and medical leave benefits program by consulting with other states that have established paid family and medical leave benefits programs;

2. Contract for and complete an actuarial study of the planned program under subsection 1, including start-up costs and ongoing costs of the program, the economic impact on and benefits to the State and the contributions needed to maintain the solvency of the program; and

3. Based on the actuarial study in subsection 2 and other factors considered by the commission, make recommendations to implement a paid family and medical leave benefits program, including any necessary legislation.

Sec. KK-6. Staff assistance. Notwithstanding Joint Rule 353, the Legislative Council shall provide necessary staffing services or may contract for necessary staffing services for the commission, except that Legislative Council staff support is not authorized when the Legislature is in regular or special session. Upon request, the Office of Policy Innovation and the Future, the Department of Labor, the Department of Health and Human Services and the Department of Administrative and Financial Services, Office of Information Technology and Bureau of Revenue Services shall provide additional staffing assistance to the commission.

Sec. KK-7. Report. No later than November 2, 2022, the commission shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the First Regular Session of the 131st Legislature.

Sec. KK-8. Additional funding sources. The commission may apply for and receive funds, grants or contributions from public and private sources to support its activities. All funding is subject to approval by the Legislative Council in accordance with its policies.

Sec. KK-9. Funds carried forward. Funds appropriated or allocated pursuant to Resolve 2021, chapter 122 do not lapse but must be carried forward into the next fiscal year to be used for the purpose for which the funds were provided.

Sec. KK-10. Transfer from General Fund unappropriated surplus; paid family and medical leave study. Notwithstanding any provision of law to the contrary, on or before June 30, 2022, the State Controller shall transfer $300,000 from the unappropriated surplus of the General Fund to the Legislature, Study Commissions - Funding Other Special Revenue Funds account to support the costs to the commission of contracting with an outside entity to conduct and complete an actuarial study pursuant to section 5, subsection 2.

APPENDIX B

Membership List, Commission to Develop a Paid Family and Medical Leave Benefits Program

Commission to Develop a Paid Family and Medical Leave Benefits Program

Public Law 2021, Chapter 635, Part KK

Membership List

Name	Representation
Senator Matthea E.L. Daughtry – Chair	Member of the Senate, appointed by the President of the Senate
Representative Kristen Cloutier – Chair	Member of the House, appointed by the Speaker of the House of Representatives
Senator Kimberley C. Rosen	Member of the Senate, appointed by the President of the Senate
Representative Paul A. Stearns	Member of the House, appointed by the Speaker of the House of Representatives
Wendy Estabrook	Representing an employer with more than 50 employees
John Leavitt	Member with expertise in issues affecting labor and independent contractors
Sarah Brydon	Member with expertise in issues related to family and medical leave benefits
Emily Ingwersen	Representing an employer with 50 or fewer employees
Charles Mitchell	Representing an employer in the hospitality industry
Barbara Crowley MD	Member with expertise in issues affecting maternity and postpartum care
Bonita Usher	Member with expertise in issues affecting elder care
Laura Fortman	Commissioner of the Department of Labor or the Commissioner's designee

APPENDIX C

February 2022 Report of the Commission to Develop a Paid Family and Medical Leave Benefits Program

State of Maine

130th Legislature, First Regular/Special Session

Commission To Develop a Paid Family and Medical Leave Benefits Program

February 2022

Office of Policy and Legal Analysis

STATE OF MAINE
130th LEGISLATURE
FIRST REGULAR/SPECIAL SESSION

Commission To Develop a Paid Family Medical Leave Benefits Program

February 2022

Members:
Sen. Matthea Daughtry, Chair
Rep. Kristen Cloutier, Chair
Sen. Kim Rosen
Rep. Paul Stearns
Wendy Estabrook
DrewChristopher Joy
Sarah Brydon
Emily Ingwersen
Charlie Mitchell
Dr. Barbara Crowley
Bonita Usher
Laura Fortman

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Executive Summary

The Commission to Develop a Paid Family and Medical Leave Benefits Program was established by Resolve 2021, chapter 122 to study the paid family and medical leave benefits programs in other states and to develop a plan to implement a paid family and medical leave benefits program in Maine. The resolve includes funding for the costs of contracting with an outside entity to conduct and complete an actuarial study of the program developed by the Commission. The resolve directs the Commission to submit a report that includes its findings and recommendations to the Legislature no later than February 1, 2022.

As set forth in the resolve, the Commission's duties are to:

- Study paid family and medical leave benefits programs in other states;
- Solicit and consider public comment on the administration and establishment of a paid family and medical leave benefits program;
- Develop a plan to implement a paid family and medical leave benefits program by consulting with other states that have established paid family and medical leave benefits programs;
- Contract for and complete an actuarial study of the planned program; and
- Make recommendations to implement a paid family and medical leave benefits program, including any necessary legislation, based on the actuarial study and other factors considered by the Commission.

It became clear very early on in the Commission process that the time required to conduct an actuarial study would prevent the Commission from being able to complete the study process as required by the resolve before February 1, 2022. The Commission determined that the best approach was to complete the duties up to, and including contracting for an actuarial study, and request permission to continue the Commission's work in the next Legislative interim to allow adequate time for the actuarial study to be completed so that the Commission's final recommendations would be informed by the actuarial analysis.

The Commission held six meetings. During the course of the first four meetings, the Commission established a foundation of information with presentations on the demographics in the State, existing paid family and medical leave benefits programs that have been implemented or enacted (including those yet to go into effect) in other states including a more in-depth examination of the programs in Washington and Connecticut. They also developed a framework for key parameters of paid family and medical leave program, and heard testimony from the Maine Paid Leave Coalition and the Maine and U.S. Chambers of Commerce. For the fifth meeting, the Commission convened a public hearing to solicit comment on the development of a paid family and medical leave program. The Commission also developed surveys of employees and employers that were posted on the Commission's website to provide additional data points to complement public testimony. The Commission established a subcommittee to evaluate and select an outside entity to conduct an actuarial study. At its sixth meeting, the Commission determined the specifics of the actuarial study and also approved making a recommendation to the Legislature that the Commission be reauthorized in order to continue its work.

The Commission believes it is important to complete the duties established in Resolve 2021, chapter 122. Commission members stated that the people of Maine need a paid family and medical leave program now. The federal Family and Medical Leave Act has provided important job protections for employees but many workers cannot afford to take unpaid leave. The COVID-19 pandemic has further emphasized the need for a paid program; the federal program granting paid leave during the pandemic has long since expired. However, Commission members understand that it takes time to craft and enact a program, establish the infrastructure, collect premiums to fund the program, and grant benefits. Therefore, the Commission recommends the enactment of legislation in the Second Regular Session to reauthorize the Commission so that it may continue its work through the end of 2022. The funding included in the resolve will support the completion of the actuarial study to take place over the legislative interim. The Commission anticipates finalizing a contract for the actuarial study with assistance from the Office of the Executive Director soon. Once the actuarial study is completed, the Commission expects to carefully consider the results of that analysis and make thoughtful policy recommendations for a Maine paid family and medical leave program to the 131st Legislature.

I. Introduction

The Commission to Develop a Paid Family and Medical Leave Benefits Program was established by Resolve 2021, chapter 122 to study the paid family and medical leave benefits programs in other states and to develop a plan to implement a paid family and medical leave benefits program in Maine. The resolve includes funding for the costs of contracting with an outside entity to conduct and complete an actuarial study of the program developed by the Commission. The resolve directs the Commission to submit a report that includes its findings and recommendations to the Legislature no later than February 1, 2022. A copy of the Commission's authorizing legislation, Resolve 2021, chapter 122, is included as Appendix A.

Pursuant to the resolve, the Commission has 12 members: 4 legislative members; 7 non-legislative members representing interests specifically identified in the resolve; and the Commission of the Department of Labor. Of the non-legislative members, 2 members were appointed by the President of the Senate, 3 members were appointed by the Speaker of the House of Representatives and 2 members were appointed by the Governor. Members were appointed who have expertise in issues affecting labor and independent contractors; family and medical leave benefits; maternity and postpartum care; and elder care. Three members were appointed to represent the interests of employers: one employer with 50 or fewer employees; one employer with more than 50 employees; and one employer in the hospitality industry. Senator Matthea Daughtry was named Senate chair and Representative Kristen Cloutier was named House chair. The complete membership list of the Commission is included in Appendix B.

The Commission's specific duties as set forth in the resolve include:

- Studying paid family and medical leave benefits programs in other states, including consideration of certain factors of the programs related to: equity; funding; state partnerships and consortiums, including information technology needs; education and outreach needs; oversight and structure of the program; and the relationship between state government and the employers and employees participating in the program;

- Soliciting and considering public comment on the administration and establishment of a paid family and medical leave benefits program, including but not limited to purposes for leave, eligibility, job protection and duration;

- Developing a plan to implement a paid family and medical leave benefits program by consulting with other states that have established paid family and medical leave benefits programs;

- Contracting for and completing an actuarial study of the planned program, including start-up costs and ongoing costs of the program, the economic impact on and benefits to the State and the contributions needed to maintain the solvency of the program; and

- Making recommendations to implement a paid family and medical leave benefits program, including any necessary legislation, based on the actuarial study and other factors considered by the Commission.

Resolve 2021, chapter 122 became effective on October 18, 2021. The Commission met six times: October 29, November 15, November 30, December 7, December 14 and January 10. Due to the ongoing COVID-19 pandemic, the Commission meetings were conducted remotely. The meetings are accessible to the public through the Legislature's YouTube channel and through the audio link on the Legislature's webpage. More information about the Commission, including meeting agenda, meeting materials and presentations made to the Commission, are posted on the Commission's webpage at: https://legislature.maine.gov/commission-to-develop-a-paid-family-and-medical-leave-benefits-program

It became clear early on in the Commission process that the time required to conduct an actuarial study would prevent the Commission from being able to complete the study process as required by the resolve before February 1, 2022. The Commission determined that the best approach was to complete the duties up to, and including contracting for an actuarial study, and request permission to continue the Commission's work in the next Legislative interim to allow adequate time for the actuarial study to be completed so that the Commission's final recommendations would be informed by the actuarial analysis.

II. Commission Process

The Commission held six meetings. During the course of the first four meetings, the Commission established a foundation of information with presentations on the demographics in the State, existing paid family and medical leave benefits programs that have been implemented or enacted (including those yet to go into effect) in other states including a more in-depth examination of the programs in Washington and Connecticut. They also developed a framework for key parameters of paid family and medical leave program, and heard testimony from the Maine Paid Leave Coalition and the Maine and U.S. Chambers of Commerce. The Commission devoted one full meeting to a public hearing. The Commission developed surveys of employees and employers that were posted on the Commission's website to provide additional data points to complement public testimony. The Commission established a subcommittee to evaluate and select an outside entity to conduct an actuarial study. At its sixth meeting, the Commission determined the specifics of the actuarial study. At that meeting, the Commission also approved making a recommendation to the Legislature that the Commission be reauthorized in order to continue its work throughout 2022 in order to complete the duties required in the resolve that established the Commission.

The Landscape

Access to family and medical leave across the United States has been slowly growing since 1993 when unpaid leave was guaranteed for many workers and job protections were enacted at the federal level. Since then, some states have enacted state-level programs with additional protections and access to unpaid leave and a few have enacted paid family and medical programs. Paid family and medical leave can also be offered as recruitment tools in private industry and as a result of collective bargaining. Suzanne Hultin, Associate Director of the Employment, Labor & Retirement Program at NCSL, stated that Americans access to paid leave programs is not as prevalent as in other industrialized countries but it is becoming more accessible in state and local government jobs – in 2018, 16% of American workers had access to paid leave in private industry and 25% had access in state and local government.[1] According to the Pew Research Center, a survey conducted at the end of 2016 found that 85% of American adults support paid family and medical leave for workers, although they are equally divided on whether it should be a federal mandate or employers deciding for themselves.[2] According to the Maine Paid Leave Coalition, 75.5% of Mainers support the creation of a statewide paid program and one is supported by a majority within each political party.[3] The COVID-19 pandemic has also intensified conversations around paid family and medical leave.

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[1] https://legislature.maine.gov/doc/7634

[2] https://www.pewresearch.org/social-trends/2017/03/23/americans-widely-support-paid-family-and-medical-leave-but-differ-over-specific-policies/

[3] https://legislature.maine.gov/doc/7632

Federal and State Family and Medical Leave Acts

The federal Family and Medical Leave Act of 1993 allows employees in the public sector or employed in private businesses with 50 or more employees to take unpaid leave for up to 12 weeks in a 12-month period as long as the employee has worked for 12 months and worked 1,250 hours in the previous 12 months. Leave can be used to care for a new child, to care for a family member with a serious health condition, to recover from the employee's own serious health condition, or to attend to certain exigencies related to a family member's military deployment. A longer period of leave is available under the federal law to care for a family member injured on active military duty. In most circumstances, the federal law also guarantees the right to return to the employee's job or equivalent job.

In addition to the federal law, Maine's law also establishes a family medical leave program that provides up to ten weeks of unpaid leave within a two-year period for employees of businesses who have 15 or more employees at one location in the state. Maine employers are required to provide eligible employees who are victims of domestic violence, sexual assault or stalking, reasonable leave for court proceedings, medical care and to obtain services to deal with a crisis caused by domestic violence, sexual assault or stalking.

In response to the COVID-19 pandemic, the federal government enacted the Families First Coronavirus Response Act (FFCRA) to require certain employers to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. Under FFCRA, covered employers were generally required to provide up to two weeks (80 hours) of paid sick leave at the employee's regular rate of pay where the employee is unable to work because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis; and up to two weeks (80 hours) of paid sick leave at two-thirds the employee's regular rate of pay because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19. The federal law also provided up to an additional 10 weeks of paid expanded family and medical leave at two-thirds the employee's regular rate of pay where an employee is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19. These federal requirements were in place from April 1, 2020 through December 31, 2020.

Paid Family and Medical Leave Programs In Other States

Programs providing paid family and medical leave have become more popular in recent years although programs around the country vary. Currently, there are nine states (California, Colorado, Connecticut, Massachusetts, New Jersey, New York, Oregon, Rhode Island, Washington) and Washington DC that have enacted programs although Colorado, Connecticut and Oregon are not yet providing benefits (Oregon recently delayed implementation of its program to September 2023). Molly Weston Williamson of a A Better Balance, a national nonprofit policy organization that works on paid and family medical leave issues, noted in her presentation to the Commission that the period of time for states that do not build upon existing temporary disability programs to fully implement a paid family and medical leave program from enacting the program to paying out benefits ranged from two and a half years to just over four years.[4]

California was the first state to enact its program in 2002. New Jersey followed in 2009, Rhode Island in 2014 and New York in 2016. Washington initially passed legislation in 2007 but it was postponed

[4] https://legislature.maine.gov/doc/7471

awaiting a funding mechanism and was eventually replaced with legislation enacted in 2017 that is described in more detail below. Washington DC enacted a program in 2017, Massachusetts in 2018, and Oregon and Connecticut in 2019. More recently, Colorado's program was enacted by a ballot measure in 2020 and Georgia enacted a limited program in 2021 that applies only to paid parental leave for state and education system employees and did not require a new funding pool. State programs are not static and continue to change. Suzanne Hultin from NCSL, in her presentation to the Commission, stated that early adopters of paid family and medical leave programs have begun to expand definitions of family, duration of leave, reasons for taking leave, and wage replacement rates. For example, New York recently increased the number of weeks available for paid leave for family leave.[5]

The Commission received presentations from national nonprofit organizations with expertise in paid family and medical leave programs: A Better Balance,[6] Family Values at Work,[7] and the National Conference of State Legislatures.[8] These presentations outlined the programmatic differences between states. Existing state programs vary in terms of whether they were built atop existing temporary disability programs or not. They also vary in terms of the purposes family and medical leave could be used; whether family and medical leave were separated; who is covered; whether public sector workers, domestic workers and/or self-employed workers were included; requirements for qualifying for benefits; definitions of family; the funding of the program; the amount of paid leave received in relation to wages; the length of time a benefit can be drawn; job protection; and administration of the program (public or private) (see the chart from A Better Balance providing an overview of state programs[9]). The Commission returned to these policy questions several times to frame the parameters for a program in Maine.

The Commission examined the Washington state and Connecticut programs in more depth with two presentations on the Washington program and one on the Connecticut program.

Washington's program was developed from scratch and, like Maine, did not have an existing temporary disability insurance program to serve as a foundation. Commissioner Fortman outlined the Washington program at the first meeting[10] and Matt Buelow, from the Washington Employment Security Department, described the program in more detail at the third meeting. The Washington legislation was signed in July 2017 after working on it since 2007, premiums to fund the program were collected in 2019, and benefits began to be paid out in January 2020 (there were 30,000 applications in the first month of the program).

Washington's program was funded with an $84 million loan from the Legislature to be repaid after premiums were collected to fund the program. A state agency with new employees was established to administer the program. Washington's program is funded by premiums that are split between employees (63%) and employers of businesses with over 50 employees (37%). The Washington program allows for employers with their own programs to opt out. Mr. Buelow also explained that, for the employee, all work, with limited exceptions, was counted and used to establish a claim; the program is portable except for nonparticipating employers such as the federal government or across state lines, and can include multiple part time jobs. Self-employed individuals and gig workers (freelance workers who enter into formal agreements with on-demand companies to provide services to the company's clients) are included in the program although the mechanics of tracking premium payments for gig workers can be difficult. Mr. Buelow stressed the importance that those who administer and fund the program should also conduct

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[5] https://legislature.maine.gov/doc/7634
[6] https://legislature.maine.gov/doc/7471
[7] https://legislature.maine.gov/doc/7470
[8] https://legislature.maine.gov/doc/7634
[9] https://legislature.maine.gov/doc/7334
[10] https://legislature.maine.gov/doc/7339

the outreach. He noted that these efforts should reach minority communities and be accessible in multiple languages. He also cautioned the commission to be sure to clearly delineate the employees in state government who are administering the program so that they are not diverted for other purposes in state government. Mr. Buelow stated that the administration continues to examine the rate structure and determine what solvency looks like, and noting that rates would be going up in the next year to adequately fund the program.

Andrea Reeves, the Chief Executive Office of the Connecticut Paid Leave Authority (PLA), presented on the Connecticut program at the third Commission meeting.[11] The Connecticut program was enacted in July 2019. It covers all business with one or more employees. In contrast to the Washington program, Connecticut's program is administered by an independent quasi-governmental agency with a board of directors and collaborates with several state agencies. Similar to Washington, the Connecticut plan allows for employers to opt out as long as the private plans are approved for compliance with the state program, and are overseen by the state. The Connecticut program is employee-funded from 0.5% of wages and the premiums go into a trust fund established by the PLA. The PLA selected a vendor to build the website, registration system and contribution collection system. The trust fund collected $300 million in contributions by November 2021, and was set to open for applications on December 1, 2021 and benefit payouts on January 1, 2022. Connecticut has a third-party administrator to collect premiums and do benefits payment, and the Department of Labor is responsible for the appeals process. Ms. Reeves cautioned that the Connecticut program does not have a link between contributions and access to benefits; a beneficiary may never have contributed to the fund, and this is not a good plan for the long-term solvency of the program although the actuarial analysis conducted by PLA determined the fund would be solvent for the time being. Ms. Reeves also stressed the importance of a public education campaign.

Maine Demographics

The Commission received a briefing from Mark McInerney, the Director of the Center for Workforce Research and Information in the Department of Labor.[12] Dr. McInerney explained that Maine's population has stayed relatively unchanged over the last 15 years or more. The median age in the U.S. has gradually increased in the last 40 years although the median increase was sharper in Maine, which had the highest median age in the country. In the last 30 years, the largest segment of the state's population has moved from prime working age (25-44 years) to later career or retirement age (55-74 year). Based on current trends, the state's population of 45-64 age groups is projected to decline through 2028 while the portion of the population aged 65 years and older is expected to grow substantially. Maine has experienced a natural population decrease in the last 10 years with fewer births than deaths but with modest population growth driven by people migrating to Maine.

Dr. McInerney shared statistics related to the labor force, employment and wages in the state. The labor force includes the employed and those who are unemployed but actively seeking work; it does not include the retired and those not seeking work. Leading up to the pandemic, the state's aging population contributed to a decline in labor force participation rates. During the pandemic, the labor force participation rate decreased substantially – child care and schools are a big factor on work force participation. Maine's labor force is projected to contract modestly between 2018 and 2028 with fewer young people aging into prime working age and older individuals participating in the labor force at lower rates. Maine's average weekly wage, as of the second quarter of 2021, is $1,005. The average weekly wage is calculated using total wages divided by average employment level and does not distinguish between full time, part time or seasonal work (employers report wages not hours). Five out of six Maine jobs are in the private sector and one out of six are government jobs. Ninety-eight percent of the almost

[11] https://legislature.maine.gov/doc/8102
[12] https://legislature.maine.gov/doc/7605

36,500 private sector firms in Maine employ fewer than 100 workers, although just over half of the private sector jobs in Maine are within firms with 100+ employees because a few employers provide many jobs in the state.

These demographics provide important context for what a family and medical leave program might look like in Maine. For example, the age of workers affects the reasons for needing time away from work. Maternity leave is often the most visible reason for family and medical leave but in Maine taking care of seniors in ill health may also be a common reason for needing employment leave. Another example is that the average weekly wage level may be a factor in determining the percentage of wage replacement.

Developing a Program Design For Maine

Commission members discussed the policy questions that need to be addressed to design a program for Maine and to provide the parameters for an actuarial study. Considering these questions also required input from the public, from supporters of paid family and medical leave and from the business community.

Destie Holman Sprague and James Myall presented the Maine Paid Leave Coalition's vision at the December 7th meeting.[13] Ms. Holman Sprague stated that the 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." The coalition advocates for a universal program regardless of business size, private or public sector, full or part time status or self-employment. They argue that programs should be gender inclusive, include job protection, have inclusive definitions of family, be comprehensive in terms of reasons for leave, be designed as a social insurance system, have adequate wage replacement including around 90% for lowest paid workers, allow up to 20 weeks a year for all standard leave purposes, and be funded by both employees and employers (with businesses with fewer than 10 employees being exempt from the employer-side). The coalition advocates for having no payroll cap so that all income can be taxed to keep the overall payroll tax low; if the payroll tax is capped, more money must be collected.

The Commission was also briefed by Peter Gore for the Maine Chamber of Commerce and Marc Freedman for the U.S. Chamber of Commerce at the December 7th meeting. Both presenters stated that employers understand that paid family and medical leave is an inevitable policy and the business community is trying to figure out a paid family and medical leave program that works for employers. Mr. Freedman admitted that the U.S. Chamber used to be in "just say no" mode but that there has been a sea change and employers understand the need for leave. Both offered things for the Commission to consider in developing a paid family and medical leave program. Both requested that the committee keep in mind the number of small businesses in Maine and the particular needs of those businesses. Small businesses often do not have human resource departments and the person running the company must ensure compliance with the existing laws. Additionally, Maine has a critical workforce shortage right now in every sector of the economy and when people are out on leave whether paid or not, the business of the business does not change with the work still needing to be done – either the work does not get done or it is left to the rest of the employees.

Mr. Freedman stated that businesses would like a simplified national landscape. He stated that the COVID-19 pandemic has exposed the need for leave and temporary federal policies showed that workplaces continued to function when employees were out on leave caring for family members or for themselves. Employers need clear definitions of "family" and "serious health conditions" and clarity in

[13] https://legislature.maine.gov/doc/7632

the use of intermittent leave. Mr. Freedman submitted model language for consideration.[14] That language proposed that any state program: set the standard for the whole state by preempting local ordinances except that local governments may adopt programs for their own employees; be funded by employees; provide clear categories for leave and coordinate leave benefits with other leave programs; provide exemptions for more general private plans with state certification that the private plan meets all state requirements; and incorporate the same enforcement and penalty structures as the federal Family and Medical Leave Act.

The Commission also solicited public comment and held a public hearing on December 14th that lasted for three hours. The Commission heard testimony from a variety of individuals, including self-employed business owners without access to any paid time off; small business owners; new parents; lactation consultants; people who had experienced all manner of crises resulting in breaks from employment; people with concerns about the financial ability to take unpaid leave when leave was needed including poorer health outcomes from returning to work too early; concerns about unsafe work environments during the COVID-19 pandemic; lobbyists for the Maine Women's Lobby; Paid Leave Coalition and Equality Maine; employment law attorneys advocating for a universal state-administered program paid for by employers and employees; representatives of insurance companies advocating for private plans rather than state administration; and a representative of Hospitality Maine who stated that his membership varied widely on their opinions on a paid leave program and requested consideration of small businesses facing additional administrative costs and labor shortages.

The Commission also developed surveys that were posted on the Commission's webpage after spending time in several meetings to design and refine the questions. Although members of the Commission understood that the survey would not include a scientific sample because it was voluntary and self-identified, it could still generate useful information about preferences for the Commission to consider when designing a paid family and medical leave program. The Commission decided that posting two surveys, one for employees and one for employers, would make the design and instructions simpler for anyone filling out the survey. Commission members conducted outreach outside of the Commission meetings to generate traffic to the survey on the website. The survey was posted for just over two weeks and resulted in more than 700 employee respondents and more than 75 employer respondents. Complete results of the survey are available on the Commission's website.[15]

The employee survey asked questions about: age, race and ethnicity; county of residence; gender identification; employment (full-time, part-time, temporary, contract, seasonal, self-employed and more than one job); income; average weekly wage in gross pay; size of household; number of members of the household working; access to family and medical leave; and whether family and medical leave is a consideration in accepting a job or choosing a place to live. The survey also included questions specifically related to a paid family and medical leave program: how much an employee would be willing to contribute from their wages to fund a program; life events experienced that could be eligible for leave; how those events were handled (e.g. taking no time from work, taking time off but not as much as needed, leaving a job etc.); which life events the respondent expects to face in the next two years; how those events might be handled; and how much wage replacement would be necessary to allow the respondent to use a paid leave program.

The employee survey respondents represented a range of income levels. Half of the respondents indicated they had access to paid time off for family and medical leave at their job and 88.5% stated they would consider paid family and medical leave a factor in considering whether to accept a job and where to live. Only 5% of the respondents were not willing to contribute a portion of wages to fund a paid family and

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[14] https://legislature.maine.gov/doc/7633
[15] https://legislature.maine.gov/paid-family-and-medical-leave-meeting-1102022

medical leave program. The responses varied as to how much a person was willing to contribute to such a program:

- 44.8% of respondents stated that they would need 100% of the State's current average weekly wages or approximately $1,000 a week to be able to take paid family and medical leave;
- 5.8% stated that they would need 90% of the State's current average weekly wages or approximately $900 a week to be able to take paid family and medical leave;
- 21.4% stated that they would need 80% of the State's current average weekly wages or approximately $800 a week to be able to take paid family and medical leave; and
- 13.2% stated that they would need 70% of the State's current average weekly wages or approximately $700 a week to be able to take paid family and medical leave.

Of the 731 respondents, 683 respondents identified they had experienced at least one category of life event such as a personal or family illness, surgery, birth, adoption, family violence or military deployment that may necessitate taking time off from work. For those respondents, 28.5% didn't take time away from work because they needed to be paid and 63.1% took time away from work but not as much as needed because they needed to be paid. In the next two years, 67.7% of respondents expect to take care of a close family member who is sick, 38.9% expect to need surgery or take care of an illness themselves, and 32.9% expect to give birth.

The employer survey asked if the respondent was an employer or self-employed, how many employees worked in the business, the county the business was located in, whether they provide paid family and medical leave, why they provide paid leave or why they do not, if a paid leave program would be used as a recruitment or retention tool, life events that employees have had that impacted availability for work, how those events were handled as an employer and how they affected the business, and if the employer would be willing to contribute funding to a paid family and medical leave program. Employer respondents included a quarter with one to four employees and 19.7% with more than 100. Of the respondents, 56.6% offer paid time off for family and medical leave including comments related to it being the right thing to do, attracting and retaining employees, and paid time off that could be used for any reason. Of employer respondents, 43.4% do not offer paid family and medical leave and included comments about it being unaffordable, difficult staffing-wise to hire temporary workers while employees are on leave, and minimum wage and paid time off policies already straining the viability of businesses.

A copy of the survey questions is included as Appendix C.

Proposal for Actuarial Study

The Commission established a subcommittee to discuss and hire a consultant to conduct the actuarial study to identify and quantify start-up costs and ongoing costs of a paid family and medical leave program, the economic impact and benefits to the State, and the contributions needed to maintain the solvency of the program. The Commission took suggestions from members, solicited contacts for actuarial organizations from the Bureau of Insurance, and gauged interest from actuarial organizations identified in studies of paid family and medical leave in other states. At the time of writing, the subcommittee is still in the process of contracting with an actuarial organization. The Commission developed an invitation for proposal for the services of an actuarial consultant to assist with the review and evaluation of a proposal to develop a paid family and medical leave benefits program. The invitation for proposal was released on January 28, 2022 and written proposals are due on February 11, 2022. The Commission's subcommittee will review the written proposals and request presentations from one or more entities submitting proposals before making a final selection. A copy of the invitation for proposal is included in Appendix D.

At the last meeting of the Commission on January 10th, the members returned again to the policy questions and identified the parameters of the actuarial study. The Commission agreed that, instead of developing a specific proposal, they would provide a basic framework for a proposal and identify several options to be assessed as part of the actuarial study. The proposal outlined below has been developed for the purposes of review and evaluation only and is not intended to reflect any individual Commission member's support of the proposal or any proposed legislation related to a paid family and medical leave benefits program.

The Commission agreed to request review and evaluation of the following framework and the suggested options outlined below.

1. <u>Purposes for which leave can be used:</u> The proposal framework should use the same purposes that are permissible under federal FMLA and also include the ability to take "safe leave" if a person, or a person's family member, is a victim of domestic violence. The actuarial study should analyze a proposal including all purposes described above; a proposal that tracks the current purposes permissible under federal FMLA; and the separate cost impact of each component as an allowed purpose, if possible.

2. <u>Who is covered:</u> The proposal framework should include all Include all workers, including public sector employees, domestic workers and part-time, temporary, per diem and seasonal workers, and all self-employed workers to opt in for coverage. The actuarial study should provide an analysis of a proposal including all workers described above; a proposal that exempts public sector employees; and the separate cost impact of each category of worker, if possible.

3. <u>What are the requirements to qualify for benefits:</u> The proposal framework should consider and compare the eligibility requirements used in the California and Connecticut paid family and medical leave program. The actuarial study should provide an analysis of a proposal using California's requirements and a proposal using Connecticut's requirements, if possible.

4. <u>What family members are covered:</u> The actuarial study should provide an analysis of a proposal using the federal FMLA definition; a proposal using the definition in current Maine FMLA law; and a proposal using the broad definition similar to Connecticut law, including persons related by affinity whose close association the employee shows to be the equivalent of those family relationships

5. <u>How is the program funded:</u> The actuarial study should provide an estimate of total costs and also assess the impact on program funding if contributions from employers of the following sizes are exempt from making contributions: (1) employers with 50 or fewer employees; (2) employers with 25 or fewer employees; or (3) employers with 10 or fewer employees.

6. <u>What percentage of wages do workers receive:</u> The actuarial study should assess impact on cost if worker receives these percentages:
   - 80% of the worker's average weekly wage, up to the maximum of the State average weekly wage;
   - 90% of the worker's average weekly wage, up to the maximum of the State average weekly wage; or
   - 100% of the worker's average weekly wage, up to the maximum of the State average weekly wage.

7. <u>What is the maximum weekly benefit:</u> The proposal framework assumes the maximum weekly benefit is the State average weekly wage, adjusted for inflation.

8. For how long can a worker receive benefits: The actuarial study should assess impact on cost if worker receives benefits for a maximum of 12 weeks, 20 weeks or 26 weeks.

9. Is there an unpaid waiting period: The proposal framework assumes there is no unpaid waiting period. If possible, the actuarial study should assess impact on cost if a short unpaid waiting period is required (considering any requirements in existing programs in other states).

10. Are workers entitled to have their jobs back when they return: The Commission deferred making a recommendation on job protection as the Commission believes this is a policy decision and does not impact the actuarial study.

11. How is the insurance provided and what is the structure and organization of the program: The actuarial study should assess the following options:
    - The program is administered and overseen fully by State;
    - The program is a public-private partnership with State oversight, but certain services contracted to private sector, e.g. claims payment/processing, IT services;
    - The program is contracted to private sector; and
    - Separate start-up costs/implementation costs from ongoing costs once implemented.

12. Other elements to be considered: The actuarial study should consider the impact of workers with multiple jobs, the length of time for collection of contributions to achieve solvency before claims can begin to be paid and the number of workers required/level of contributions needed to maintain solvency.

III. Recommendations and Next Steps

The Commission believes it is important to complete the duties established in Resolve 2021, chapter 122. Commission members stated that the people of Maine need a paid family and medical leave program now. The federal Family and Medical Leave Act has provided important job protections for employees but many workers cannot afford to take unpaid leave. The COVID-19 pandemic has further emphasized the need for a paid program; the federal program granting paid leave during the pandemic has long since expired. However, Commission members understand that it takes time to craft and enact a program, establish the infrastructure, collect premiums to fund the program, and grant benefits. Therefore, the Commission's recommends the enactment of legislation in the Second Regular Session to reauthorize the Commission so that it may continue its work through the end of 2022. The funding included in the resolve will support the completion of the actuarial study to take place over the legislative interim. The Commission anticipates finalizing a contract for the actuarial study with assistance from the Office of the Executive Director soon. Once the actuarial study is completed, the Commission expects to carefully consider the results of that analysis and make thoughtful policy recommendations for a Maine paid family and medical leave program to the 131st Legislature.

APPENDIX A

Resolve 2021, chapter 122

APPROVED	CHAPTER
JULY 22, 2021	122
BY GOVERNOR	RESOLVES

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-ONE

S.P. 501 - L.D. 1559

Resolve, To Create the Commission To Develop a Paid Family and Medical Leave Benefits Program

Sec. 1. Commission established. Resolved: That the Commission To Develop a Paid Family and Medical Leave Benefits Program, referred to in this resolve as "the commission," is established.

Sec. 2. Commission membership. Resolved: That, notwithstanding Joint Rule 353, the commission consists of 12 voting members as follows:

1. Two members of the Senate appointed by the President of the Senate, including a member from each of the 2 parties holding the largest number of seats in the Legislature;

2. Two members of the House of Representatives appointed by the Speaker of the House, including a member from each of the 2 parties holding the largest number of seats in the Legislature;

3. Two members appointed by the President of the Senate as follows:

A. One member with expertise in issues affecting labor and independent contractors; and

B. One employer with more than 50 employees;

4. Three members appointed by the Speaker of the House as follows:

A. One member with expertise in issues related to family and medical leave benefits;

B. One employer with 50 or fewer employees; and

C. One member who is an employer in the hospitality industry;

5. Two members appointed by the Governor as follows:

A. One member with expertise in issues affecting maternity and postpartum care; and

B. One member with expertise in issues affecting elder care; and

6. The Commissioner of Labor or the commissioner's designee.

Sec. 3. Chairs. Resolved: That the first-named Senate member is the Senate chair and the first-named House of Representatives member is the House chair of the commission. Notwithstanding Joint Rule 353, the chairs may appoint, as nonvoting members, individuals with expertise in paid family and medical leave, social insurance programs or related state infrastructure.

Sec. 4. Appointments; convening of commission. Resolved: That all appointments must be made no later than 30 days following the effective date of this resolve. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting of the commission. If 30 days or more after the effective date of this resolve a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the commission to meet and conduct its business.

Sec. 5. Duties. Resolved: That the commission shall:

1. Study the paid family and medical leave benefits programs in other states, including those that have established paid family and medical leave benefits programs. In its review of paid family and medical leave benefits programs in other states, the commission shall consider without limitation the following factors for each program:

A. Equity of the program;

B. Program funding;

C. State partnerships and consortiums, including information technology needs;

D. Education and outreach needs;

E. Oversight and structure of the program; and

F. Relationship between state government and the employers and employees participating in the program;

2. Solicit and consider public comment on the administration and establishment of a paid family and medical leave benefits program, including but not limited to purposes for leave, eligibility, job protection and duration;

3. Develop a plan to implement a paid family and medical leave benefits program by consulting with other states that have established paid family and medical leave benefits programs;

4. Contract for and complete an actuarial study of the planned program under subsection 3, including start-up costs and ongoing costs of the program, the economic impact on and benefits to the State and the contributions needed to maintain the solvency of the program; and

5. Based on the actuarial study in subsection 4 and other factors considered by the commission, make recommendations to implement a paid family and medical leave benefits program, including any necessary legislation.

Sec. 6. Staff assistance. Resolved: That, notwithstanding Joint Rule 353, the Legislative Council shall provide necessary staffing services or may contract for necessary staffing services for the commission, except that Legislative Council staff support is not authorized when the Legislature is in regular or special session. Upon request, the Governor's Office of Policy Innovation and the Future, the Department of Labor, the Department of Health and Human Services and the Department of Administrative and

Financial Services, Office of Information Technology and Bureau of Revenue Services shall provide additional staffing assistance to the commission.

Sec. 7. Report. Resolved: That, notwithstanding Joint Rule 353, no later than February 1, 2022, the commission shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the Second Regular Session of the 130th Legislature.

Sec. 8. Additional funding sources. Resolved: That, notwithstanding Joint Rule 353, the commission may apply for and receive funds, grants or contributions from public and private sources to support its activities.

Sec. 9. Transfer from Department of Administrative and Financial Services Other Special Revenue Funds balances to Legislature, Study Commissions - Funding. Resolved: That, notwithstanding any provision of law to the contrary, at the close of fiscal year 2021-22, the State Controller shall transfer $200,000 from the available balance in the Adult Use Marijuana Regulatory Coordination Fund Other Special Revenue Funds account within the Department of Administrative and Financial Services to the Legislature, Study Commissions - Funding Other Special Revenue Funds account.

Sec. 10. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

LEGISLATURE

Study Commissions - Funding 0444

Initiative: Allocates funds on a one-time basis to the Legislature for the costs of contracting with an outside entity to conduct and complete an actuarial study as required for the Commission To Develop a Paid Family and Medical Leave Benefits Program.

OTHER SPECIAL REVENUE FUNDS	**2021-22**	**2022-23**
All Other	$200,000	$0
OTHER SPECIAL REVENUE FUNDS TOTAL	$200,000	$0

APPENDIX B

Membership list, Commission to Develop a Paid Family and Medical Leave Benefits Program

**Commission to Develop a Paid
Family and Medical Leave Benefits Program**

Commission Members

Name	Representation
Senator Matthea Daughtry – Chair	Member of the Senate, appointed by the President of the Senate
Representative Kristen Cloutier – Chair	Members of the House, appointed by the Speaker of the House of Representatives
Senator Kim Rosen	Member of the Senate, appointed by the President of the Senate
Representative Paul Stearns	Member of the House, appointed by the Speaker of the House of Representatives
Wendy Estabrook	Employer with more than 50 employees
DrewChristopher Joy	Member with expertise in issues affecting labor and independent contractors
Sarah Brydon	Member with expertise in issues related to family and medical leave benefits
Emily Ingwersen	Employer with 50 or fewer employees
Charlie Mitchell	Member who is an employer in the hospitality industry
Dr. Barbara Crowley	Member with expertise in issues affecting maternity and postpartum care appointed by the Governor
Bonita Usher	Member with expertise in issues affecting elder care appointed by the Governor
Laura Fortman	Commissioner of the Department of Labor or the Commissioner's designee

APPENDIX C

Survey Questions

Survey of the Commission to Develop a Paid Family and Medical Leave Benefits Program

The Commission to Develop a Paid Family and Medical Leave Benefits Program is soliciting public comment and feedback on the establishment of a paid family and medical leave benefits program.

Please respond.

1. 1. What is your age?

Mark only one oval.

- Under 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65+

2. 2. Are you:

Mark only one oval.

- White
- Black
- Hispanic
- Asian
- Native American/Member of Indigenous Community
- Other: ______________________

3. 3. What is your gender?

____

4. 4. What Maine county do you live in?

____

5. 5. Which of these describes the way you work? Check all that apply.

Check all that apply.

- [ ] I'm not working right now
- [ ] I'm a full-time employee
- [ ] I'm a part-time employee
- [ ] I'm a temporary worker
- [ ] I'm a contract worker
- [ ] I'm a seasonal worker
- [ ] I'm self-employed
- [ ] I have more than one job

6. 6. What were your earnings from working in 2020? Do not include any amounts that are not income from working, such as alimony or child support, social security or disability income benefits, dividend income or gifts or other monetary support you have received.

Mark only one oval.

- Under $20,000
- $20,000 to $29,999
- $30,000 to $39,999
- $40,000 to $49,999
- $50,000 to $59,999
- $60,000 to $69,000
- $70,000 to $79,999
- $80,000 to $89,999
- $90,000 to $99,999
- More than $100,000

7. 6. When earning money from jobs, what is your average weekly wage in gross pay before any deductions for taxes, contributions for retirement or other benefits?

Mark only one oval.

- Below $500
- Between $500 and $750
- Between $750 and $1000
- Between $1000 and $1250
- Between $1250 and $1500
- More than $1500

8. 7. How many members are there in your household?

____

9. 8. How many other members of your household other than yourself are working?

____

10. 9. Do you currently have access to paid time off for family and medical leave at your job?

Mark only one oval.

- ( ) Yes
- ( ) No
- ( ) Not sure

11. 10. Is access to paid time off for family and medical leave a factor you considered or would consider when deciding to accept a job or where to live?

Mark only one oval.

- ( ) Yes
- ( ) No

12. 11. As an employee, how much would you be willing to contribute from your wages to provide funding so that you can access paid family and medical leave benefits? In states that have enacted laws to establish paid family and medical leave, the payroll contributions required by employees range from 0.10% to 1.3% of wages. Maine's current average weekly wage is approximately $1000 per week; using that figure, the estimated payroll contribution may be between $1.00 and $13.00 per week.

Mark only one oval.

- Not willing to contribute
- Unsure of amount but willing to contribute
- Between $1.00 and $4.99 per week
- Between $5.00 and $9.99 per week
- Between $10.00 and $13.00 per week

13. 12. Which of these life events have you dealt with? Check all that apply.

Check all that apply.

- [ ] A close family member has been sick or injured, and I've had to take care of them.
- [ ] A close family member is in the military and has been deployed overseas.
- [ ] A close family member in the military has been injured or killed during their service.
- [ ] I've had an accident or a serious injury.
- [ ] I've had surgery or some other medical procedure that I had to recover from.
- [ ] I've been so sick, for more than a few days, that it has been difficult to function.
- [ ] I've donated an internal organ.
- [ ] I've given birth.
- [ ] I've lost a pregnancy.
- [ ] I've become a parent because my spouse/partner/co-parent has given birth.
- [ ] I've adopted a child.
- [ ] I've been a foster parent.
- [ ] I've experienced family violence or have a close family member who has experienced family violence.

14. 13. Thinking about those life events you've had, which of these describes how you handled them? Check all that apply. For example, you might check several if you've experienced more than one of these life events.

Check all that apply.

- [ ] I didn't take time away from work. I was able to address the life event and continue to work successfully.
- [ ] I didn't take time away from work because I wasn't working.
- [ ] I didn't take time away from work. It would have been helpful to take time away from work, but I couldn't because I needed to get paid.
- [ ] I took time away from work, but not as much as I really needed. I went back to work because I needed to get paid.
- [ ] I was able to take all the time away from work that I needed, and I was paid for that time.
- [ ] I was able to take all the time away from work that I needed. It was unpaid but I could afford to take some unpaid time.
- [ ] I left my work or stopped looking for work to address the life event.

15. 14 Tell us more, if you're comfortable doing that.

____

____

____

____

____

16. 15. Which of these life events are things you might have to deal with in the next two years? Check all that apply.

Check all that apply.

- [ ] I'll have to take care of a close family member who is sick.
- [ ] A close family member in the military may be deployed overseas.
- [ ] I'll need surgery or some other medical procedure that I will need to recover from.
- [ ] I'll donate an internal organ.
- [ ] I'll give birth.
- [ ] I'll become a parent because my spouse/partner/co-parent will give birth.
- [ ] I intend to adopt a child.
- [ ] I intend to be a foster parent.
- [ ] I'll need to take leave to take care of myself or a family member experiencing family violence.

17. 16. Which of these describes how you think you'll handle that? Check all that apply. For example, you might check several if you expect to deal with more than one life event in the next two years.

Check all that apply.

- [ ] I won't need time away from work. I'll address the life event and be able to keep working successfully.
- [ ] It would be helpful to take time away from work, but I'll keep working because I need to get paid.
- [ ] I'll take time away from work, but not as much as I really need. I'll go back to work sooner because I need to get paid.
- [ ] I'll take all the time away from work that I need, and I'll be paid for that time.
- [ ] I'll take all the time away from work that I need. It will be unpaid but I can afford to take some unpaid time.
- [ ] I won't need time away from work because I don't intend to be working.

18. 17. Tell us more, if you're comfortable doing that.

19. 18. Thinking about your past experience and anticipated future experience with life events that require you to care for yourself or others, how much time off from work did you need or would you need over the course of a 12-month period?

20. 19. What is the amount of wage replacement you needed or would need if you needed to take paid family and medical leave? Maine's current average weekly wage is approximately $1000 per week; using that figure, the estimated wage replacement is provided below.

Mark only one oval.

- ( ) 100% of weekly wages or $1000 per week
- ( ) 90% of weekly wages or $900 per week
- ( ) 80% of weekly wages or $800 per week
- ( ) 70% of weekly wages or $700 per week
- ( ) 60% of weekly wages or $600 per week
- ( ) 50% of weekly wages or $500 per week

21. PLEASE PROVIDE ANY ADDITIONAL COMMENTS YOU WOULD LIKE TO SHARE

Employer Survey of the Commission to Develop a Paid Family and Medical Leave Benefits Program

The Commission to Develop a Paid Family and Medical Leave Benefits Program is soliciting public comment and feedback on the establishment of a paid family and medical leave benefits program.

Pleas respond to the questions in if you are an employer.

1. 1. Are you an employer?

Mark only one oval.

- ◯ Yes
- ◯ No
- ◯ Self-employed

2. 2. If you are an employer, how many employees are working in your business?

Mark only one oval.

- ◯ 0
- ◯ 1 to 4
- ◯ 5 to 9
- ◯ 10 to 19
- ◯ 20 to 49
- ◯ 50 to 99
- ◯ 100 or more

3. 3. In which Maine county is your business?

____

4. 4. Do you currently provide access to paid time off for family and medical leave to your employees?

Mark only one oval.

◯ Yes

◯ No

5. 5. If you currently provide paid time off for family and medical leave to your employees, please describe the factors for why you do?

6. 6. If you do not currently provide paid time off for family and medical leave to your employees, please describe the factors for why you do not?

7. 7. Is access to paid time off for family and medical leave a benefit you have used or would use as a recruitment and retention tool for your employees?

Mark only one oval.

◯ Yes

◯ No

8. 8. In your experience as an employer, which of these life events have your employees had to deal with that has impacted their availability for work? Check all that apply.

Check all that apply.

- [ ] An employee has been unable to work because a close family member has been sick or injured, and I've had to take care of them.
- [ ] An employee has been unable to work because a close family member is in the military and has been deployed overseas.
- [ ] An employee has been unable to work because a close family member in the military has been injured or killed during their service.
- [ ] An employee has had an accident or a serious injury.
- [ ] An employee has had surgery or some other medical procedure that I had to recover from.
- [ ] An employee has been sick for more than a few days.
- [ ] An employee has donated an internal organ.
- [ ] An employee has given birth.
- [ ] An employee has lost a pregnancy.
- [ ] An employee has become a parent because their spouse/partner/co-parent has given birth.
- [ ] An employee has adopted a child.
- [ ] An employee has been a foster parent.
- [ ] An employee has experienced family violence or has a close family member who has experienced family violence.

9. 9. As an employer, please describe how you have handled those life events for your employees? Check all that apply. For example, you might check several if your employees have experienced more than one of these life events.

Check all that apply.

- [ ] As an employer, I was unable to provide the employee time away from work.
- [ ] An employee was able to take unpaid time away from work, but I would have liked to be able to provide my employee paid time off.
- [ ] An employee took unpaid time away from work, but not as much as really needed because the employee needed to get paid.
- [ ] An employee was able to take all the time away from work that was needed and was paid for that time.
- [ ] An employee was able to take all the time away from work that was needed as unpaid because the employee could afford to take some unpaid time.
- [ ] An employee left their employment to address the life event.

10. 10. Tell us more about your experiences in addressing these life events of your employees and how it may have affected your business.

11. 11. As an employer, how much would you be willing to contribute to provide funding so that you can provide access to paid family and medical leave benefits to your employees? In states that have enacted laws to establish paid family and medical leave, the payroll contributions required by employees range from 0.10% to 1.3% of wages. Maine's current average weekly wage is approximately $1000 per week; using that figure, the estimated payroll contribution may be between $1.00 and $13.00 per week per employee.

Mark only one oval.

- Not willing to contribute
- Unsure of amount but willing to contribute
- Willing to contribute up to 50% of amount if employees pay 50%
- Willing to contribute more than 50% up to 100% of amount on behalf of employees

12. PLEASE PROVIDE ANY ADDITIONAL COMMENTS YOU WOULD LIKE TO SHARE

APPENDIX D

Invitation for Proposals to Conduct Actuarial Study

Commission to Develop a Paid Family and Medical Leave Benefits Program

Invitation for Proposals:
Actuarial Study of Potential Costs and Feasibility of a Paid Family and Medical Leave Benefits Program

The Commission to Develop a Paid Family and Medical Leave Benefits Program was established by Maine Legislature pursuant to Resolve 2021, chapter 122. More information about the Commission, including meeting agendas, meeting materials and recordings of meetings, can be found on the Commission's webpage.

The Commission to Develop a Paid Family and Medical Leave Benefits Program, through the Office of the Executive Director of the Maine Legislature, requires the services of an actuarial consultant to assist with the review and evaluation of a proposal to develop a paid family and medical leave benefits program. The consultant will review and evaluate the impact of the Commission's proposal and the suggested options outlined by the Commission, including start-up costs and ongoing costs of the proposal, the economic impact on and benefits to the State and the total contributions needed to maintain the solvency of the proposal.

All questions about this proposal must be received electronically by Colleen McCarthy Reid by **February 3, 2022** no later than 11:59 p.m., local time. Answers to submitted questions will be shared with all invited parties by **February 5, 2022** no later than 11:59 p.m., local time.

Proposals must be received by **February 11, 2022** no later than 11:59 p.m., local time.
Proposals must be submitted electronically to the following address:
colleen.mccarthyreid@legislature.maine.gov

Written proposals will be opened the following business day and considered by the Commission chairs, selected Commission members and staff. Upon review of written proposals, the Commission will identify one or more finalists to meet with the reviewers via Zoom at a mutually agreed upon time during the week of February 21, 2022. Note that any meeting with the Commission reviewers will be accessible to the public as a subcommittee meeting of the Commission.

The Commission anticipates making a final selection as soon as possible after completing a review of the submitted proposals and any interviews. Following announcement of a selection, all submissions in response to this invitation will be public records, available for public inspection pursuant to the State of Maine Freedom of Access Act (FOAA) (1 M.R.S. § 401 et seq.). Notification of a selection will be made in writing. A selection in no way constitutes a commitment by the Commission to award a contract or to pay costs incurred in the preparation of a response to the Invitation for Proposal.

The Office of the Executive Director of the Maine Legislature, on behalf of the Commission, reserves the right to negotiate with the selected consultant to finalize a contract. Such negotiations may not significantly vary the content, nature or requirements of the proposal or this Invitation for Proposal to an extent that may affect the price of goods or services requested. The

Executive Director, on behalf of the Commission, reserves the right to terminate contract negotiations with a selected consultant who submits a proposed contract significantly different from the proposal they submitted in response to the Invitation for Proposal. In the event that an acceptable contract cannot be negotiated with the selected consultant, the Commission may withdraw its selection and negotiate with any other consultant who responded to this Invitation for Proposal, until an acceptable contract has been finalized. Alternatively, the Commission may cancel the Invitation for Proposal, at its sole discretion.

After a contract is finalized, the selected consultant will provide monthly progress updates to the Commission chairs in a mutually acceptable format. The Commission chairs are responsible for determining if the selected consultant is meeting any deliverables and requirements of the contract. Deliverables under the contract are expected to include the submission of a written report, presentation of the report to the full Commission and continued consultation with the Commission to assist in the development of policy recommendations to the 131st Legislature.

Description of Proposed Services. See the **Outline of Proposal/Scope of Work for Actuarial Study** in Appendix A.

Timeline. The Commission is seeking a cost-efficient proposal to provide the services in an expedited manner; it is anticipated that the Commission will use the completed report of the selected consultant to make policy recommendations for consideration by the 131st Legislature. The actual contract start date will be established by a completed and approved contract.

Proposal Format and Contents. The following information must be completed and submitted.

1. **Proposal Cover Page**

   Bidders must complete Appendix B (Proposal Cover Page). It is critical that the cover page show the specific information requested, including Bidder address(es) and other details listed. The Proposal Cover Page must be dated and signed by a person authorized to enter into contracts on behalf of the Bidder.

2. **Debarment, Performance and Non-Collusion Certification**

   Bidders must complete Appendix C (Debarment, Performance and Non-Collusion Certification Form). The Debarment, Performance and Non-Collusion Certification Form must be dated and signed by a person authorized to enter into contracts on behalf of the Bidder.

3. **Organization Qualifications and Experience**

   Bidders must complete Appendix D (Qualifications and Experience Form) describing their qualifications and skills to provide the requested services in the Invitation for Proposal, also describing any unique sources of data available to the firm. Bidders must include three examples of projects which demonstrate their experience and expertise in performing these services as well as highlighting the Bidder's stated qualifications and skills.

   If subcontractors are to be used, Bidders must provide a list that specifies the name, address, phone number, contact person, and a brief description of the subcontractors' organizational capacity and qualifications.

Bidders must provide an organizational chart. The organization chart must include the project being proposed. Each position must be identified by position title and corresponding to the personnel job descriptions.

Bidders must attach a list of all current litigation in which the Bidder is named and a list of all closed cases that have closed within the past five (5) years in which the Bidder paid the claimant either as part of a settlement or by decree. For each, list the entity bringing suit, the complaint, the accusation, amount, and outcome.

Bidders must provide a certificate of insurance evidencing the Bidder's general liability, professional liability and any other relevant liability insurance policies that might be associated with the proposed services.

4. **Services to be Provided**

   Discuss the **Outline of Proposal/Scope of Work for Actuarial Study** in Appendix A and what the Bidder will offer. Give particular attention to describing the methods and resources you will use and how you will accomplish the tasks involved. Also, provide an anticipated timeline for performing the tasks involved and describe how you will ensure expectations and/or desired outcomes as a result of these services will be achieved. If subcontractors are involved, clearly identify the work each will perform.

5. **Cost Proposal**

   The cost proposal must include the costs necessary for the Bidder to fully comply with the contract terms, conditions, and Invitation for Proposal requirements. No costs related to the preparation of the Invitation for Proposal, or to the negotiation of a contract, may be included in the proposal. Only costs to be incurred after the contract effective date that are specifically related to the implementation or operation of contracted services may be included.

   Bidders must fill out Appendix E (Cost Proposal Form), following the instructions detailed here and in the form. Failure to provide the requested information, and to follow the required cost proposal format provided, may result in the exclusion of the proposal from consideration, at the discretion of the Commission.

Proposal Evaluation and Selection. Evaluation of the submitted proposals will be made by the evaluation team (Commission chairs, selected Commission members and staff). The evaluation team will judge the merits of the proposals received in accordance with the criteria defined in the Invitation for Proposal. The goals of the evaluation process are to ensure fairness and objectivity in review of the proposals and to ensure that the Commission selects the proposal that provides the best value to the Commission. The Commission reserves the right to communicate and/or schedule interviews/presentations with Bidders, if needed, to obtain clarification of information contained in the proposals received. Changes to proposals, including updating or adding information, will not be permitted during any interview/presentation process and, therefore, Bidders must submit proposals that present their rates and other requested information as clearly and completely as possible.

Proposals will be scored based on a 100-point scale and will measure the degree to which each proposal meets the following criteria: 1) Organization Qualifications and Experience (30 points); 2) Proposed Services (35 points); and 3) Cost Proposal (35 points). The evaluation team will use a consensus approach to evaluate and score proposals. Members of the evaluation team will not score those sections individually but, instead, will arrive at a consensus as to assignment of points for each of those sections. The Cost Proposal, will be scored by assigning the lowest bid a total of 35 points; proposals with higher bids values will be awarded proportionately fewer points calculated in comparison with the lowest bid. All Bidders are expected to provide their best value pricing with the submission of their proposal.

Contract Document. The selected consultant will be required to execute a contract with the Executive Director of the Legislative Council with appropriate riders. In providing services and performing under the contract, the selected consultant must act as an independent contractor and not as an agent of the State of Maine. Following the selection, the Executive Director of the Legislative Council will designate an appropriate contact from the Executive Director's Office to assist with the development and administration of the contract and to act as administrator during the entire contract period. Commission staff will be available after the selection to consult in the finalization of the contract.

Appendices and Related Documents.

Appendix A – Outline of Proposal/Scope of Work for Actuarial Study

Appendix B – Proposal Cover Page

Appendix C – Debarment, Performance, and Non-Collusion Certification

Appendix D – Qualifications and Experience Form

Appendix E – Cost Proposal Form

APPENDIX A

Commission to Develop a Paid Family and Medical Leave Benefits Program
Outline of Proposal/Scope of Work for Actuarial Study

The Commission to Develop a Paid Family and Medical Leave Benefits Program is inviting proposals for an actuarial consultant to assist with the review and evaluation of a proposal to develop a paid family and medical leave benefits program.

Description: The consultant will review and evaluate the impact of the Commission's proposal and the suggested options outlined below, including start-up costs and ongoing costs of the proposal, the economic impact on and benefits to the State and the total contributions needed to maintain the solvency of the proposal.

Outline of Proposal: The Commission has agreed to request review and evaluation of the proposal and the suggested options outlined below. <u>The proposal has been developed for the purposes of review and evaluation only</u> and does not reflect that any individual Commission member's supports the proposal or any proposed legislation related to a paid family and medical leave benefits program.

1. Purposes for which leave can be used:
    - Adopt same purposes that are permissible under federal FMLA
    - Include safe leave
    - Actuarial study should provide an analysis of a proposal including all purposes outlined above; a proposal that tracks the current purposes permissible under federal FMLA; and the separate cost impact of each component as an allowed purpose, if possible

2. Who is covered?
    - Include all workers, including public sector employees, domestic workers and part-time, temporary, per diem and seasonal workers
    - Permit self-employed workers to opt in
    - Actuarial study should provide an analysis of a proposal including all workers outlined above; a proposal that exempts public sector employees; and the separate cost impact of each category of worker, if possible

3. What are the requirements to qualify for benefits?
    - Compare eligibility requirements used in California (CA) and Connecticut (CT)
    - Actuarial study should provide an analysis of a proposal using CA requirements and a proposal based on CT requirements, if possible

4. What family members are covered?
    - Provide analysis of a proposal using federal FMLA definition; a proposal using definition in current Maine FMLA law; and a proposal using broad definition similar to CT law, including persons related by affinity whose close association the employee shows to be the equivalent of those family relationships

5. How is the program funded?
    - Actuarial study should provide estimate of total costs
    - Actuarial study should also assess impact on program funding if contributions from employers of the following sizes are exempt from making contributions:
        - Employers with 50 or fewer employees;
        - Employers with 25 or fewer employees; or
        - Employers with 10 or fewer employees.

6. What percentage of wages do workers receive?
   - Actuarial study should assess impact on cost if worker receives these percentages:
     - 80% of the worker's average weekly wage, up to the maximum of the State average weekly wage;
     - 90% of the worker's average weekly wage, up to the maximum of the State average weekly wage; or
     - 100% of the worker's average weekly wage, up to the maximum of the State average weekly wage.

7. What is the maximum weekly benefit?
   - State average weekly wage, adjusted for inflation

8. For how long can a worker receive benefits?
   - Actuarial study should assess impact on cost if worker receives benefits for a maximum of:
     - 12 weeks;
     - 20 weeks; or
     - 26 weeks.

9. Is there an unpaid waiting period?
   - No unpaid waiting period
   - If possible, actuarial study should assess impact on cost if short unpaid waiting period required (consider any requirements in existing programs in other states)

10. Are workers entitled to have their jobs back when they return?
    - Deferred making a recommendation on job protection
    - Commission believes this is a policy decision and does not impact actuarial study

11. How is the insurance provided? Structure and organization?
    - Actuarial study should assess the following options:
      - Program is administered and overseen fully by State;
      - Program is a public-private partnership with State oversight, but certain services contracted to private sector, e.g. claims payment/processing, IT services
      - Program is contracted to private sector
      - Separate start-up costs/implementation costs from ongoing costs once implemented

12. Other elements to be considered:
    - Consider impact of workers with multiple jobs
    - Consider length of time for collection of contributions to achieve solvency before claims can begin to be paid
    - Consider number of workers required/level of contributions needed to maintain solvency

APPENDIX B

PROPOSAL COVER PAGE
Actual Study of Potential Costs and Feasibility of a Paid Family and Medical Leave Benefits Program

Bidder's Organization Name:			
Chief Executive - Name/Title:			
Tel:		**E-mail:**	
Headquarters Street Address:			
Headquarters City/State/Zip:			
(Provide information requested below if different from above)			
Lead Point of Contact for Proposal - Name/Title:			
Tel:		**E-mail:**	
Headquarters Street Address:			
Headquarters City/State/Zip:			

- This proposal and the pricing structure contained herein will remain firm for a period of 180 days from the date and time of the bid opening.
- No personnel currently employed by the Maine State Legislature or any State agency participated, either directly or indirectly, in any activities relating to the preparation of the Bidder's proposal.
- No attempt has been made, or will be made, by the Bidder to induce any other person or firm to submit or not to submit a proposal.
- The above-named organization is the legal entity entering into the resulting contract with the Commission/Legislature if they are awarded the contract.
- The undersigned is authorized to enter contractual obligations on behalf of the above-named organization.

To the best of my knowledge, all information provided in the enclosed proposal, both programmatic and financial, is complete and accurate at the time of submission.

Name (Print):	**Title:**
Authorized Signature:	**Date:**

APPENDIX C

Actuarial Study of Potential Costs and Feasibility of a Paid Family and Medical Leave Benefits Program

DEBARMENT, PERFORMANCE, and NON-COLLUSION CERTIFICATION

Bidder's Organization Name:	

By signing this document, I certify to the best of my knowledge and belief that the aforementioned organization, its principals and any subcontractors named in this proposal:

a. *Are not presently debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from bidding or working on contracts issued by any governmental agency.*
b. *Have not within three years of submitting the proposal for this contract been convicted of or had a civil judgment rendered against them for:*
    i. *Fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state or local government transaction or contract.*
    ii. *Violating Federal or State antitrust statutes or committing embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.*
c. *Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or Local) with commission of any of the offenses enumerated in paragraph (b) of this certification.*
d. *Have not within a three (3) year period preceding this proposal had one or more federal, state or local government transactions terminated for cause or default.*
e. *Have not entered into a prior understanding, agreement, or connection with any corporation, firm, or person submitting a response for the same materials, supplies, equipment, or services and this proposal is in all respects fair and without collusion or fraud. The above-mentioned entities understand and agree that collusive bidding is a violation of state and federal law and can result in fines, prison sentences, and civil damage awards.*

Name (Print):	Title:
Authorized Signature:	Date:

APPENDIX D

Actuarial Study of Potential Costs and Feasibility of a Paid Family and Medical Leave Benefits Program

QUALIFICATIONS & EXPERIENCE FORM

Bidder's Organization Name:	

Present a brief statement of qualifications, including any applicable licensure and/or certification. Describe the history of the Bidder's organization, especially regarding skills pertinent to the specific work required by the Invitation for Proposal and any special or unique characteristics or sources of data available to the organization which would make it especially qualified to perform the required work activities. You may expand this form and use additional pages to provide this information.

APPENDIX D (continued)

Provide a description of projects that occurred within the past five years which reflect experience and expertise needed in performing the functions described in the "Scope of Services" portion of this Invitation for Proposal. For each of the project examples provided, a contact person from the client organization involved should be listed, along with that person's telephone number and email address. Please note that contract history with the State of Maine, whether positive or negative, may be considered in rating proposals even if not provided by the Bidder.

Project One	
Client Name:	
Client Contact Person:	
Telephone:	
E-Mail:	
Brief Description of Project	

Project Two	
Client Name:	
Client Contact Person:	
Telephone:	
E-Mail:	
Brief Description of Project	

APPENDIX D (continued)

Project Three	
Client Name:	
Client Contact Person:	
Telephone:	
E-Mail:	
Brief Description of Project	

APPENDIX E

Actuarial Study of Potential Costs and Feasibility of a Paid Family and Medical Leave Benefits Program

COST PROPOSAL FORM

Bidder's Organization Name:	
Total Proposed Cost:	$

Bidders must use the table below (add rows as needed) to develop a Total Proposed Cost to complete all aspects of the project as described in this Invitation for Proposal. The Total Proposed Cost will be used in the scoring formula as described in this Invitation for Proposal.

Staff Type or Title	Hourly Rate	Estimated Total Required Hours	Estimated Total Cost
			$
			$
			$
Other Costs			
			$
			$
			$
Total Proposed Cost			$

APPENDIX D

Milliman, Inc. Presentations and Letters to Commission

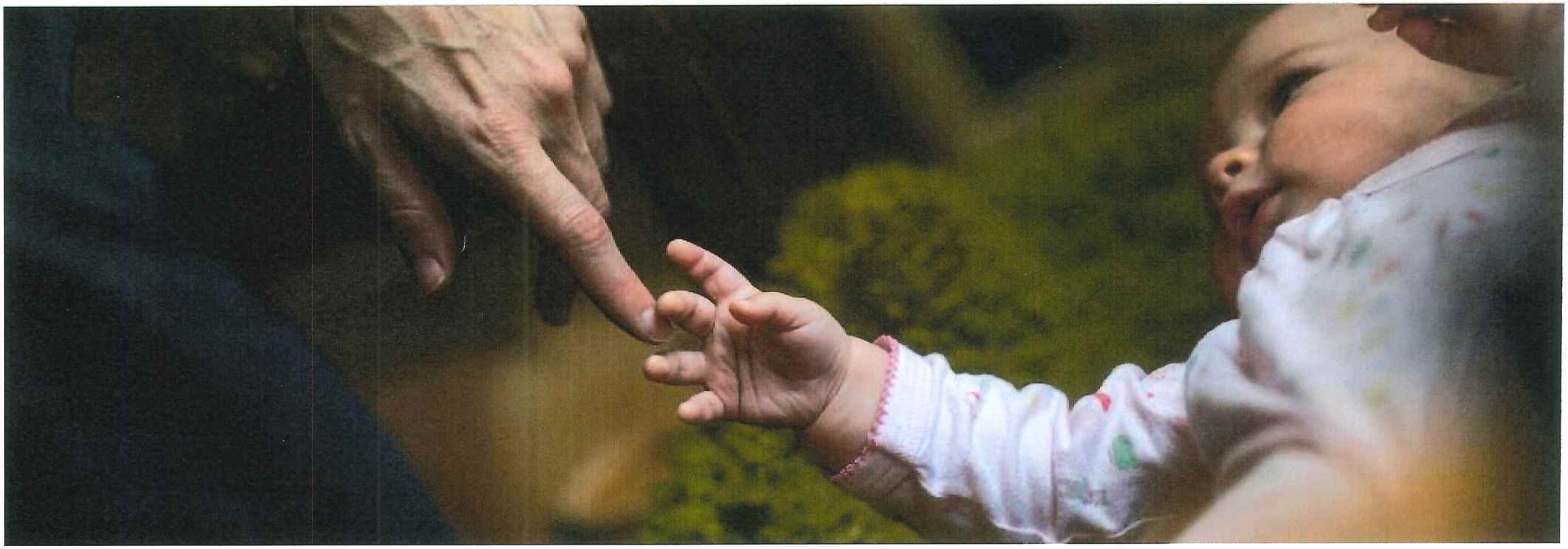
Maine Paid Family and Medical Leave Actuarial Study

Milliman

Kickoff Meeting

May 31, 2022

Paul Correia, FSA, MAAA
Dan Skwire, FSA, MAAA



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5 How PFML Benefits are Provided

6 Insurance Industry Perspectives

7 Maine PFML Proposal

8 Maine PFML – Other Considerations

9 Maine PFML Actuarial Study Timeline

10 General Observations on PFML Claim Experience

PFML Benefit Design Comparison

State	Waiting Period	PML Maximum Benefit Period	PFL Maximum Benefit Period	Safe Leave Maximum Benefit Period	Combined Limit on Benefit Period	Benefit Percent	Maximum Weekly Benefit Amount
RI	None	30 weeks	5 weeks	NA	30 weeks	~ 60%	85% of SAWW
CA	7 days (PML only)	52 weeks	8 weeks	NA	60 weeks	60-70%	100% of SAWW
NJ	7 days (PML only)	26 weeks	12 weeks	NA	38 weeks	85%	70% of SAWW
NY	7 days (PML only)	26 weeks	12 weeks	NA	26 weeks	50% (PML) and 67% (PFL)	$170 (PML) and 67% of SAWW (PFL)
DC	7 days	6 weeks	6-8 weeks	NA	8 weeks	Tiered 90% / 50%	$1,009 (2022)
WA	7 days (none for bonding leave)	12 weeks	12 weeks	NA	16 weeks	Tiered 90% / 50%	90% of SAWW
MA	7 days	20 weeks	12 weeks	NA	26 weeks	Tiered 80% / 50%	64% of SAWW
CT	None	12 weeks	12 weeks	12 days	12 weeks	Tiered 95% / 60%	60 X min. wage
OR	None	12 weeks	12 weeks	12 weeks	12 weeks	Tiered 100% / 50%	120% of SAWW
CO	None	12 weeks	12 weeks	12 weeks	12 weeks	Tiered 90% / 50%	90% of SAWW
MD	None	12 weeks	12 weeks	NA	12 weeks	Tiered 90% / 50%	$1,000 initially
DE	None	6 weeks in 24 months	6-12 weeks in 24 months	NA	12 weeks	80%	$900 initially

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■ States with separate PML and PFL programs ■ States with single PFML program

PFML Policy Design Comparison

State	Public Employer Participation	Self Employed Participation	2022 Eligibility Criteria	Definition of Family Member	2022 Contribution Rate
RI	▪ Public employers can opt in	▪ No	▪ $4,600 over base period (4 quarters)	▪ Does not include affinity	▪ 1.10%
CA	▪ Public employers can opt in	▪ Can opt in	▪ $300 over base period (4 quarters)	▪ Does not include affinity	▪ 1.10%
NJ	▪ Public employers can opt in	▪ No	▪ $12,000 over base period (4 quarters)	▪ Includes affinity	▪ Up to 1.03%
NY	▪ Public employers can opt in	▪ Can opt in	▪ Employed 4 weeks (PML) / 6 weeks (PFL)	▪ Does not include affinity	▪ 0.511% (PFL)
DC	▪ No	▪ Can opt in	▪ Employed for 12 months, otherwise benefit is prorated	▪ Does not include affinity	▪ 0.26%
WA	▪ Yes	▪ Can opt in	▪ 820 hours over base period (4 quarters)	▪ Includes affinity	▪ 0.60%
MA	▪ State employers participate, local employers can opt in	▪ Can opt in	▪ $5,700 over base period (4 quarters)	▪ Does not include affinity	▪ 0.68%
CT	▪ Public employers can opt in	▪ Can opt in	▪ $2,325 over base period (1 quarter)	▪ Includes affinity	▪ 0.50%
OR	▪ Yes, except federal and tribal governments who can opt in	▪ Can opt in	▪ $1,000 over base period (4 quarters)	▪ Includes affinity	▪ 1.00%
CO	▪ Yes, but local employers can opt out	▪ Can opt in	▪ $2,500 over base period	▪ Includes affinity	▪ 0.90%
MD	▪ Yes	▪ Can opt in	▪ 680 hours over base period (4 quarters)	▪ Does not include affinity	▪ NA
DE	▪ Yes	▪ Can opt in	▪ Employed 12+ months and worked 1,250+ hours	▪ Does not include affinity	▪ 0.80%

■ States with separate PML and PFL programs ■ States with single PFML program

How PFML Benefits are Provided

State	Mechanism
RI	▪ Insurance is provided through the state fund only. No private option.
CA	▪ Insurance is provided through the state fund or through a private option.
NJ	▪ Insurance is provided through the state fund or through a private option.
NY	▪ Insurance is provided through the state fund or through a private option.
DC	▪ Insurance is provided through the district fund only. No private option.
WA	▪ Insurance is provided through the state fund or through a private option.
MA	▪ Insurance is provided through the state fund or through a private option.
CT	▪ Insurance is provided through the state fund or through a private option.
OR	▪ Insurance is provided through the state fund or through a private option.
CO	▪ Insurance is provided through the state fund or through a private option.
MD	▪ Insurance is provided through the state fund or through a private option.
DE	▪ Insurance is provided through the state fund or through a private option.

Most programs include private options for providing PFML insurance

Insurance Industry Perspectives

- Allowing insurers to underwrite and price the private plans themselves is considered important for controlling risk. Insurers have concerns about pricing for private plans that uses a single community rate determined by the state and prefer some degree of pricing flexibility.

- Some states have had challenges administering PFML claims internally, often resulting in long delays for making determinations and long turnaround times before benefits are paid.

- There can be challenges integrating PFML with existing sick leave policies, especially for public employers that provide generous sick leave benefits and are bound to collective bargaining agreements with unions.

- Over-complicated plan designs can create issues with administration and risk management.

Maine PFML Proposal

Provision	Options	Notes
Permissible leaves	▪ FMLA-qualifying events ▪ Include safe leave	▪ Modest increase in contribution rate to include safe leave.
Covered Employees	▪ All workers, including domestic, part-time, etc. ▪ Self-employed workers can opt in ▪ Public employer exemption	▪ Allowing self-employed workers to opt-in introduces adverse selection risk. ▪ Coordinating PFML with public employer sick leave policies can be tricky.
Family Member	▪ Federal FMLA definition ▪ Maine FMLA definition ▪ CT PFML definition (includes affinity)	▪ Affinity definition only impacts PFL caregiver claims, which represent a small subset of total PFML claims.
Eligibility	▪ CA criteria (low earnings threshold) ▪ CT criteria (high earnings threshold)	▪ The lower earnings threshold will result in proportionally more premium and claims than the higher threshold.
Funding	▪ Small employer exemption (up to 10, 25, and 50 employees) ▪ State fund ▪ Partnership with private insurers ▪ Private option only	▪ Small employer exemptions can be subsidized by higher contribution rates. ▪ Challenging to provide small employer exemptions through private option. ▪ Private option may be more appealing to large employers. ▪ Private plans must provide benefits at least equal to the statutory plan.
Benefit Amount	▪ 80% up to SAWW ▪ 90% up to SAWW ▪ 100% up to SAWW	▪ 80-100% income replacement is relatively high compared to other PFML programs that feature tiered benefit structures. ▪ It is common for maximum benefit amounts to be tied to the SAWW.
Benefit Period	▪ 12 weeks ▪ 20 weeks ▪ 26 weeks	▪ Claim durations may vary between PML and PFL. ▪ Average PML maternity claim durations are 6-8 weeks.
Waiting Period	▪ None ▪ 7 days	▪ Waiting periods often only apply to PML claims.

Maine PFML - Other Considerations

- Will the plan feature separate benefit periods for PML and PFL with a cumulative limit?
- Will the waiting period (if any) be applicable to PML and PFL claims?
- Will conditions that existed before the benefit effective date be eligible for benefits?
- Who contributes premiums – employers and/or employees?
- What (if any) is the target funding ratio?
- Will premium contributions begin before the effective date of benefits? If so, how many months?
- How will the state fund be administered?
- How will the private options be coordinated?
- Does the Commission have access to Maine employment and/or demographic data?

Maine PFML Actuarial Study Timeline

May 31

- Kickoff Meeting
- Background and strategic objectives
- Plan design and administration
- Timeline and deliverables

June 1 – 30

- Research PFML experience in other states
- Research demographic and employment data

July 1 – August 14

- Update models
- Develop morbidity assumptions
- Calculate preliminary contribution rates
- Develop financial projections
- Checking and peer review

August 15

- Deliver preliminary draft of PFML Actuarial Study report to the Commission

August 16 – 23

- Feedback from Commission

August 31

- Final draft of PFML Actuarial Study report

September - December

- Assist in the development of policy recommendations to the 131st Legislature

General Observations on PFML Claim Experience

- PFML utilization is very sensitive to the demographics of covered employees
  - Maternity claims typically represent 25-30% of PML claims
  - Bonding claims typically represent 70-80% of PFL claims
  - Most bonding claims are from female employees, although male bonding claims have trended up in recent years

New Jersey Paid Family Leave Experience (Excludes Paid Medical Leave)		
Age	**Female**	**Male**
<25	4%	0%
25-34	45%	10%
35-44	23%	8%
45-54	3%	2%
55-64	3%	1%
>65	1%	0%
Total	**79%**	**21%**

Predominantly bonding

- PML claims typically represent 75-85% of total PFML claims

Milliman

Thank you

Paul Correia, FSA, MAAA
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Dan Skwire, FSA, MAAA
dan.skwire@milliman.com

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman and members of the American Academy of Actuaries. We meet the qualification standards of these organizations for rendering the actuarial opinions contained herein.

MILLIMAN RESEARCH REPORT

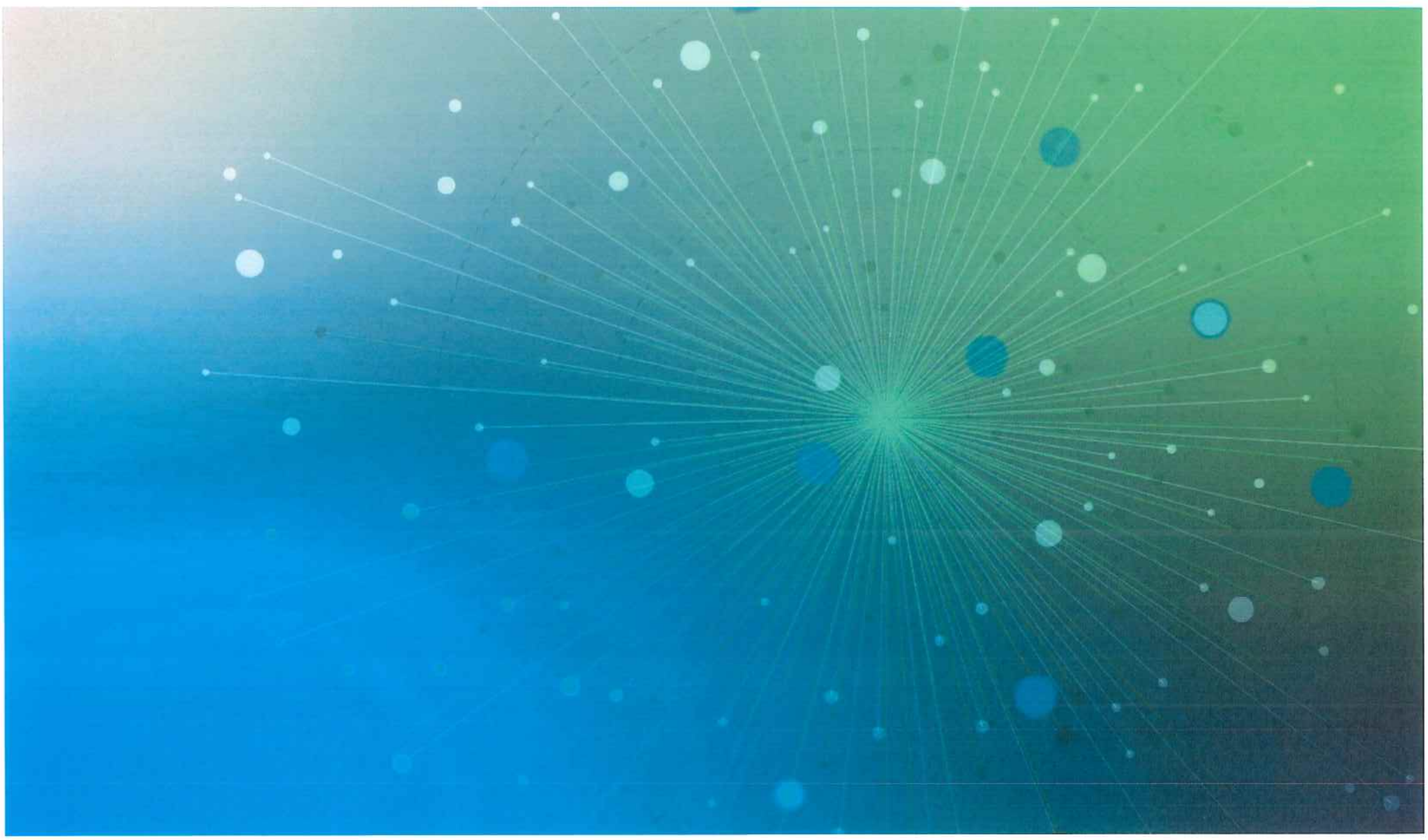
MILLIMAN REPORT

Maine Paid Family and Medical Leave Benefits Program

Actuarial Study

August, 2022

Paul Correia, FSA, MAAA



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Introduction

Milliman, Inc. ("Milliman") was retained by the Maine Legislative Council to perform an actuarial study of paid family and medical leave (PFML) benefits in the state of Maine. The study included researching PFML experience in US states that have PFML programs, developing morbidity assumptions for estimating future claims for a Maine PFML program, projecting future benefit payments and expenses, and estimating the contribution rates that satisfy the program's funding objectives.

We have analyzed the different program options included in the PFML Proposal developed by the Commission to Develop a Paid Family and Medical Leave Benefits Program (the "Commission"). These options vary in terms of the benefit design and eligibility criteria. A summary of the options is provided in the next section of this report. For each of the options, we calculated a contribution rate that is expected to cover benefit payments and expenses, and maintain surplus in a fund designated to the PFML program. We also developed financial projections for each of the program options using Maine employment data provided to Milliman by the Center for Workforce Research and Information. These projections demonstrate the expected cash flows and PFML fund balances between 2024 and 2029 based on the morbidity assumptions and contribution rates corresponding to each of the program options.

We made the following assumptions about program features that were not specified in the Commission's Proposal, which should be taken into consideration when reviewing the results of our analysis:

- We assumed that contributions to the Maine PFML program begin on January 1, 2024, and benefits become effective on January 1, 2025.

- We assumed that the same contribution rate applies equally to all employers regardless of size. If some employers were exempt from contributions, then the contribution rates and projections may need to be adjusted.

- We assumed that PFML contributions for benefits provided by the State will be deposited into a fund designated to the PFML program, and that withdrawals from the fund will be made for covering benefit payments and expenses. The projections included in this report assume all PFML benefits will be provided through the state fund with no private insurance options[1]. If we were to assume that Maine employers can use private insurance options for providing PFML benefits, then the projections and contribution rates may need to be adjusted. Additional thoughts on this topic are included in the "Other Considerations" section of this report.

- We assumed $40 million in start-up expenses, based on a high-level analysis of start-up expenses in other states that have implemented PFML programs. As noted in our letter from July 1, 2022,

[1] A state fund for providing PFML benefits exists in every state that has approved PFML legislation. Most states also include private insurance options, and participation in these options varies from one state to the next. Private insurance options do not exist in the PFML programs in Rhode Island and the District of Columbia.

the start-up expenses for Maine PFML will depend on several factors, including existing resources and administrative practices. If the expected start-up expenses are higher or lower than $40 million, then the contribution rates and projections may need to be adjusted.

Data Reliance

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Commission, as well as on public information from various sources. Milliman did not audit or independently verify any of the information furnished, except that we did review the data for reasonableness and consistency. To the extent that any of the data or other information supplied to us was incorrect or inaccurate, the results of our analysis could be materially affected.

Distribution

Milliman's work is prepared solely for the use and benefit of the Maine Legislative Council in accordance with its statutory and regulatory requirements. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

Variability of Results

The projections contained herein are estimates based on carefully constructed assumptions and methodologies that have been described in this report. Actual experience, however, will differ from those assumptions. As such, actual results will vary from the estimates provided and the cost of benefits provided under the proposed PFML program may be either higher or lower than the amounts illustrated in this report. In preparing this information, we have utilized actuarial models as defined by Actuarial Standards of Practice. The intended purpose of these models is to project future claim costs for paid family and medical leave benefits.

Qualifications

I, Paul Correia, am a consulting actuary for Milliman, Inc. and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations for rendering the actuarial opinions contained herein.

Maine PFML Program Design Options

The PFML program design options assumed in our analysis are based on the Commission's PFML Proposal, and they vary in terms of income replacement, waiting period, and benefit period, as shown below:

Table 1
Maine PFML Program Design Options

Program Option	Income Replacement	Waiting Period	Benefit Period
1	80%	7 days (PML)	12 weeks
2	80%	7 days (PML)	20 weeks
3	80%	7 days (PML)	26 weeks
4	80%	None	12 weeks
5	80%	None	20 weeks
6	80%	None	26 weeks
7	90%	7 days (PML)	12 weeks
8	90%	7 days (PML)	20 weeks
9	90%	7 days (PML)	26 weeks
10	90%	None	12 weeks
11	90%	None	20 weeks
12	90%	None	26 weeks
13	100%	7 days (PML)	12 weeks
14	100%	7 days (PML)	20 weeks
15	100%	7 days (PML)	26 weeks
16	100%	None	12 weeks
17	100%	None	20 weeks
18	100%	None	26 weeks

We also assumed that every program option includes the following provisions, based on the Commission's PFML proposal:

- Permissible leaves are based on the Family and Military Leave Act of 1993. The impact of different permissible leave provisions, including safe leave (i.e., leaves of absence taken by victims of domestic violence), is discussed in the "Other Considerations" section of this report.

- The definition of family member includes an employee's child, spouse, domestic partner, parent, parent-in-law, sibling, grandparent, and grandchild. The impact of including relations by affinity is discussed in the "Other Considerations" section.

- Employees have job protection while receiving PFML benefits. The Commission's Proposal does not specify if workers will be entitled to return to their jobs, and states that "this is a policy decision and does not impact the actuarial study". However, we assume higher incidence rates and longer claim durations because employees have job protection, and the contribution rates would need to be revised otherwise.

- The maximum weekly benefit amount is equal to the Maine state average weekly wage.

Estimated Contribution Rates

Table 2 contains estimated contribution rates for the Maine PFML program options described above. The rates are expressed as a percentage of taxable wages and the taxable wages are based on the Social Security taxable wage base.

Table 2
Maine PFML Contribution Rates as a Percentage of Taxable Wages

Program Option	Income Replacement	Waiting Period	Benefit Period	All Employers Participate	Public Employer Exemption
1	80%	7 days (PML)	12 weeks	0.755%	0.763%
2	80%	7 days (PML)	20 weeks	0.950%	0.960%
3	80%	7 days (PML)	26 weeks	1.045%	1.055%
4	80%	None	12 weeks	0.865%	0.874%
5	80%	None	20 weeks	1.085%	1.096%
6	80%	None	26 weeks	1.195%	1.207%
7	90%	7 days (PML)	12 weeks	0.915%	0.924%
8	90%	7 days (PML)	20 weeks	1.160%	1.172%
9	90%	7 days (PML)	26 weeks	1.290%	1.303%
10	90%	None	12 weeks	1.050%	1.061%
11	90%	None	20 weeks	1.325%	1.338%
12	90%	None	26 weeks	1.475%	1.490%
13	100%	7 days (PML)	12 weeks	1.100%	1.111%
14	100%	7 days (PML)	20 weeks	1.375%	1.389%
15	100%	7 days (PML)	26 weeks	1.575%	1.591%
16	100%	None	12 weeks	1.260%	1.273%
17	100%	None	20 weeks	1.575%	1.591%
18	100%	None	26 weeks	1.805%	1.823%

The contribution rates are slightly higher for the programs that feature public employer exemptions due to differences in the demographics of public and private sector employees. For example, female employees represent approximately 60% of the Maine public sector workforce and approximately 50% of the private sector workforce. Therefore, we would expect a higher proportion of maternity and bonding claims from public employees. On the other hand, average wages in the private sector are higher than the public sector, meaning higher PFML benefits, on average, for private sector employees. Taken together, these differences result in slightly higher expected claim costs and, hence, higher contribution rates for options that feature public employer exemptions.

The contribution rates are approximately 15% lower for options that include a 7-day waiting period for paid medical leave (PML) benefits, with all else equal. This is because the expected claim costs are lower for plans that include waiting periods. For example, employees on medical leave due to less severe injuries and illnesses can recover within seven days and would not be eligible for benefits under the 7-day waiting period, but these same conditions would be eligible for benefits on day one with no waiting period.

The contribution rates increase with increasing income replacement (with all else equal), in part, due to the higher benefit amounts, and also because we assumed higher income replacement ratios provide greater incentives for taking leaves of absence, and less incentives for returning to work.

The contribution rates increase with increasing benefit period, with all else equal, because we assumed longer claim durations for program options that feature longer benefit periods.

Maine PFML Projections

This section of the report contains a projection of Maine PFML experience from 2024 through 2029 for each of the program options. The projections included in this report assume that all employers participate in the program, and that self-employed individuals can opt-in. We can develop similar projections corresponding to a public employer exemption at the Commission's request. The projections also assume that all employers contribute to the program. We are currently analyzing the impact to include small employer exemptions, which has been challenging due to the lack of data available to support this analysis. We have developed illustrative scenarios to test the impact of small employer exemptions, and we noticed that the contribution rates would likely need to be increased in order to subsidize these exemptions. We will continue to search for meaningful data to perform this analysis, and will work with the Commission to determine the best approach for modeling this scenario.

The following items are included in the projections:

- **Eligible Employees** – Projection of eligible employees from 2024 through 2029 using Maine employment data from 2021, adjusted for expected job growth between 2021 and 2029 based on Maine employment forecasts from the Consensus Economic Forecasting Commission[2] and the Center for Workforce Research and Information[3]. We did not assume any aging of the population over the projection period.

- **Taxable Wages** – Projection of taxable wages from 2024 through 2029 based on a taxable wage limit consistent with the benefit base limit established for Social Security contributions. The projection was developed using Maine employment data from 2021, projected based on forecasts from the Consensus Economic Forecasting Commission.

- **Claims** – Projection of the number of claims approved for benefits between 2025 and 2029, for paid family leave, paid medical leave, and in total. The projection assumes that claim incidence rates will increase gradually during the first four years as the program phases in and employee awareness of the benefits increases. This dynamic has been observed in other states that have PFML programs.

- **Benefit Payments ($ millions)** – Projection of benefit payments between 2025 and 2029 for paid family leave, paid medical leave, and in total.

- **Expenses ($ millions)** – Projection of start-up and ongoing administrative expenses from 2024 through 2029 for paid family leave, paid medical leave, and in total. The $40 million start-up expense in 2024 is a high-level assumption based on other states that have reported start-up expenses, and may need to be revised. The ongoing expenses in 2025 and beyond represent 5% of paid family leave costs and 10% of paid medical leave costs in every year. These assumptions are based on average expenses reported in other states with PFML programs, as discussed in our letter to the Commission dated July 1, 2022.

- **Total Expenditure ($ millions)** – Projection of total costs from 2024 through 2029 for paid family leave, paid medical leave, and in total. The total expenditure is the sum of benefit payments and administrative expenses in every year.

[2] Report of the Consensus Economic Forecasting Commission, February 1, 2022

[3] https://www.maine.gov/labor/cwri/publications/pdf/EmploymentOutlookto2028.pdf

- **Contribution Rate** – Illustrative contribution rates that cover benefit payments and expenses, and maintain a fund balance not less than 120% of the previous year expenditure. We set a 20% floor on surplus for developing the contribution rates to include margin and provisions for adverse deviations. In the projections, separate contribution rates are shown for employers and employees, and we have assumed equal cost sharing among employers and employees.

- **Contributions ($ millions)** – Projection of PFML contributions based on the illustrative contribution rates and the assumed taxable wages from 2024 through 2029, for employers, employees, and in total. The contributions begin on January 1, 2024, one year before the assumed effective date of benefits on January 1, 2025.

- **Fund Balance ($ millions)** – Projection of PFML Fund balances from 2024 through 2029 equal to the contributions in a given year, minus total expenditure in that year, plus the assumed investment income on fund balances in that year. We have assumed 1.0% annual investment income based on typical yields for short duration assets. This assumption may need to be revised if different returns are expected from the assets held in the PFML Fund.

The final row in every projection shows the ratio of the Fund balance to the prior year's expenditure. Note that these ratios stabilize in later years, and that the contribution rates are expected to maintain a fund balance not less than 120% beyond 2029.

Option 1 – 80% income replacement, 7-day waiting period, 12-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		10,895	11,463	11,921	12,279	12,254
Medical		24,998	26,300	27,352	28,173	28,117
Total		***35,893***	***37,763***	***39,274***	***40,452***	***40,371***
Benefit Payments ($ millions)						
Family		$57.8	$63.2	$68.6	$73.7	$76.5
Medical		$157.1	$171.9	$186.4	$200.3	$207.9
Total		***$214.9***	***$235.1***	***$255.0***	***$273.9***	***$284.3***
Expenses ($ millions)						
Family		$3.0	$3.3	$3.6	$3.9	$4.0
Medical		$17.5	$19.1	$20.7	$22.3	$23.1
Total	**$40.0**	**$20.5**	**$22.4**	**$24.3**	**$26.1**	**$27.1**
Total Expenditure ($ millions)						
Family		$60.8	$66.5	$72.2	$77.5	$80.5
Medical		$174.5	$191.0	$207.1	$222.5	$231.0
Total	**$40.0**	**$235.3**	**$257.5**	**$279.3**	**$300.1**	**$311.5**
Contribution Rate						
Employer	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
Employee	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
Total	**0.76%**	**0.76%**	**0.76%**	**0.76%**	**0.76%**	**0.76%**
Contributions ($ millions)						
Employer	$133.1	$138.7	$144.6	$150.9	$156.6	$162.5
Employee	$133.1	$138.7	$144.6	$150.9	$156.6	$162.5
Total	***$266.2***	***$277.4***	***$289.3***	***$301.7***	***$313.2***	***$325.0***
Investment Income ($ millions)	*$2.3*	*$2.7*	*$3.0*	*$3.3*	*$3.5*	*$3.6*
Fund Balance	$226.2	$270.4	$304.9	$330.3	$346.7	$363.8
Ratio Fund : Prior Year Expenditure		676%	130%	128%	124%	121%

Option 2 – 80% income replacement, 7-day waiting period, 20-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		10,895	11,463	11,921	12,279	12,254
Medical		24,998	26,300	27,352	28,173	28,117
Total		***35,893***	***37,763***	***39,274***	***40,452***	***40,371***
Benefit Payments ($ millions)						
Family		$78.5	$85.9	$93.2	$100.1	$103.9
Medical		$193.8	$212.1	$230.0	$247.1	$256.5
Total		***$272.3***	***$298.0***	***$323.2***	***$347.2***	***$360.4***
Expenses ($ millions)						
Family		$4.1	$4.5	$4.9	$5.3	$5.5
Medical		$21.5	$23.6	$25.6	$27.5	$28.5
Total	**$40.0**	**$25.7**	**$28.1**	**$30.5**	**$32.7**	**$34.0**
Total Expenditure ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$215.3	$235.6	$255.6	$274.6	$285.0
Total	**$40.0**	**$298.0**	**$326.1**	**$353.7**	**$379.9**	**$394.4**
Contribution Rate						
Employer	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%
Employee	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%
Total	**0.95%**	**0.95%**	**0.95%**	**0.95%**	**0.95%**	**0.95%**
Contributions ($ millions)						
Employer	$167.4	$174.5	$182.0	$189.8	$197.0	$204.5
Employee	$167.4	$174.5	$182.0	$189.8	$197.0	$204.5
Total	***$334.9***	***$349.0***	***$364.0***	***$379.6***	***$394.0***	***$409.0***
Investment Income ($ millions)	*$2.9*	*$3.5*	*$3.9*	*$4.2*	*$4.4*	*$4.6*
Fund Balance	$294.9	$348.8	$390.3	$420.1	$438.4	$457.4
Ratio Fund : Prior Year Expenditure		872%	131%	129%	124%	120%

Option 3 – 80% income replacement, 7-day waiting period, 26-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		10,895	11,463	11,921	12,279	12,254
Medical		24,998	26,300	27,352	28,173	28,117
Total		***35,893***	***37,763***	***39,274***	***40,452***	***40,371***
Benefit Payments ($ millions)						
Family		$86.4	$94.5	$102.5	$110.1	$114.3
Medical		$213.2	$233.3	$253.0	$271.8	$282.1
Total		***$299.6***	***$327.8***	***$355.6***	***$382.0***	***$396.5***
Expenses ($ millions)						
Family		$4.5	$5.0	$5.4	$5.8	$6.0
Medical		$23.7	$25.9	$28.1	$30.2	$31.3
Total	**$40.0**	**$28.2**	**$30.9**	**$33.5**	**$36.0**	**$37.4**
Total Expenditure ($ millions)						
Family		$90.9	$99.5	$107.9	$115.9	$120.3
Medical		$236.9	$259.2	$281.2	$302.0	$313.5
Total	**$40.0**	**$327.8**	**$358.7**	**$389.1**	**$418.0**	**$433.8**
Contribution Rate						
Employer	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
Employee	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
Total	**1.05%**	**1.05%**	**1.05%**	**1.05%**	**1.05%**	**1.05%**
Contributions ($ millions)						
Employer	$184.2	$191.9	$200.2	$208.8	$216.7	$224.9
Employee	$184.2	$191.9	$200.2	$208.8	$216.7	$224.9
Total	***$368.4***	***$383.9***	***$400.4***	***$417.6***	***$433.4***	***$449.9***
Investment Income ($ millions)	*$3.3*	*$3.9*	*$4.3*	*$4.7*	*$4.9*	*$5.1*
Fund Balance	$328.4	$387.7	$433.3	$466.2	$486.4	$507.3
Ratio Fund : Prior Year Expenditure		969%	132%	130%	125%	121%

Option 4 – 80% income replacement, no waiting period, 12-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		10,895	11,463	11,921	12,279	12,254
Medical		30,000	31,563	32,826	33,810	33,743
Total		***40,895***	***43,026***	***44,747***	***46,089***	***45,997***
Benefit Payments ($ millions)						
Family		$57.8	$63.2	$68.6	$73.7	$76.5
Medical		$188.5	$206.3	$223.7	$240.4	$249.5
Total		***$246.3***	***$269.5***	***$292.3***	***$314.0***	***$325.9***
Expenses ($ millions)						
Family		$3.0	$3.3	$3.6	$3.9	$4.0
Medical		$20.9	$22.9	$24.9	$26.7	$27.7
Total	**$40.0**	**$24.0**	**$26.2**	**$28.5**	**$30.6**	**$31.7**
Total Expenditure ($ millions)						
Family		$60.8	$66.5	$72.2	$77.5	$80.5
Medical		$209.4	$229.2	$248.6	$267.1	$277.2
Total	**$40.0**	**$270.3**	**$295.7**	**$320.8**	**$344.6**	**$357.7**
Contribution Rate						
Employer	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
Employee	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
Total	**0.87%**	**0.87%**	**0.87%**	**0.87%**	**0.87%**	**0.87%**
Contributions ($ millions)						
Employer	$152.5	$158.9	$165.7	$172.8	$179.4	$186.2
Employee	$152.5	$158.9	$165.7	$172.8	$179.4	$186.2
Total	***$304.9***	***$317.8***	***$331.4***	***$345.7***	***$358.8***	***$372.4***
Investment Income ($ millions)	*$2.6*	*$3.2*	*$3.5*	*$3.8*	*$4.0*	*$4.2*
Fund Balance	$264.9	$315.1	$353.9	$382.4	$400.4	$419.1
Ratio Fund : Prior Year Expenditure		788%	131%	129%	125%	122%

Option 5 – 80% income replacement, no waiting period, 20-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		10,895	11,463	11,921	12,279	12,254
Medical		30,000	31,563	32,826	33,810	33,743
Total		***40,895***	***43,026***	***44,747***	***46,089***	***45,997***
Benefit Payments ($ millions)						
Family		$78.5	$85.9	$93.2	$100.1	$103.9
Medical		$232.6	$254.5	$276.1	$296.6	$307.8
Total		***$311.1***	***$340.4***	***$369.2***	***$396.7***	***$411.7***
Expenses ($ millions)						
Family		$4.1	$4.5	$4.9	$5.3	$5.5
Medical		$25.8	$28.3	$30.7	$33.0	$34.2
Total	**$40.0**	**$30.0**	**$32.8**	**$35.6**	**$38.2**	**$39.7**
Total Expenditure ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$258.4	$282.8	$306.7	$329.5	$342.0
Total	**$40.0**	**$341.1**	**$373.2**	**$404.8**	**$434.9**	**$451.4**
Contribution Rate						
Employer	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
Employee	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
Total	**1.09%**	**1.09%**	**1.09%**	**1.09%**	**1.09%**	**1.09%**
Contributions ($ millions)						
Employer	$191.2	$199.3	$207.9	$216.8	$225.0	$233.5
Employee	$191.2	$199.3	$207.9	$216.8	$225.0	$233.5
Total	***$382.5***	***$398.6***	***$415.7***	***$433.6***	***$450.0***	***$467.1***
Investment Income ($ millions)	*$3.4*	*$4.0*	*$4.5*	*$4.8*	*$5.0*	*$5.2*
Fund Balance	$342.5	$403.4	$450.0	$483.2	$503.2	$523.9
Ratio Fund : Prior Year Expenditure		1009%	132%	129%	124%	120%

Option 6 – 80% income replacement, no waiting period, 26-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		10,895	11,463	11,921	12,279	12,254
Medical		30,000	31,563	32,826	33,810	33,743
Total		***40,895***	***43,026***	***44,747***	***46,089***	***45,997***
Benefit Payments ($ millions)						
Family		$86.4	$94.5	$102.5	$110.1	$114.3
Medical		$255.9	$280.0	$303.7	$326.2	$338.6
Total		***$342.2***	***$374.5***	***$406.2***	***$436.4***	***$452.9***
Expenses ($ millions)						
Family		$4.5	$5.0	$5.4	$5.8	$6.0
Medical		$28.4	$31.1	$33.7	$36.2	$37.6
Total	**$40.0**	**$33.0**	**$36.1**	**$39.1**	**$42.0**	**$43.6**
Total Expenditure ($ millions)						
Family		$90.9	$99.5	$107.9	$115.9	$120.3
Medical		$284.3	$311.1	$337.4	$362.5	$376.2
Total	**$40.0**	**$375.2**	**$410.5**	**$445.3**	**$478.4**	**$496.5**
Contribution Rate						
Employer	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Employee	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Total	**1.20%**	**1.20%**	**1.20%**	**1.20%**	**1.20%**	**1.20%**
Contributions ($ millions)						
Employer	$210.6	$219.5	$228.9	$238.8	$247.8	$257.2
Employee	$210.6	$219.5	$228.9	$238.8	$247.8	$257.2
Total	***$421.3***	***$439.0***	***$457.9***	***$477.6***	***$495.7***	***$514.5***
Investment Income ($ millions)	*$3.8*	*$4.5*	*$5.0*	*$5.4*	*$5.6*	*$5.8*
Fund Balance	$381.3	$448.9	$500.7	$537.9	$560.5	$584.0
Ratio Fund : Prior Year Expenditure		1122%	133%	131%	126%	122%

Option 7 – 90% income replacement, 7-day waiting period, 12-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
Medical		25,784	27,128	28,213	29,059	29,001
Total		***37,022***	***38,951***	***40,509***	***41,725***	***41,641***
Benefit Payments ($ millions)						
Family		$70.3	$76.9	$83.4	$89.6	$93.0
Medical		$191.4	$209.4	$227.1	$244.0	$253.2
Total		***$261.6***	***$286.3***	***$310.5***	***$333.6***	***$346.2***
Expenses ($ millions)						
Family		$3.7	$4.0	$4.4	$4.7	$4.9
Medical		$21.3	$23.3	$25.2	$27.1	$28.1
Total	**$40.0**	**$25.0**	**$27.3**	**$29.6**	**$31.8**	**$33.0**
Total Expenditure ($ millions)						
Family		$74.0	$80.9	$87.8	$94.3	$97.9
Medical		$212.6	$232.6	$252.4	$271.1	$281.4
Total	**$40.0**	**$286.6**	**$313.6**	**$340.1**	**$365.4**	**$379.3**
Contribution Rate						
Employer	0.46%	0.46%	0.46%	0.46%	0.46%	0.46%
Employee	0.46%	0.46%	0.46%	0.46%	0.46%	0.46%
Total	**0.92%**	**0.92%**	**0.92%**	**0.92%**	**0.92%**	**0.92%**
Contributions ($ millions)						
Employer	$161.3	$168.1	$175.3	$182.8	$189.8	$197.0
Employee	$161.3	$168.1	$175.3	$182.8	$189.8	$197.0
Total	***$322.6***	***$336.1***	***$350.6***	***$365.7***	***$379.5***	***$393.9***
Investment Income ($ millions)	*$2.8*	*$3.3*	*$3.8*	*$4.0*	*$4.2*	*$4.4*
Fund Balance	$282.6	$334.9	$375.3	$404.6	$422.7	$441.6
Ratio Fund : Prior Year Expenditure		837%	131%	129%	124%	121%

Option 8 – 90% income replacement, 7-day waiting period, 20-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
Medical		25,784	27,128	28,213	29,059	29,001
Total		***37,022***	***38,951***	***40,509***	***41,725***	***41,641***
Benefit Payments ($ millions)						
Family		$96.5	$105.6	$114.5	$123.1	$127.7
Medical		$236.5	$258.8	$280.7	$301.6	$313.0
Total		***$333.0***	***$364.4***	***$395.3***	***$424.6***	***$440.7***
Expenses ($ millions)						
Family		$5.1	$5.6	$6.0	$6.5	$6.7
Medical		$26.3	$28.8	$31.2	$33.5	$34.8
Total	**$40.0**	**$31.4**	**$34.3**	**$37.2**	**$40.0**	**$41.5**
Total Expenditure ($ millions)						
Family		$101.6	$111.2	$120.6	$129.5	$134.4
Medical		$262.8	$287.5	$311.9	$335.1	$347.8
Total	**$40.0**	**$364.4**	**$398.7**	**$432.5**	**$464.6**	**$482.2**
Contribution Rate						
Employer	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Employee	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Total	**1.16%**	**1.16%**	**1.16%**	**1.16%**	**1.16%**	**1.16%**
Contributions ($ millions)						
Employer	$204.5	$213.1	$222.2	$231.8	$240.6	$249.7
Employee	$204.5	$213.1	$222.2	$231.8	$240.6	$249.7
Total	***$408.9***	***$426.1***	***$444.5***	***$463.6***	***$481.1***	***$499.4***
Investment Income ($ millions)	*$3.7*	*$4.3*	*$4.8*	*$5.2*	*$5.4*	*$5.6*
Fund Balance	$368.9	$434.4	$484.5	$520.4	$542.2	$564.7
Ratio Fund : Prior Year Expenditure		1086%	133%	131%	125%	122%

Option 9 – 90% income replacement, 7-day waiting period, 26-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
Medical		25,784	27,128	28,213	29,059	29,001
Total		***37,022***	***38,951***	***40,509***	***41,725***	***41,641***
Benefit Payments ($ millions)						
Family		$108.8	$119.0	$129.1	$138.7	$144.0
Medical		$262.6	$287.4	$311.7	$334.9	$347.6
Total		***$371.4***	***$406.4***	***$440.9***	***$473.6***	***$491.6***
Expenses ($ millions)						
Family		$5.7	$6.3	$6.8	$7.3	$7.6
Medical		$29.2	$31.9	$34.6	$37.2	$38.6
Total	**$40.0**	**$34.9**	**$38.2**	**$41.4**	**$44.5**	**$46.2**
Total Expenditure ($ millions)						
Family		$114.5	$125.3	$135.9	$146.0	$151.6
Medical		$291.8	$319.3	$346.4	$372.1	$386.2
Total	**$40.0**	**$406.3**	**$444.6**	**$482.3**	**$518.1**	**$537.8**
Contribution Rate						
Employer	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Employee	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Total	**1.29%**	**1.29%**	**1.29%**	**1.29%**	**1.29%**	**1.29%**
Contributions ($ millions)						
Employer	$227.4	$236.9	$247.1	$257.8	$267.5	$277.7
Employee	$227.4	$236.9	$247.1	$257.8	$267.5	$277.7
Total	***$454.7***	***$473.9***	***$494.3***	***$515.5***	***$535.1***	***$555.4***
Investment Income ($ millions)	*$4.1*	*$4.9*	*$5.4*	*$5.8*	*$6.0*	*$6.3*
Fund Balance	$414.7	$486.4	$540.9	$579.6	$602.3	$625.9
Ratio Fund : Prior Year Expenditure		1216%	133%	130%	125%	121%

Option 10 – 90% income replacement, No waiting period, 12-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
Medical		30,944	32,556	33,858	34,874	34,804
Total		***42,182***	***44,380***	***46,155***	***47,540***	***47,444***
Benefit Payments ($ millions)						
Family		$70.3	$76.9	$83.4	$89.6	$93.0
Medical		$229.7	$251.3	$272.6	$292.8	$303.9
Total		***$299.9***	***$328.2***	***$356.0***	***$382.4***	***$396.9***
Expenses ($ millions)						
Family		$3.7	$4.0	$4.4	$4.7	$4.9
Medical		$25.5	$27.9	$30.3	$32.5	$33.8
Total	**$40.0**	**$29.2**	**$32.0**	**$34.7**	**$37.3**	**$38.7**
Total Expenditure ($ millions)						
Family		$74.0	$80.9	$87.8	$94.3	$97.9
Medical		$255.2	$279.2	$302.9	$325.4	$337.7
Total	**$40.0**	**$329.1**	**$360.1**	**$390.6**	**$419.7**	**$435.6**
Contribution Rate						
Employer	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
Employee	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
Total	**1.05%**	**1.05%**	**1.05%**	**1.05%**	**1.05%**	**1.05%**
Contributions ($ millions)						
Employer	$185.1	$192.9	$201.2	$209.8	$217.8	$226.0
Employee	$185.1	$192.9	$201.2	$209.8	$217.8	$226.0
Total	***$370.1***	***$385.7***	***$402.3***	***$419.6***	***$435.5***	***$452.0***
Investment Income ($ millions)	*$3.3*	*$3.9*	*$4.4*	*$4.7*	*$4.9*	*$5.1*
Fund Balance	$330.1	$390.0	$436.1	$469.4	$490.0	$511.4
Ratio Fund : Prior Year Expenditure		975%	133%	130%	125%	122%

Option 11 – 90% income replacement, No waiting period, 20-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
Medical		30,944	32,556	33,858	34,874	34,804
Total		***42,182***	***44,380***	***46,155***	***47,540***	***47,444***
Benefit Payments ($ millions)						
Family		$96.5	$105.6	$114.5	$123.1	$127.7
Medical		$283.8	$310.6	$336.9	$361.9	$375.6
Total		***$380.3***	***$416.2***	***$451.4***	***$485.0***	***$503.3***
Expenses ($ millions)						
Family		$5.1	$5.6	$6.0	$6.5	$6.7
Medical		$31.5	$34.5	$37.4	$40.2	$41.7
Total	**$40.0**	**$36.6**	**$40.1**	**$43.5**	**$46.7**	**$48.5**
Total Expenditure ($ millions)						
Family		$101.6	$111.2	$120.6	$129.5	$134.4
Medical		$315.4	$345.1	$374.3	$402.1	$417.4
Total	**$40.0**	**$417.0**	**$456.2**	**$494.9**	**$531.6**	**$551.8**
Contribution Rate						
Employer	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
Employee	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
Total	**1.33%**	**1.33%**	**1.33%**	**1.33%**	**1.33%**	**1.33%**
Contributions ($ millions)						
Employer	$233.5	$243.4	$253.8	$264.8	$274.8	$285.2
Employee	$233.5	$243.4	$253.8	$264.8	$274.8	$285.2
Total	***$467.1***	***$486.7***	***$507.7***	***$529.5***	***$549.6***	***$570.4***
Investment Income ($ millions)	*$4.3*	*$5.0*	*$5.6*	*$6.0*	*$6.2*	*$6.5*
Fund Balance	$427.1	$501.1	$557.6	$597.8	$621.7	$646.5
Ratio Fund : Prior Year Expenditure		1253%	134%	131%	126%	122%

Option 12 – 90% income replacement, No waiting period, 26-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
Medical		30,944	32,556	33,858	34,874	34,804
Total		***42,182***	***44,380***	***46,155***	***47,540***	***47,444***
Benefit Payments ($ millions)						
Family		$108.8	$119.0	$129.1	$138.7	$144.0
Medical		$315.2	$344.9	$374.1	$401.9	$417.1
Total		***$424.0***	***$463.9***	***$503.2***	***$540.6***	***$561.1***
Expenses ($ millions)						
Family		$5.7	$6.3	$6.8	$7.3	$7.6
Medical		$35.0	$38.3	$41.6	$44.7	$46.3
Total	**$40.0**	**$40.7**	**$44.6**	**$48.4**	**$52.0**	**$53.9**
Total Expenditure ($ millions)						
Family		$114.5	$125.3	$135.9	$146.0	$151.6
Medical		$350.2	$383.2	$415.7	$446.5	$463.5
Total	**$40.0**	**$464.7**	**$508.5**	**$551.6**	**$592.6**	**$615.0**
Contribution Rate						
Employer	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Employee	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Total	**1.48%**	**1.48%**	**1.48%**	**1.48%**	**1.48%**	**1.48%**
Contributions ($ millions)						
Employer	$260.0	$270.9	$282.6	$294.7	$305.9	$317.5
Employee	$260.0	$270.9	$282.6	$294.7	$305.9	$317.5
Total	***$520.0***	***$541.8***	***$565.1***	***$589.4***	***$611.8***	***$635.0***
Investment Income ($ millions)	*$4.8*	*$5.6*	*$6.2*	*$6.7*	*$6.9*	*$7.2*
Fund Balance	$480.0	$561.9	$624.1	$668.2	$694.1	$721.0
Ratio Fund : Prior Year Expenditure		1405%	134%	131%	126%	122%

Option 13 – 100% income replacement, 7-day waiting period, 12-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
Medical		26,889	28,290	29,421	30,304	30,243
Total		***38,609***	***40,620***	***42,245***	***43,512***	***43,425***
Benefit Payments ($ millions)						
Family		$83.7	$91.6	$99.3	$106.7	$110.7
Medical		$230.8	$252.6	$274.0	$294.3	$305.5
Total		***$314.5***	***$344.1***	***$373.3***	***$401.0***	***$416.2***
Expenses ($ millions)						
Family		$4.4	$4.8	$5.2	$5.6	$5.8
Medical		$25.6	$28.1	$30.4	$32.7	$33.9
Total	**$40.0**	**$30.1**	**$32.9**	**$35.7**	**$38.3**	**$39.8**
Total Expenditure ($ millions)						
Family		$88.1	$96.4	$104.5	$112.3	$116.6
Medical		$256.5	$280.6	$304.4	$327.0	$339.4
Total	**$40.0**	**$344.6**	**$377.0**	**$409.0**	**$439.3**	**$456.0**
Contribution Rate						
Employer	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
Employee	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
Total	**1.10%**	**1.10%**	**1.10%**	**1.10%**	**1.10%**	**1.10%**
Contributions ($ millions)						
Employer	$193.9	$202.0	$210.7	$219.8	$228.1	$236.8
Employee	$193.9	$202.0	$210.7	$219.8	$228.1	$236.8
Total	***$387.8***	***$404.1***	***$421.5***	***$439.6***	***$456.3***	***$473.6***
Investment Income ($ millions)	*$3.5*	*$4.1*	*$4.6*	*$4.9*	*$5.2*	*$5.4*
Fund Balance	$347.8	$410.8	$459.3	$494.5	$516.4	$539.1
Ratio Fund : Prior Year Expenditure		*1027%*	*133%*	*131%*	*126%*	*123%*

Option 14 – 100% income replacement, 7-day waiting period, 20-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
Medical		26,889	28,290	29,421	30,304	30,243
Total		***38,609***	***40,620***	***42,245***	***43,512***	***43,425***
Benefit Payments ($ millions)						
Family		$113.9	$124.6	$135.2	$145.2	$150.7
Medical		$282.5	$309.1	$335.2	$360.2	$373.8
Total		***$396.4***	***$433.7***	***$470.4***	***$505.4***	***$524.5***
Expenses ($ millions)						
Family		$6.0	$6.6	$7.1	$7.6	$7.9
Medical		$31.4	$34.3	$37.2	$40.0	$41.5
Total	**$40.0**	**$37.4**	**$40.9**	**$44.4**	**$47.7**	**$49.5**
Total Expenditure ($ millions)						
Family		$119.9	$131.2	$142.3	$152.9	$158.7
Medical		$313.8	$343.4	$372.5	$400.2	$415.3
Total	**$40.0**	**$433.7**	**$474.6**	**$514.8**	**$553.0**	**$574.0**
Contribution Rate						
Employer	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
Employee	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
Total	**1.38%**	**1.38%**	**1.38%**	**1.38%**	**1.38%**	**1.38%**
Contributions ($ millions)						
Employer	$242.4	$252.6	$263.4	$274.7	$285.2	$296.0
Employee	$242.4	$252.6	$263.4	$274.7	$285.2	$296.0
Total	***$484.7***	***$505.1***	***$526.8***	***$549.5***	***$570.3***	***$591.9***
Investment Income ($ millions)	*$4.4*	*$5.2*	*$5.8*	*$6.2*	*$6.4*	*$6.7*
Fund Balance	$444.7	$520.5	$578.0	$618.4	$641.9	$666.2
Ratio Fund : Prior Year Expenditure		*1301%*	*133%*	*130%*	*125%*	*120%*

Option 15 – 100% income replacement, 7-day waiting period, 26-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
Medical		26,889	28,290	29,421	30,304	30,243
Total		***38,609***	***40,620***	***42,245***	***43,512***	***43,425***
Benefit Payments ($ millions)						
Family		$134.2	$146.9	$159.3	$171.1	$177.6
Medical		$320.5	$350.7	$380.4	$408.7	$424.2
Total		***$454.8***	***$497.6***	***$539.8***	***$579.8***	***$601.8***
Expenses ($ millions)						
Family		$7.1	$7.7	$8.4	$9.0	$9.3
Medical		$35.6	$39.0	$42.3	$45.4	$47.1
Total	**$40.0**	**$42.7**	**$46.7**	**$50.7**	**$54.4**	**$56.5**
Total Expenditure ($ millions)						
Family		$141.3	$154.6	$167.7	$180.2	$187.0
Medical		$356.2	$389.7	$422.7	$454.1	$471.3
Total	**$40.0**	**$497.4**	**$544.3**	**$590.4**	**$634.3**	**$658.3**
Contribution Rate						
Employer	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
Employee	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
Total	**1.58%**	**1.58%**	**1.58%**	**1.58%**	**1.58%**	**1.58%**
Contributions ($ millions)						
Employer	$277.6	$289.3	$301.7	$314.7	$326.6	$339.0
Employee	$277.6	$289.3	$301.7	$314.7	$326.6	$339.0
Total	***$555.2***	***$578.6***	***$603.5***	***$629.4***	***$653.3***	***$678.0***
Investment Income ($ millions)	*$5.2*	*$6.0*	*$6.7*	*$7.1*	*$7.4*	*$7.7*
Fund Balance	$515.2	$601.5	$666.7	$712.4	$738.5	$765.6
Ratio Fund : Prior Year Expenditure		*1504%*	*134%*	*131%*	*125%*	*121%*

Option 16 – 100% income replacement, No waiting period, 12-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
Medical		32,269	33,951	35,309	36,368	36,295
Total		***43,989***	***46,281***	***48,132***	***49,576***	***49,477***
Benefit Payments ($ millions)						
Family		$83.7	$91.6	$99.3	$106.7	$110.7
Medical		$277.0	$303.1	$328.8	$353.2	$366.6
Total		***$360.7***	***$394.7***	***$428.1***	***$459.9***	***$477.4***
Expenses ($ millions)						
Family		$4.4	$4.8	$5.2	$5.6	$5.8
Medical		$30.8	$33.7	$36.5	$39.2	$40.7
Total	**$40.0**	**$35.2**	**$38.5**	**$41.8**	**$44.9**	**$46.6**
Total Expenditure ($ millions)						
Family		$88.1	$96.4	$104.5	$112.3	$116.6
Medical		$307.8	$336.8	$365.3	$392.5	$407.4
Total	**$40.0**	**$395.9**	**$433.2**	**$469.9**	**$504.8**	**$523.9**
Contribution Rate						
Employer	0.630%	0.630%	0.630%	0.630%	0.630%	0.630%
Employee	0.630%	0.630%	0.630%	0.630%	0.630%	0.630%
Total	**1.260%**	**1.260%**	**1.260%**	**1.260%**	**1.260%**	**1.260%**
Contributions ($ millions)						
Employer	$222.1	$231.4	$241.4	$251.8	$261.3	$271.2
Employee	$222.1	$231.4	$241.4	$251.8	$261.3	$271.2
Total	***$444.2***	***$462.9***	***$482.8***	***$503.5***	***$522.6***	***$542.4***
Investment Income ($ millions)	*$4.0*	*$4.8*	*$5.3*	*$5.7*	*$5.9*	*$6.2*
Fund Balance	$404.2	$475.2	$529.5	$568.5	$592.0	$616.4
Ratio Fund : Prior Year Expenditure		*1188%*	*134%*	*131%*	*126%*	*122%*

Option 17 – 100% income replacement, No waiting period, 20-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
Medical		32,269	33,951	35,309	36,368	36,295
Total		***43,989***	***46,281***	***48,132***	***49,576***	***49,477***
Benefit Payments ($ millions)						
Family		$113.9	$124.6	$135.2	$145.2	$150.7
Medical		$339.0	$370.9	$402.3	$432.2	$448.6
Total		***$452.9***	***$495.5***	***$537.5***	***$577.5***	***$599.3***
Expenses ($ millions)						
Family		$6.0	$6.6	$7.1	$7.6	$7.9
Medical		$37.7	$41.2	$44.7	$48.0	$49.8
Total	**$40.0**	**$43.7**	**$47.8**	**$51.8**	**$55.7**	**$57.8**
Total Expenditure ($ millions)						
Family		$119.9	$131.2	$142.3	$152.9	$158.7
Medical		$376.6	$412.1	$447.0	$480.2	$498.5
Total	**$40.0**	**$496.5**	**$543.3**	**$589.3**	**$633.1**	**$657.1**
Contribution Rate						
Employer	0.788%	0.788%	0.788%	0.788%	0.788%	0.788%
Employee	0.788%	0.788%	0.788%	0.788%	0.788%	0.788%
Total	**1.575%**	**1.575%**	**1.575%**	**1.575%**	**1.575%**	**1.575%**
Contributions ($ millions)						
Employer	$277.6	$289.3	$301.7	$314.7	$326.6	$339.0
Employee	$277.6	$289.3	$301.7	$314.7	$326.6	$339.0
Total	***$555.2***	***$578.6***	***$603.5***	***$629.4***	***$653.3***	***$678.0***
Investment Income ($ millions)	*$5.2*	*$6.0*	*$6.7*	*$7.2*	*$7.4*	*$7.7*
Fund Balance	$515.2	$602.4	$668.6	$715.3	$742.6	$771.0
Ratio Fund : Prior Year Expenditure		*1506%*	*135%*	*132%*	*126%*	*122%*

Option 18 – 100% income replacement, No waiting period, 26-week benefit period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)	$35,252	$36,735	$38,315	$39,962	$41,478	$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
Medical		32,269	33,951	35,309	36,368	36,295
Total		***43,989***	***46,281***	***48,132***	***49,576***	***49,477***
Benefit Payments ($ millions)						
Family		$134.2	$146.9	$159.3	$171.1	$177.6
Medical		$384.7	$420.9	$456.6	$490.5	$509.1
Total		***$518.9***	***$567.8***	***$615.9***	***$661.6***	***$686.7***
Expenses ($ millions)						
Family		$7.1	$7.7	$8.4	$9.0	$9.3
Medical		$42.7	$46.8	$50.7	$54.5	$56.6
Total	**$40.0**	**$49.8**	**$54.5**	**$59.1**	**$63.5**	**$65.9**
Total Expenditure ($ millions)						
Family		$141.3	$154.6	$167.7	$180.2	$187.0
Medical		$427.4	$467.7	$507.3	$545.0	$565.7
Total	**$40.0**	**$568.7**	**$622.3**	**$675.0**	**$725.1**	**$752.6**
Contribution Rate						
Employer	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%
Employee	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%
Total	**1.805%**	**1.805%**	**1.805%**	**1.805%**	**1.805%**	**1.805%**
Contributions ($ millions)						
Employer	$318.1	$331.5	$345.8	$360.7	$374.3	$388.5
Employee	$318.1	$331.5	$345.8	$360.7	$374.3	$388.5
Total	***$636.3***	***$663.1***	***$691.6***	***$721.3***	***$748.7***	***$777.1***
Investment Income ($ millions)	*$6.0*	*$7.0*	*$7.7*	*$8.3*	*$8.6*	*$8.9*
Fund Balance	$596.3	$696.6	$772.9	$826.9	$858.8	$891.8
Ratio Fund : Prior Year Expenditure		*1742%*	*136%*	*133%*	*127%*	*123%*

Other Considerations

This section includes other important considerations for the Maine PFML program, including private insurance options, benefit design, eligibility, and small employer exemptions.

Private Options

If private PFML options exist in addition to the State Fund, some employers may find these options more appealing than the State Fund for several reasons. For example, as discussed in our letter from July 1, 2022, large employers are often motivated by the desire to simplify administration and to keep an integrated approach for managing their leave policies (which may include sick leave, disability, FMLA, ADAAA, etc. in addition to state-mandated benefits in multiple states). Large employers may find it easier and more convenient to purchase PFML from the insurer that already administers the leave policy. This means there could be a bias of smaller employers that provide PFML benefits through the State Fund. In addition, depending on how the private options are structured, there could be competitive dynamics and adverse selection risk issues to consider—for example, adverse selection risk issues can arise if insurers set their own PFML premium rates and vary these rates by employer based on risk characteristics such as industry classification, and if the State plan uses a single community contribution rate applicable to all participating employers.

Benefit Design

We analyzed the impact of including safe leave as a permissible PFML leave. According to the US Department of Labor, domestic violence in the US results in approximately 8 million lost days of work per year. By assuming roughly 130 million workers in the US, we have estimated the impact to include safe leave is a 1% increase in PFML claim costs. Therefore, we would recommend increasing the contribution rates by 1% (i.e., a multiplicate factor of 1.01) to include safe leave.

We also analyzed the impact to include affinity definitions in the definition of family member. We believe the impact would be relatively small because only non-bonding family care claims would be impacted, and these claims typically represent a small percentage of total PFML claims (less than 10%). Also, affinity relations would likely represent a small percentage of total eligible family members. For these reasons, we believe adding affinity relations to the definition of family member would increase claims costs by a modest amount, and we would recommend increasing contribution rates by 1% (i.e., a multiplicate factor of 1.01) to include affinity relations.

The Commission may wish to consider a combined benefit period limit in excess of the number of weeks available for PML and PFL on their own (e.g., up to 12 weeks each and a combined limit of 16 weeks). This approach of defining separate benefit periods for PFL and PML with a combined limit ensures that employees can take both PML and PFL within a 12-month period, if necessary, and is relatively common in other PFML programs.

The Commission may also wish to consider a tiered benefit structure that provides higher income replacement for lower-wage workers, and grades down for salaries above a specified threshold. A common threshold in other PFML programs is 50% of the state average weekly wage. For example, a tiered structure could provide 80% (or 90% or 100%) of wages up to an amount equal to 50% of the state average weekly wage, plus 50% of a wages above an amount equal to 50% of the state average weekly wage, subject to the maximum benefit amount. This structure ensures that low wage workers receive the full income replacement benefit, and it mitigates the risk that high replacement ratios will provide a disincentive for higher-wage employees to return to work in timely fashion.

Eligibility

The projections shown above assume that all Maine employees are eligible for PFML benefits, and that self-employed individuals can opt-in. If the eligibility requirements included earnings thresholds such as California (low earnings threshold of $300) or Connecticut (high earnings threshold of $2,325), we believe the contribution rates shown above would still be reasonable for the different program options. We would not expect the demographic mix of eligible employees to be significantly different under the different earnings thresholds, because only a small percentage of Maine workers would be ineligible. According to the 2019 American Community Survey, approximately 5.5% of Maine workers earn below $2,500 annually, which is higher than the Connecticut earnings threshold. Excluding these workers would result in slightly higher average weekly benefit amounts; however, it could also result in lower incidence rates if the ineligible employees represent younger workers who are more likely to take maternity or bonding leaves of absence.

Small Employer Exemption

Analyzing the impact to include small employer exemptions has been challenging due to the lack of data available to support this analysis. The contribution rates would likely need to be increased in order to subsidize these exemptions. The Commission is interested in analyzing the impact to include small employer exemptions for different thresholds—50 or fewer employees, 25 or fewer employees, and 10 or fewer employees. We will continue to search for meaningful data to perform this analysis, and will work with the Commission to determine the best approach for modeling these scenarios.

Appendix A: Data, Assumptions, and Methods

Maine employment data from 2021 was provided to Milliman by the Maine Center for Workforce Research and Information, and was used to develop assumptions for eligible employees and taxable wages. The data included a distribution of employees and average wages by age and gender. We have assumed that the number of eligible employees will increase by 3.4% between 2021 and 2025, and that total wages will increase by 22.7% between 2021 and 2025 based on employment forecasts from the Consensus Economic Forecasting Commission. The following table shows the number of eligible employees assumed in 2025 by age and gender.

Table A.1
Assumed Eligible Employees in 2025

Age Band	All Employees			Public Employer Exemption		
	Female	Male	Total	Female	Male	Total
< 25	40,174	36,090	76,264	38,042	34,358	72,400
25 - 34	60,128	59,993	120,121	53,331	55,041	108,373
35 - 44	61,563	59,377	120,940	51,223	52,958	104,182
45 - 54	63,366	58,215	121,580	51,200	50,397	101,597
55 - 64	63,533	57,453	120,987	50,579	49,412	99,991
65 <	22,112	24,378	46,490	17,711	20,257	37,968
Total	**310,877**	**295,506**	**606,383**	**262,086**	**262,424**	**524,510**

The population of eligible employees is assumed to decrease between 2025 and 2029 based on the growth rates shown in Table A.2. These assumptions were developed from Maine employment forecasts from the Consensus Economic Forecasting Commission and the Center for Workforce Research and Information:

Table A.2
Employment Growth Rates

Year	Growth Rate
2025	0.2%
2026	0.0%
2027	0.0%
2028	-0.2%
2029	-0.2%

We developed morbidity assumptions (i.e., claim incidence rates and claim durations) based on the PFML incidence rates and claim durations in states with existing programs, adjusted for differences in benefit design. Tables A.3, A.4, and A.5 show the claim incidence rates assumed in our analysis. These rates were used to project the number of claims approved for benefits each year based on the number of eligible employees in that year. The incidence rates vary by age, gender, income replacement, leave type (i.e., family leave and medical leave), and waiting period (for paid medical leave). The PFL and PML incidence rates are higher for younger female employees than for older female employees due to the prevalence of bonding and maternity claims. Also, the PFL incidence rates are higher for male employees ages 25-44 due to bonding.

Table A.3 **Claim Incidence Rates per 1,000 Covered Employees** Paid Family Leave						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	12.20	3.40	12.59	3.50	13.12	3.65
25 - 34	81.52	30.64	84.09	31.60	87.69	32.96
35 - 44	39.81	20.64	41.06	21.29	42.82	22.20
45 - 54	5.80	4.21	5.98	4.34	6.24	4.53
55 - 64	5.79	2.13	5.97	2.20	6.22	2.29
65 +	2.77	2.51	2.86	2.59	2.98	2.70

Table A.4 **Claim Incidence Rates per 1,000 Covered Employees** Paid Medical Leave – No Waiting Period						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	62.12	9.34	64.07	9.63	66.82	10.05
25 - 34	116.59	18.54	120.26	19.13	125.41	19.94
35 - 44	81.59	23.28	84.15	24.01	87.76	25.04
45 - 54	62.24	37.64	64.20	38.82	66.95	40.49
55 - 64	65.26	52.80	67.31	54.46	70.20	56.80
65 +	70.12	62.23	72.33	64.19	75.43	66.94

Table A.5 **Claim Incidence Rates per 1,000 Covered Employees** Paid Medical Leave – 7-day Waiting Period						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	51.76	7.78	53.39	8.03	55.67	8.37
25 - 34	97.15	15.45	100.21	15.94	104.50	16.62
35 - 44	67.98	19.40	70.12	20.01	73.12	20.86
45 - 54	51.86	31.36	53.49	32.35	55.79	33.73
55 - 64	54.38	44.00	56.09	45.38	58.49	47.33
65 +	58.43	51.86	60.27	53.49	62.85	55.78

Tables A.6 – A.11 show the PFML claim durations assumed in our analysis, in weeks. These durations vary by age, gender, benefit period, income replacement, and leave type, and reflect an assumption that average bonding durations are longer than other family leave durations, and that average maternity durations are shorter than other medical leave durations.

Table A.6 Claim Durations in Weeks Paid Family Leave – 12 Week Benefit Period						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	9.40	9.40	10.44	10.44	11.49	11.49
25 - 34	9.40	9.40	10.44	10.44	11.49	11.49
35 - 44	8.50	8.50	9.44	9.44	10.39	10.39
45 - 54	7.60	7.60	8.44	8.44	9.29	9.29
55 - 64	7.60	7.60	8.44	8.44	9.29	9.29
65 +	7.60	7.60	8.44	8.44	9.29	9.29

Table A.7 Claim Durations in Weeks Paid Family Leave – 20 Week Benefit Period						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	10.44	10.44	11.49	11.49	12.53	12.53
25 - 34	10.44	10.44	11.49	11.49	12.53	12.53
35 - 44	9.44	9.44	10.39	10.39	11.33	11.33
45 - 54	8.44	8.44	9.29	9.29	10.13	10.13
55 - 64	8.44	8.44	9.29	9.29	10.13	10.13
65 +	8.44	8.44	9.29	9.29	10.13	10.13

Table A.8 Claim Durations in Weeks Paid Family Leave – 26 Week Benefit Period						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	11.49	11.49	12.53	12.53	13.58	13.58
25 - 34	11.49	11.49	12.53	12.53	13.58	13.58
35 - 44	10.39	10.39	11.33	11.33	12.28	12.28
45 - 54	9.29	9.29	10.13	10.13	10.98	10.98
55 - 64	9.29	9.29	10.13	10.13	10.98	10.98
65 +	9.29	9.29	10.13	10.13	10.98	10.98

Table A.9 **Claim Durations in Weeks** Paid Medical Leave – 12 Week Benefit Period						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	7.94	9.42	8.82	10.47	9.71	11.51
25 - 34	7.94	9.42	8.82	10.47	9.71	11.51
35 - 44	8.68	9.42	9.65	10.47	10.61	11.51
45 - 54	9.42	9.42	10.47	10.47	11.51	11.51
55 - 64	9.42	9.42	10.47	10.47	11.51	11.51
65 +	9.42	9.42	10.47	10.47	11.51	11.51

Table A.10 **Claim Durations in Weeks** Paid Medical Leave – 20 Week Benefit Period						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	8.82	10.47	9.71	11.51	10.59	12.56
25 - 34	8.82	10.47	9.71	11.51	10.59	12.56
35 - 44	9.65	10.47	10.61	11.51	11.57	12.56
45 - 54	10.47	10.47	11.51	11.51	12.56	12.56
55 - 64	10.47	10.47	11.51	11.51	12.56	12.56
65 +	10.47	10.47	11.51	11.51	12.56	12.56

Table A.11 **Claim Durations in Weeks** Paid Medical Leave – 26 Week Benefit Period						
Age Band	**80% Income Replacement**		**90% Income Replacement**		**100% Income Replacement**	
	Female	Male	Female	Male	Female	Male
< 25	9.71	11.51	10.59	12.56	11.47	13.61
25 - 34	9.71	11.51	10.59	12.56	11.47	13.61
35 - 44	10.61	11.51	11.57	12.56	12.54	13.61
45 - 54	11.51	11.51	12.56	12.56	13.61	13.61
55 - 64	11.51	11.51	12.56	12.56	13.61	13.61
65 +	11.51	11.51	12.56	12.56	13.61	13.61

Tables A.12 and A.13 shows the average weekly benefit amounts assumed in 2025, based on Maine employee wages from 2021, adjusted for assumed wage growth between 2021 and 2025. Generally speaking, the assumed average weekly benefit amounts are higher for programs that include public employer exemptions. The average weekly benefit amount for employees whose average salary exceeds the state average weekly wage is equal to the maximum weekly benefit amount of $1,148 (i.e., the assumed state average weekly wage in 2025).

Table A.12 Assumed Average Weekly Benefit Amounts in 2025 All Employees						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	Female	Male	Female	Male	Female	Male
< 25	$327	$414	$368	$466	$409	$518
25 - 34	$632	$765	$711	$860	$790	$956
35 - 44	$777	$1,024	$874	$1,148	$972	$1,148
45 - 54	$822	$1,148	$925	$1,148	$1,027	$1,148
55 - 64	$781	$1,148	$878	$1,148	$976	$1,148
65 +	$551	$819	$620	$921	$688	$1,024

Table A.13 Assumed Average Weekly Benefit Amounts in 2025 Public Employer Exclusion						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	Female	Male	Female	Male	Female	Male
< 25	$324	$412	$365	$464	$405	$515
25 - 34	$633	$768	$712	$864	$792	$960
35 - 44	$792	$1,046	$891	$1,148	$990	$1,148
45 - 54	$838	$1,148	$943	$1,148	$1,048	$1,148
55 - 64	$793	$1,148	$892	$1,148	$991	$1,148
65 +	$545	$857	$613	$964	$681	$1,071

We calculated expected PFL and PML benefit payments separately by multiplying the expected number of claims by the expected claim durations by the average benefit amounts for every age/gender combination. We then calculated total PFML benefit payments by first summing the expected PFL and PML benefit payments, then adjusting these values by the factors shown below to account for the combined maximum benefit period of 12 weeks, 20 weeks, and 26 weeks. The factors were developed from a stochastic model that projected 10,000 PFML claims based on the morbidity assumptions described above. The model output was used to determine the likelihood that both a family leave and medical leave claim are incurred by the same employee within a 12-month period. The factors shown below are lowest for younger female employees because they are most likely to take both a medical and family leave of absence within a 12-month period for maternity and bonding. Also, the factors are lower for programs with higher income replacement ratios because which are assumed to have longer claim durations, thus the likelihood of reaching the combined maximum benefit period is higher.

Table A.14
PFML Adjustment Factors for Combined Maximum Benefit Period
80% Income Replacement Ratio

Age Band	Baseline		Option 1		Option 2	
	Female	Male	Female	Male	Female	Male
< 25	69%	100%	100%	100%	100%	100%
25 - 34	69%	99%	100%	100%	100%	100%
35 - 44	70%	99%	100%	100%	100%	100%
45 - 54	100%	100%	100%	100%	100%	100%
55 - 64	100%	100%	100%	100%	100%	100%
65 +	100%	100%	100%	100%	100%	100%

Table A.15
PFML Adjustment Factors for Combined Maximum Benefit Period
90% Income Replacement Ratio

Age Band	Baseline		Option 1		Option 2	
	Female	Male	Female	Male	Female	Male
< 25	62%	100%	94%	100%	100%	100%
25 - 34	62%	99%	94%	100%	100%	100%
35 - 44	63%	99%	95%	100%	100%	100%
45 - 54	100%	100%	100%	100%	100%	100%
55 - 64	100%	100%	100%	100%	100%	100%
65 +	100%	100%	100%	100%	100%	100%

Table A.16
PFML Adjustment Factors for Combined Maximum Benefit Period
100% Income Replacement Ratio

Age Band	Baseline		Option 1		Option 2	
	Female	Male	Female	Male	Female	Male
< 25	57%	100%	86%	100%	100%	100%
25 - 34	57%	99%	86%	100%	100%	100%
35 - 44	57%	99%	87%	100%	100%	100%
45 - 54	100%	100%	100%	100%	100%	100%
55 - 64	100%	99%	100%	100%	100%	100%
65 +	100%	100%	100%	100%	100%	100%

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October 31, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

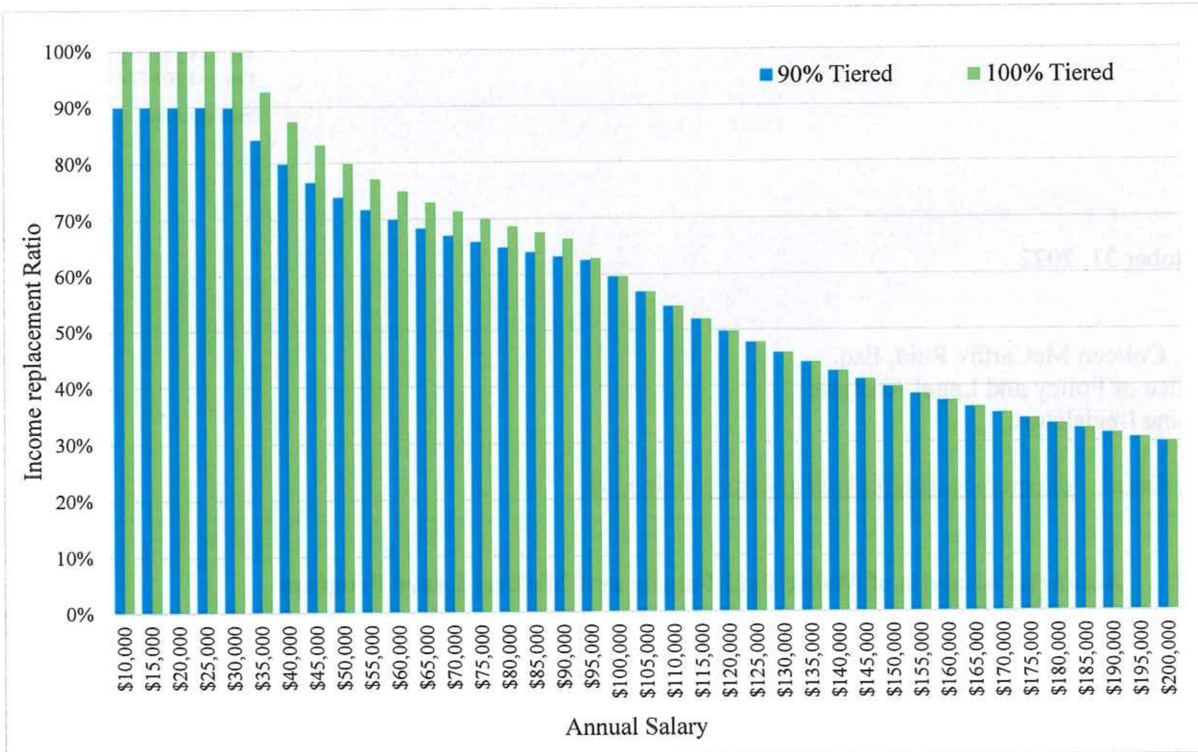
During our meeting with the Maine Commission to Develop a Paid Family and Medical Leave (PFML) Benefits Program on October 11, 2022, we discussed new design options for the Maine PFML program. These options include a tiered benefit structure and small business exemptions, as well as other provisions that differ from the Commission's original PFML Proposal. Since then, we have analyzed the expected claim costs, and we have estimated the required contribution rates for these new design options. This letter contains the results of our analysis, along with other important considerations related to the funding and design of the Maine PFML program.

New PFML Program Options

In our original analysis – which was provided to the Commission in Milliman's report dated August 15, 2022 – we assumed Maine PFML benefits would replace a flat percentage of income (i.e., 80%, 90%, or 100%) up to an amount equal to the state average weekly wage. For this analysis, we assumed the Maine PFML program will feature a tiered benefit structure that provides 90% or 100% of income replacement up to 50% of the state average weekly wage, plus 50% of wages above 50% of the state average weekly wage[1], up to an amount equal to the state average weekly wage. The graph in Figure 1 shows the total income replacement ratios at different salary levels corresponding to the 90% tiered and 100% tiered benefit structures. The two inflection points in the graph represent (1) the salary threshold of 50% of the state average weekly wage (i.e., when the replacement ratio begins to decrease from 90% or 100%), and (2) the salary threshold for qualifying for the maximum benefit amount (i.e., when the slope of the curve steepens because the benefit amount is no longer increasing with salary).

[1] This type of structure was adopted in Washington and Colorado, and is similar to the structures in Massachusetts, The District of Columbia, Oregon, and Maryland.

Figure 1: Tiered Benefits Income Replacement Ratios by Annual Salary



The tiered structure provides higher total income replacement to low wage workers than to higher paid workers. It also provides at least 60% income replacement to workers who earn up to $100,000 per year.

We also assumed the following other program features that are different than in our prior work, in part, based on guidance from the Commission:

- Safe leaves are included in the definition of permissible leaves.
- Employees can receive benefits for up to 12 weeks within a 12-month period for family, medical, and safe leaves of absence, for a combined maximum benefit period of 16 weeks.
- The definition of family member includes relations by affinity.
- Our prior analysis included a high-level estimate of start-up expenses equal to $40 million based on other state programs. Since then, we have been provided with an estimate of PFML expenses from the Paid Family Medical Leave Citizen Initiative Fiscal Estimate developed by the Maine Department of Labor. We are now assuming $65 million in start-up expenses based on this Fiscal Estimate.

As in our prior work, we considered different options for the waiting period – one option that includes a 7-day waiting period for medical claims and another that does not include a waiting period. The estimated contribution rates for these new program options are provided below in Table 1:

Table 1 Estimated Contribution Rates Basis: Taxable Wages up to Social Security Maximum Wage Limit		
Benefit Percent	**Waiting Period**	**Contribution Rate**
90% Tiered	7-days (medical)	0.75%
90% Tiered	None	0.84%
100% Tiered	7-days (medical)	0.88%
100% Tiered	None	1.00%

We also considered different options for small employer exemptions – one that exempts employers with fewer than 15 employees from paying the employer portion of contributions[2], and another that does not include small employer exemptions. The following table shows our estimated contribution rates for the different program options both with and without small employer exemptions, in which we assumed that employers would contribute 25% of total costs and employees would contribute 75% of total costs. The actual cost sharing formula has not yet been determined, and the assumed allocation is based loosely on other states where the employee contributions tend to be higher than the employer contributions[3].

Table 2 Estimated Maine PFML Contribution Rates Basis: Taxable Wages up to Social Security Maximum Wage Limit				
Benefit Percent	**Waiting Period**	**Small Employer Exemption**	**Employer Rate**	**Employee Rate**
90% Tiered	7-days (medical)	Yes	0.22%	0.56%
90% Tiered	None	Yes	0.25%	0.63%
100% Tiered	7-days (medical)	Yes	0.26%	0.66%
100% Tiered	None	Yes	0.30%	0.75%
90% Tiered	7-days (medical)	No	0.19%	0.56%
90% Tiered	None	No	0.21%	0.63%
100% Tiered	7-days (medical)	No	0.22%	0.66%
100% Tiered	None	No	0.25%	0.75%

The contribution rates for employers are higher when small employer exemptions are included because employers with 15 or more employees are expected to subsidize these exemptions, and because the employer share of costs is 25% in both cases. On the other hand, the employee contribution rates are the same in both cases because employees are assumed to contribute 75% of costs regardless of small employer exemptions. The overall contribution rate (i.e., the ratio of total contributions from employers and employees to total taxable wages) is in the range of 0.75% to 1.00% and varies by benefit design but does not depend on small employer exemptions (because the expected claim costs are the same whether small employer exemptions are included or not). Note that the overall contribution rates in Table 1 can be obtained by adding the employer and employee contribution rates that do not include provisions for small employer exemptions in the last four rows of Table 2.

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[2] Based on the definition of small employer in the Maine Family and Medical Leave law.

[3] In most states, employees contribute the full cost for family leave and split costs with the employer for medical leave.

Appendix A of this letter contains financial projections corresponding to the program options and contribution rates included in Table 1, and Appendix B contains additional detail on the assumptions and data used in our analysis.

Other Considerations

This section contains other important considerations for the Maine PFML program.

1. Target Fund Balance

The contribution rates in Table 1 were developed by targeting a fund balance in the range of 120% to 125% of the previous year's expenditure during the program's initial years. For comparison, we researched the funding policies in states with PFML legislation. In many cases, the policies include specific targets or minimum requirements for the PFML fund balance, as well as specific formulas for calculating contribution rates. We noticed that states with more tenured programs target lower fund balances than newer programs. For example, in California (effective 1946 for medical and 2004 for family) the target fund balance is in the range of 25% to 50% of the previous year's total expenditure, whereas in Massachusetts (effective 2021) the target fund balance is 140% of the previous year's total expenditure.

A higher initial target seems reasonable for new programs because there is uncertainty around utilization and claim costs when benefits first begin. In addition, we have observed claim incidence rates grade up gradually for new programs, and it may make sense to set a higher target in the initial years to mitigate the risk of underestimating the ultimate claim experience of the program. Over time, as experience emerges, it may make sense to reduce the target fund balance because there is less uncertainty as claim experience stabilizes. In doing so, we would expect the contribution rates could also be lowered.

The PFML funding policies in several other states are summarized below:

California (Medical 1946 / Family 2004)[4]

- Target fund balance in the range of 25% to 50% of previous year's disbursements.
- Contribution rate formula: (145% of Previous Year Disbursements minus Fund Balance) divided by Taxable Wages.
- Contribution rate is capped at 1.5% of taxable wages.
- Rate reductions capped at 0.2%.
- Rates can be adjusted by +/- 0.1% if deemed necessary to maintain funding objectives.

New York (Medical 1949 / Family 2018)[5]

- Minimum fund balance of $12 million.
- Disability premium rate is 0.5% of wages up to $0.60 per week.
- State sets PFL contribution rate annually based on historical experience and "sound actuarial principles".

[4] Overview of California's Paid Family Leave Program, State of California Employment Development Department, 2022
[5] New York Workers' Compensation Law, Article 9 Disability Benefits, Sections 209 and 214

New Jersey (Medical 1948 / Family 2009)[6]

- If the account designated to paying benefits is in deficit of $200,000 or more as of December 31st, the Division can assess a charge to employers for covering the deficit.

Massachusetts (2021)

- State sets PFML contribution rate annually based on historical experience and a target fund level of no less than 140% of the previous fiscal year's expenditure for benefits and administration.

Washington (2020)[7]

- Contribution rates are determined annually based on the fund balance ratio as of September 30th of the previous year.
- The rates range from 0.1% to 0.6% depending on the fund balance ratio. The 2022 rate is 0.6%.
- A solvency surcharge is assessed in years when fund ratio is too low
- A solvency surcharge of 0.2% was assessed in 2022, bringing the contribution rate up to 0.8% for 2023.

Colorado (2023)[8]

- State sets premium rate such that total contributions equal to 135% of benefits paid during the preceding year, plus 100% of expenses during the preceding year, minus the fund balance as of December 31 of the preceding year.
- Contribution rate is capped at 1.2% of taxable wages.

2. Bonding Claims for Birth or Adoption Prior to Effective Date

Another important funding consideration is whether employees will be eligible for PFML benefits to bond with children born, adopted, or fostered before the effective date of benefits. For example, if benefits begin in 2025, would employees who have new children in 2024 be eligible for benefits to bond with these children? The impact of these claims on program costs in the first year can be material, as seen in other states with similar provisions. Our estimated contribution rates in Table 1 assume that these claims would not be eligible for PFML benefits, and the rates would need to be adjusted if we were to assume otherwise.

3. Impact of Private Insurance Options

The estimated contribution rates in Table 1 are based on expected claim costs developed, in part, from PFML claim experience in other jurisdictions that have mandated benefits. Most of these jurisdictions (except for Rhode Island and District of Columbia) allow employers to provide benefits through private insurance options, although the structure of these options varies significantly. Some states allow insurers to develop their own PFML premium rates whereas other states determine (or place limits on) the premium rates for private plans. The ultimate structure of private options for Maine PFML will likely have an impact

[6] New Jersey Temporary Disability Benefits Law, Section 43 :21-46. State disability benefits fund
[7] Washington Legislation RCW 50A.10.030 Premiums-Solvency surcharge-Limitation on local regulation
[8] Massachusetts Laws c.175M Section 7, Family and Employment Security Trust Fund

on employer participation in these options, and it may impact the costs and funding requirements for benefits provided through the state fund. For example, PFML claim incidence rates tend to be higher for larger employers, and these employers may be more likely to elect private plans, as discussed in our letter from July 1, 2022. Also, if insurers are allowed to determine their own premium rates and vary these rates by employer, then there may be adverse selection risk issues if benefits provided through the state fund are based on a single community rate. We did not include an explicit adjustment for private insurance options in our analysis of the Maine PFML program, in part, because the PFML claim experience from other states largely reflects these dynamics, and because the ultimate structure and employer participation levels are unknown.

Next Steps

We look forward to discussing this information with the Commission during our next meeting on Tuesday, November 1, 2022. We understand that the ultimate design of the PFML program may be different than the options assumed herein, and we are happy to model other scenarios for the Commission to consider.

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Legislative Council with information about PFML benefits, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, as well as on public information from various sources. Milliman did not audit or independently verify any of the information furnished, except that we did review the data for reasonableness and consistency. To the extent that any of the data or other information supplied to us was incorrect or inaccurate, the results of our analysis could be materially affected.

The results of our analysis are based on carefully constructed assumptions and methodologies that have been described in this report. Actual experience, however, will differ from those assumptions. As such, actual results will vary from the estimates provided and the cost of the proposed PFML program may be either higher or lower than the amounts illustrated in this report. In preparing this information, we have utilized actuarial models as defined by Actuarial Standards of Practice. The intended purpose of these models is to project future claim costs for paid family and medical leave benefits.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.corriea@milliman.com or (207) 771-1204. Thank you.

Sincerely,

Paul Correia, FSA, MAAA
Principal and Consulting Actuary

Appendix A
Financial Projections

This appendix includes financial projections corresponding to the Maine PFML program options and contribution rates that reflect small employer exemptions in Table 1. The projections are similar to those included in Milliman's report to the Commission on August 15, 2022; however, we added a projection of taxable wages for employers with fewer than 15 employees based on data provided to Milliman by the Maine Department of Labor, and we calculated the contributions from employers and employees by assuming the program will include small employer exemptions.

The following projections are included in the appendix:

- **Projection 1** – 90% Tiered / 7-day Waiting Period for Medical
- **Projection 2** – 90% Tiered / No Waiting Period
- **Projection 3** – 100% Tiered / 7-day Waiting Period for Medical
- **Projection 4** – 100% Tiered / No Waiting Period

Projection 1
90% Tiered / 7-day Waiting Period for Medical

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		10,760	11,320	11,773	12,126	12,102
Medical		24,200	25,461	26,479	27,274	27,219
Total		***34,960***	***36,781***	***38,252***	***39,400***	***39,321***
Benefit Payments ($ millions)						
Family		$62.5	$68.3	$74.1	$79.6	$82.7
Medical		$150.4	$164.5	$178.5	$191.7	$199.0
Total		***$212.8***	***$232.9***	***$252.6***	***$271.4***	***$281.7***
Expenses ($ millions)						
Family		$3.3	$3.6	$3.9	$4.2	$4.4
Medical		$13.1	$14.3	$15.5	$16.7	$17.3
Total	**$65.0**	**$16.4**	**$17.9**	**$19.4**	**$20.9**	**$21.7**
Total Expenditure ($ millions)						
Family		$65.7	$71.9	$78.0	$83.8	$87.0
Medical		$163.4	$178.8	$194.0	$208.4	$216.3
Total	**$65.0**	**$229.2**	**$250.8**	**$272.0**	**$292.2**	**$303.3**
Contribution Rate						
Employer	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%
Employee	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Overall*	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Contributions ($ millions)						
Employer	$65.7	$68.5	$71.4	$74.5	$77.3	$80.3
Employee	$197.1	$205.4	$214.2	$223.5	$231.9	$240.7
Total	***$262.8***	***$273.9***	***$285.7***	***$298.0***	***$309.3***	***$321.0***
Investment Income ($ millions)	*$2.0*	*$2.4*	*$2.8*	*$3.1*	*$3.3*	*$3.5*
EOY Fund Balance ($ millions)	$197.8	$244.5	$281.8	$310.6	$330.7	$351.7
Target Fund Balance ($ millions)			$275.0	$300.9	$326.4	$350.7
Fund Balance % of Prior Year Expenditure			123%	124%	122%	120%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of the employer and employee contribution rates due to small employer exemptions.

Projection 2
90% Tiered / No Waiting Period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		10,760	11,320	11,773	12,126	12,102
Medical		29,043	30,556	31,778	32,731	32,666
Total		***39,802***	***41,876***	***43,551***	***44,858***	***44,768***
Benefit Payments ($ millions)						
Family		$62.5	$68.3	$74.1	$79.6	$82.7
Medical		$180.5	$197.5	$214.2	$230.1	$238.8
Total		***$242.9***	***$265.8***	***$288.3***	***$309.7***	***$321.5***
Expenses ($ millions)						
Family		$3.3	$3.6	$3.9	$4.2	$4.4
Medical		$15.7	$17.2	$18.6	$20.0	$20.8
Total	**$65.0**	**$19.0**	**$20.8**	**$22.5**	**$24.2**	**$25.1**
Total Expenditure ($ millions)						
Family		$65.7	$71.9	$78.0	$83.8	$87.0
Medical		$196.2	$214.6	$232.8	$250.1	$259.6
Total	**$65.0**	**$261.9**	**$286.6**	**$310.8**	**$333.9**	**$346.6**
Contribution Rate						
Employer	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Employee	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Overall*	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Contributions ($ millions)						
Employer	$74.2	$77.4	$80.7	$84.2	$87.3	$90.7
Employee	$222.7	$232.0	$242.0	$252.4	$262.0	$271.9
Total	***$296.9***	***$309.4***	***$322.7***	***$336.6***	***$349.3***	***$362.6***
Investment Income ($ millions)	*$2.3*	*$2.8*	*$3.2*	*$3.5*	*$3.7*	*$3.9*
EOY Fund Balance ($ millions)	$231.9	$281.7	$320.7	$349.6	$368.6	$388.2
Target Fund Balance ($ millions)			$314.3	$343.9	$373.0	$400.7
Fund Balance % of Prior Year Expenditure			122%	122%	119%	116%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 3
100% Tiered / 7-day Waiting Period for Medical

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		10,905	11,473	11,932	12,289	12,265
Medical		24,526	25,804	26,836	27,641	27,586
Total		***35,431***	***37,277***	***38,768***	***39,931***	***39,851***
Benefit Payments ($ millions)						
Family		$73.1	$80.0	$86.8	$93.2	$96.7
Medical		$182.5	$199.7	$216.6	$232.7	$241.6
Total		***$255.6***	***$279.7***	***$303.4***	***$325.9***	***$338.3***
Expenses ($ millions)						
Family		$3.8	$4.2	$4.6	$4.9	$5.1
Medical		$15.9	$17.4	$18.8	$20.2	$21.0
Total	**$65.0**	**$19.7**	**$21.6**	**$23.4**	**$25.1**	**$26.1**
Total Expenditure ($ millions)						
Family		$76.9	$84.2	$91.3	$98.1	$101.8
Medical		$198.4	$217.1	$235.5	$253.0	$262.6
Total	**$65.0**	**$275.3**	**$301.3**	**$326.8**	**$351.1**	**$364.4**
Contribution Rate						
Employer	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Employee	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
Overall*	0.88%	0.88%	0.88%	0.88%	0.88%	0.88%
Contributions ($ millions)						
Employer	$77.9	$81.1	$84.6	$88.3	$91.6	$95.1
Employee	$233.6	$243.4	$253.9	$264.8	$274.8	$285.2
Total	***$311.4***	***$324.5***	***$338.5***	***$353.0***	***$366.4***	***$380.3***
Investment Income ($ millions)	*$2.5*	*$3.0*	*$3.4*	*$3.7*	*$3.9*	*$4.1*
EOY Fund Balance ($ millions)	$246.4	$298.1	$338.2	$367.9	$386.9	$406.7
Target Fund Balance ($ millions)			$330.4	$361.5	$392.2	$421.3
Fund Balance % of Prior Year Expenditure			123%	122%	118%	116%

* The overall contribution rate is equal to the to total contributions divided by total taxable wages every year, and does not equal the sum of the employer and employee contribution rates due to small employer exemptions.

Projection 4
100% Tiered / No Waiting Period

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		10,905	11,473	11,932	12,289	12,265
Medical		29,434	30,967	32,206	33,172	33,106
Total		***40,338***	***42,440***	***44,138***	***45,462***	***45,371***
Benefit Payments ($ millions)						
Family		$73.1	$80.0	$86.8	$93.2	$96.7
Medical		$219.1	$239.7	$260.0	$279.3	$289.9
Total		***$292.1***	***$319.7***	***$346.7***	***$372.5***	***$386.6***
Expenses ($ millions)						
Family		$3.8	$4.2	$4.6	$4.9	$5.1
Medical		$19.0	$20.8	$22.6	$24.3	$25.2
Total	**$65.0**	**$22.9**	**$25.1**	**$27.2**	**$29.2**	**$30.3**
Total Expenditure ($ millions)						
Family		$76.9	$84.2	$91.3	$98.1	$101.8
Medical		$238.1	$260.5	$282.6	$303.6	$315.1
Total	**$65.0**	**$315.0**	**$344.7**	**$373.9**	**$401.7**	**$416.9**
Contribution Rate						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Overall*	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Contributions ($ millions)						
Employer	$88.6	$92.3	$96.3	$100.4	$104.2	$108.2
Employee	$265.7	$276.9	$288.8	$301.2	$312.6	$324.5
Total	***$354.3***	***$369.2***	***$385.0***	***$401.6***	***$416.8***	***$432.6***
Investment Income ($ millions)	*$2.9*	*$3.5*	*$3.9*	*$4.2*	*$4.4*	*$4.6*
EOY Fund Balance ($ millions)	$289.3	$346.3	$390.1	$421.7	$441.0	$461.2
Target Fund Balance ($ millions)			$378.1	$413.7	$448.7	$482.0
Fund Balance % of Prior Year Expenditure			124%	122%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of the employer and employee contribution rates due to small employer exemptions.

Appendix B
Assumptions and Analytical Methods

We performed the analysis using the same methods, demographic data, and historical claim experience as described in Milliman's report to the Commission dated August 15, 2022. However, we developed new morbidity assumptions (i.e., claim incidence rates and average claim durations) based on the new program features, and we calculated new average benefit amounts based on tiered benefit formulas that provide 90% and 100% income replacement to low wage workers. We then calculated expected PFML benefit payments based on the same formula as before but using the updated assumptions, as shown below:

Expected Benefit Payments = Expected Number of Claims x Average Duration x Average Benefit Amount

In the formula above, the expected number of claims was calculated from the claim incidence rates and the expected number of covered employees.

We assumed start-up expenses equal to $65 million, based on the Paid Family Medical Leave Citizen Initiative Fiscal Estimate developed by the Maine Department of Labor. We also assumed ongoing expenses equal to 5% of family claim costs plus 8% of medical claim costs, based on average expenses reported in states with PFML programs. These assumptions are different than our prior analysis which assumed $40 million in start-up expenses and ongoing expenses equal to 5% of family costs and 10% of medical costs.

We estimated taxable wages for employers with fewer than 15 employees based on data provided to Milliman by the Maine Department of Labor, and employment forecasts from the Consensus Economic Forecasting Commission and the Center for Workforce Research and Information.

Maine Paid Family and Medical Leave Actuarial Analysis

Milliman

New Program Options

November 1, 2022

Paul Correia, FSA, MAAA

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6 Small Employer Exemptions

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10 Limitations of Analysis

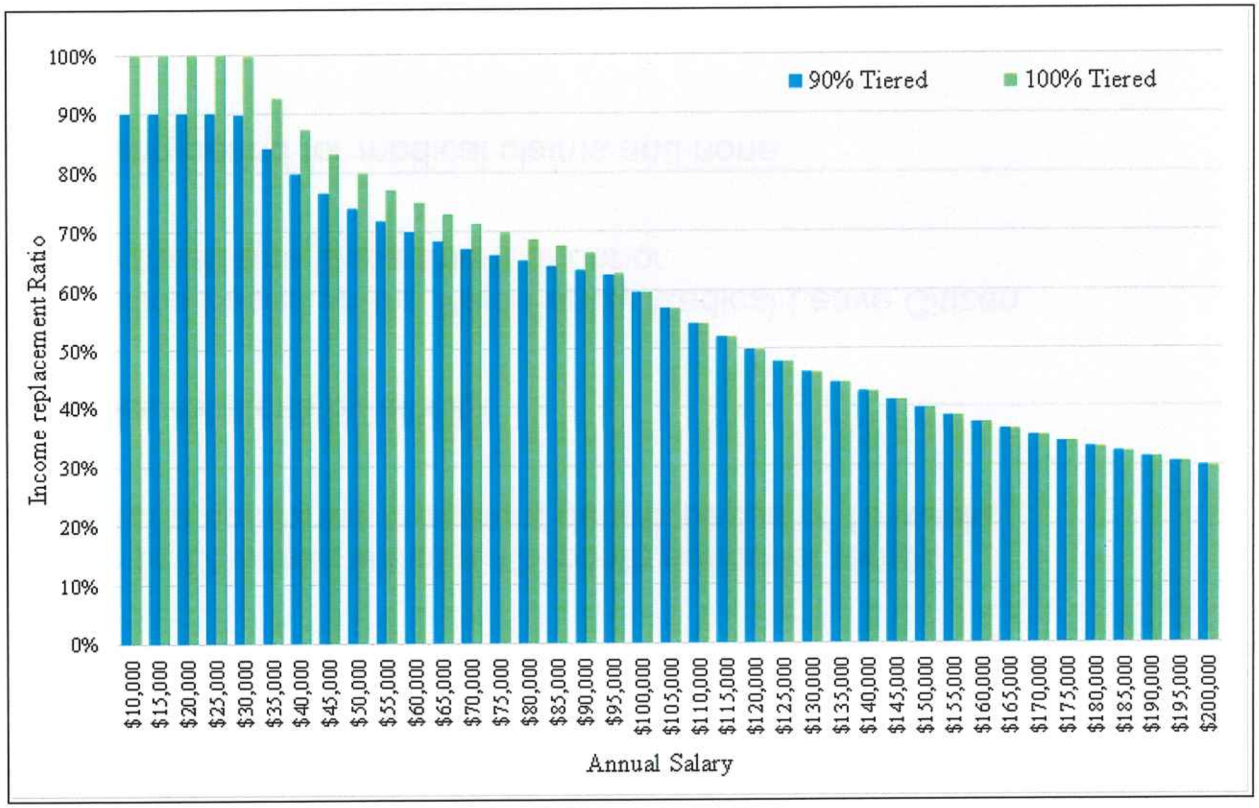
New PFML Program Design Options

Benefit Structure

Prior Analysis: Benefits replace a flat percentage of income (i.e., 80%, 90%, or 100%) up to an amount equal to the state average weekly wage.

New Design: Tiered benefit structure:

1. 90% or 100% of income replacement up to 50% of the state average weekly wage, plus
2. 50% of wages above 50% of the state average weekly wage,
3. up to an amount equal to the state average weekly wage.



New PFML Program Design Options

Other Program Features and Assumptions

- Safe leaves are included in the definition of permissible leaves.
- Employees can receive benefits for up to 12 weeks within a 12-month period for family, medical, and safe leaves of absence, for a combined maximum benefit period of 16 weeks.
- The definition of family member includes relations by affinity.
- Start-up expenses are equal to $65 million based on the Paid Family Medical Leave Citizen Initiative Fiscal Estimate developed by the Maine Department of Labor.
- Two waiting period options: 7-day waiting period for medical claims and none.

Estimated Contribution Rates

Estimated Initial Contribution Rates Basis: Taxable Wages up to Social Security Maximum Wage Limit		
Benefit Percent	**Waiting Period**	**Contribution Rate**
90% Tiered	7-days (medical)	**0.75%**
90% Tiered	None	**0.84%**
100% Tiered	7-days (medical)	**0.88%**
100% Tiered	None	**1.00%**

The highest contribution rate corresponds to a PFML program that features a 100%-tiered benefit structure and no waiting period.

Small Employer Exemptions

- The small employer exemptions shown below apply to employers with fewer than 15 employees.

- The estimated contribution rates for employers and employees assume 25% of contributions are from employers and 75% of contributions are from employees, based loosely on cost sharing arrangements in other states.

Estimated Initial Contribution Rates
Basis: Taxable Wages up to Social Security Maximum Wage Limit

Benefit Percent	Waiting Period	Small Employer Exemption	Employer Rate	Employee Rate
90% Tiered	7-days (medical)	Yes	**0.22%**	**0.56%**
90% Tiered	None	Yes	**0.25%**	**0.63%**
100% Tiered	7-days (medical)	Yes	**0.26%**	**0.66%**
100% Tiered	None	Yes	**0.30%**	**0.75%**
90% Tiered	7-days (medical)	No	**0.19%**	**0.56%**
90% Tiered	None	No	**0.21%**	**0.63%**
100% Tiered	7-days (medical)	No	**0.22%**	**0.66%**
100% Tiered	None	No	**0.25%**	**0.75%**

- The small employer exemptions are subsidized by employers with 15 or more employees; therefore, the employer rates are higher when exemptions are included.

- Employee rates are the same in both cases because employees are assumed to contribute 75% of costs regardless of small employer exemptions.

Financial Projection

- ❑ Benefit percent: 90%-Tiered
- ❑ Waiting Period: 7-days (medical)

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		10,760	11,320	11,773	12,126	12,102
Medical		24,200	25,461	26,479	27,274	27,219
Total		***34,960***	***36,781***	***38,252***	***39,400***	***39,321***
Benefit Payments ($ millions)						
Family		$62.5	$68.3	$74.1	$79.6	$82.7
Medical		$150.4	$164.5	$178.5	$191.7	$199.0
Total		***$212.8***	***$232.9***	***$252.6***	***$271.4***	***$281.7***
Expenses ($ millions)						
Family		$3.3	$3.6	$3.9	$4.2	$4.4
Medical		$13.1	$14.3	$15.5	$16.7	$17.3
Total	**$65.0**	**$16.4**	**$17.9**	**$19.4**	**$20.9**	**$21.7**
Total Expenditure ($ millions)						
Family		$65.7	$71.9	$78.0	$83.8	$87.0
Medical		$163.4	$178.8	$194.0	$208.4	$216.3
Total	**$65.0**	**$229.2**	**$250.8**	**$272.0**	**$292.2**	**$303.3**
Contribution Rate						
Employer	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%
Employee	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Overall*	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Contributions ($ millions)						
Employer	$65.7	$68.5	$71.4	$74.5	$77.3	$80.3
Employee	$197.1	$205.4	$214.2	$223.5	$231.9	$240.7
Total	***$262.8***	***$273.9***	***$285.7***	***$298.0***	***$309.3***	***$321.0***
Investment Income ($ millions)	*$2.0*	*$2.4*	*$2.8*	*$3.1*	*$3.3*	*$3.5*
EOY Fund Balance ($ millions)	$197.8	$244.5	$281.8	$310.6	$330.7	$351.7
Target Fund Balance ($ millions)			$275.0	$300.9	$326.4	$350.7
Fund Balance % of Prior Year Expenditure			123%	124%	122%	120%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of the employer and employee contribution rates due to small employer exemptions.

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Other Considerations

Funding Methods

- The contribution rates shown above were developed by targeting a fund balance in the range of 120% to 125% of the previous year's expenditure during the program's initial years.
- In general, new PFML programs have higher targets than tenured programs.

CA (1946,2004)	NJ (1948,2009)	NY (1949,2018)	WA (2020)	MA (2021)	CO (2023)
❑ Target fund balance is 25% to 50% of previous year's expenditure ❑ Contribution rate is capped at 1.5% of taxable wages. ❑ Rate reductions capped at 0.2%.	❑ If the account designated to paying benefits is in deficit of $200,000 or more as of December 31st, the Division can assess a charge to employers for covering the deficit	❑ Minimum fund balance of $12 million. ❑ State sets PFL contribution rate annually based on historical experience and "sound actuarial principles".	❑ A solvency surcharge is assessed in years when the fund ratio is too low. ❑ A solvency surcharge of 0.2% was assessed in 2022, bringing the contribution rate up to 0.8% for 2023.	❑ Target fund level of 140% of the previous fiscal year's expenditure for benefits and administration.	❑ Contributions equal to 135% of benefits paid during the preceding year, plus 100% of expenses during the preceding year, minus the fund balance as of December 31 of the preceding year. ❑ Contribution rate is capped at 1.2% of taxable wages

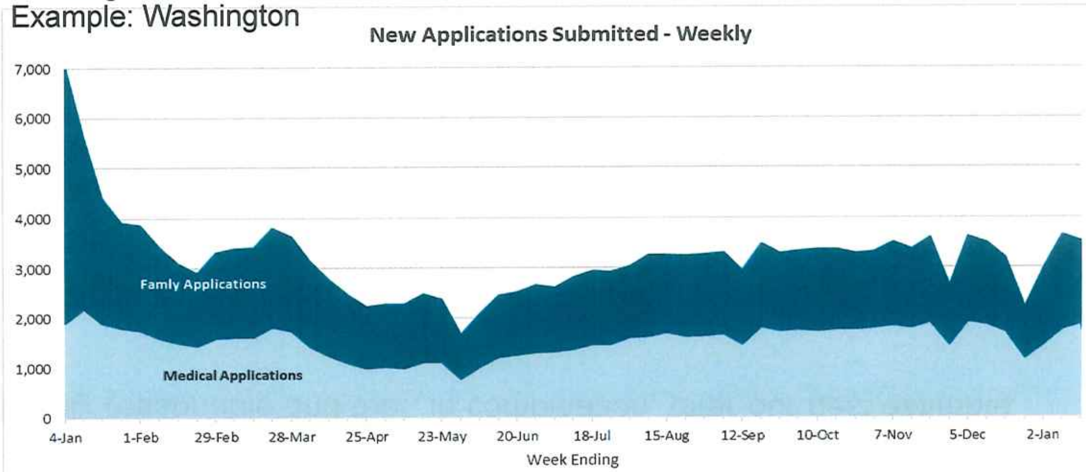
- A higher initial target seems reasonable for new programs due to uncertainty and the lack of directly related experience.

Other Considerations

- Contribution wage base
- Maximum weekly benefit amount
- Benchmarks for combined total benefits
- Impact of private insurance options
- Potential exemption of high wage-earning employees
- Impact of ACA health insurance premium on participation or access
- Participation/enrollment of self-employed individuals or businesses that do not use payroll

- Bonding claims for birth or adoption prior to effective date

Allowing these claims can have a material impact on first year costs
Example: Washington



Source : Washington Paid Family and Medical Leave, Employment Security Department, Advisory Committee Meeting, January 22, 2021

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

I, Paul Correia, am a Consulting Actuary with Milliman. I am a member of the American Academy of Actuaries, and I meet its Qualification Standards to render the actuarial opinion contained herein.

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Thank you

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November 9, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

Thank you for your feedback on the new paid family and medical leave (PFML) program options being considered by the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program. We have analyzed the expected costs and funding requirements for these options. This letter contains a summary of the new PFML program design options and our estimated contribution rates for these options, as well as other important considerations.

Program Design Options

The PFML program options assumed in our analysis vary by income replacement, maximum benefit amount, waiting period, and wage base as follows:

- Income replacement: 90% or 100% of wages up to the maximum weekly benefit amount.
- Maximum weekly benefit amount: 80%, 100%, or 120% of the Maine state average weekly wage.
- Waiting period: 7-days for medical claims or none.
- Wage base: Taxable wages up to the Social Security maximum wage limit or unlimited wages.

In addition, we assumed that employees could receive PFML benefits for up to 12 weeks within a 12-month period for family, medical and safe leaves of absence, for a combined maximum benefit period of 16 weeks. We also assumed the definition of family member includes relations by affinity. We assumed that employers with fewer than 15 employees would be exempt from paying the employer contribution, and that other employers would contribute 25% of total costs and employees would contribute 75% of total costs. These assumptions are consistent with our prior analysis documented in our letter dated October 31, 2022.

Estimated Contribution Rates

The following table shows our estimated initial contribution rates for the Maine PFML program options described above:

Table 1
Estimated PFML Contribution Rates

Program Feature				Contribution Rate		
Benefit Percent	**Waiting Period**	**Maximum Benefit**	**Wage Base**	**Employer**	**Employee**	**Overall***
90%	7-Days Medical	80% SAWW	Unlimited	0.26%	0.67%	0.89%
90%	7-Days Medical	80% SAWW	SS Limit	0.28%	0.71%	0.94%
90%	7-Days Medical	100% SAWW	Unlimited	0.28%	0.72%	0.95%
90%	7-Days Medical	100% SAWW	SS Limit	0.30%	0.76%	1.01%
90%	7-Days Medical	120% SAWW	Unlimited	0.29%	0.74%	0.99%
90%	7-Days Medical	120% SAWW	SS Limit	0.31%	0.78%	1.05%
90%	None	80% SAWW	Unlimited	0.29%	0.76%	1.01%
90%	None	80% SAWW	SS Limit	0.32%	0.80%	1.07%
90%	None	100% SAWW	Unlimited	0.32%	0.81%	1.09%
90%	None	100% SAWW	SS Limit	0.34%	0.86%	1.15%
90%	None	120% SAWW	Unlimited	0.33%	0.84%	1.12%
90%	None	120% SAWW	SS Limit	0.35%	0.89%	1.19%
100%	7-Days Medical	80% SAWW	Unlimited	0.28%	0.73%	0.97%
100%	7-Days Medical	80% SAWW	SS Limit	0.30%	0.77%	1.03%
100%	7-Days Medical	100% SAWW	Unlimited	0.31%	0.81%	1.08%
100%	7-Days Medical	100% SAWW	SS Limit	0.34%	0.86%	1.14%
100%	7-Days Medical	120% SAWW	Unlimited	0.33%	0.85%	1.13%
100%	7-Days Medical	120% SAWW	SS Limit	0.35%	0.90%	1.20%
100%	None	80% SAWW	Unlimited	0.32%	0.82%	1.10%
100%	None	80% SAWW	SS Limit	0.34%	0.87%	1.17%
100%	None	100% SAWW	Unlimited	0.36%	0.92%	1.22%
100%	None	100% SAWW	SS Limit	0.38%	0.97%	1.30%
100%	None	120% SAWW	Unlimited	0.38%	0.97%	1.29%
100%	None	120% SAWW	SS Limit	0.40%	1.03%	1.37%

* The overall contribution rates are equal to the estimated required contributions divided by the taxable wages in every year, and do not equal the sum of employer and employee contribution rates due to the small employer exemptions.

The contribution rates shown above are based on the same modeling methods and assumptions as those documented in our prior communications from August 15, 2022 and October 31, 2022.

The contribution rates for programs that feature 100% income replacement are higher than those that feature 90% income replacement, with all else equal. The contribution rates are also higher for programs that do not include an unpaid waiting period, with all else equal. The contribution rates are higher for higher maximum benefit amounts, and they are higher when taxable wages are capped at the Social Security maximum wage limit. Appendix B of this letter contains financial projections corresponding to each of the program options in Table 1.

Maximum Contribution Rates in Other States

At your request, we have researched the maximum contribution rates (if any) in states that have passed PFML laws. There is no explicit maximum in Rhode Island, Massachusetts, and Maryland – in these states, the contribution rates are determined annually based on actuarial studies and specific targets for the PFML fund. The maximum contribution rates in other states are provided below:

- California: The maximum contribution rate is 1.50% of taxable wages for Disability Insurance and Paid Family Leave, where taxable wages are capped at $145,600 per employee per year.

- New York: The maximum employee contribution for Disability Benefits Law (DBL) is $0.60 per week[1]. There is no explicit maximum for the employer contribution for DBL, and there are no explicit maximums for employer and employee contributions for Paid Family Leave.

- Washington: The maximum contribution rate is 0.60% of taxable wages up to the Social Security wage limit; however, a solvency surcharge up to 0.60% is assessed in years when the fund ratio is below a minimum threshold. This implies that contribution rates in any given year would be capped at 1.20% (i.e., the sum of the maximum contribution rate and the maximum solvency surcharge). A solvency surcharge of 0.2% was assessed in 2022, bringing the contribution rate up from 0.60% in 2022 to 0.8% in 2023.

- Colorado: The maximum contribution rate is 1.20% of taxable wages up to the Social Security wage limit.

- Delaware: The maximum contribution rate is 1.00%. If the state determines that the contribution rate for the next calendar year should exceed 1.00%, then benefits are adjusted by reducing the benefit percent from 80% to "the lowest percentage of average weekly wages for employees as necessary to compute a contribution rate that does not exceed 1.00%[2]."

- Connecticut: The legislation is ambiguous because it establishes a maximum contribution rate of 0.50% (the current rate) as well as establishing a mechanism for the rate to be increased in order to meet funding objectives: "On November 1, 2022, and on each November first thereafter, the authority may announce a revision to the previously established contribution rate, provided the revised rate shall not exceed one-half of one per cent and shall be sufficient to ensure that the trust fund shall achieve and maintain such target fund balance[3]." It is possible that a contribution rate of 0.50% would not be sufficient to achieve and maintain the target fund balance in some years.

- Oregon: The maximum contribution rate is 1.00% of taxable wages, which is the initial rate (benefits begin on January 1, 2023). Taxable wages in 2022 are capped at $132,900, and the taxable wage base will be adjusted annually based on changes in the Consumer Price Index.

1 New York DBL benefits are relatively modest and replace 50% of income up to $170 per week.

2 Delaware Senate Substitute No. 1 for Senate Bill No. 1, Section 3705 (C)(3)

3 Chapter 557, Sec. 31-49g. Establishment and administration of Paid Family and Medical Leave Insurance Program. Employee contributions. Authority duties. Payments. Compensation. Spouses. Concurrent compensation. Reimbursement to General Fund

Other Considerations

This section contains other important considerations for the Commission related to program design, contributions, funding objectives, and tracking emerging experience.

Program Design

At your request, we have analyzed the expected costs and contribution requirements for programs that feature an 18-week combined maximum benefit period as opposed to 16 weeks. Based on this analysis, we would expect higher claim costs primarily due to maternity and bonding leaves of absence taken by female employees with new children. We have estimated that claim costs would be approximately 5% higher if the PFML program featured an 18-week combined maximum benefit period. Therefore, we recommend multiplying the estimated contribution rates in Table 1 by a factor of 1.05 for programs that feature an 18-week combined maximum benefit period. The resulting rates are provided in Appendix A of this letter.

The contribution rates in Table 1 assume that children born or adopted prior to the PFML benefit effective date will not be eligible for bonding claims. If employees with new children prior to the effective date will be eligible for bonding benefits, then the expected claim costs would be higher, and the contribution rates would need to be revised. The rate revisions would depend on how the provision is structured – for example, if the cutoff date for eligibility is within 6 or 12 months of the effective date of benefits.

Contributions

Some Maine employers have existing short-term disability (STD) and/or family leave programs that are funded through insured or self-insured mechanisms. For example, the premium rates for insured STD benefits are typically in the range of 0.3% to 0.5% of payroll but may be higher or lower depending on the plan design and claim experience. If PFML benefits are mandated in Maine, then employers with existing STD and family leave plans may not see a significant change in costs, depending on the plan design and how the existing benefits are coordinated with PFML benefits.

Some employers provide STD benefits on a voluntary basis to employees, meaning that employees who elect to participate in the STD program pay the premiums. If PFML benefits are mandated in Maine, these employees may not see a significant change in costs, depending on the design of the employer's plan and how the benefits are coordinated with PFML benefits.

Funding Objectives

The contribution rates in Table 1 were developed by targeting a fund balance in the range of 120% to 125% of the previous year's expenditure during the program's initial years. This target range is in line with the targets established in other states that have new PFML programs, as discussed in our letter from October 31, 2022. More tenured programs tend to have lower targets. Over time, as Maine PFML experience emerges and stabilizes, it may be reasonable to reduce the target fund balance.

Tracking Emerging Experience

We strongly recommend tracking and analyzing PFML experience as it emerges. We also recommend an annual actuarial review to measure experience and determine any contribution rate change in time for implementation in the following calendar year. Tracking PFML experience would involve creating and maintaining databases that capture both claim-level and employer-level data. Ideally, the claim-level data would include specific detail on claim characteristics such as gender, age, leave type (bonding, care, maternity, non-maternity, safe leave, and military exigencies), benefit begin and end dates, intermittent leaves (yes or no), and benefit amounts, at a minimum, and employer-level data would include taxable wages, contributions (from employers and employees), and the number of covered employees, at a minimum.

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Legislative Council with information about PFML benefits, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, as well as on public information from various sources. Milliman did not audit or independently verify any of the information furnished, except that we did review the data for reasonableness and consistency. To the extent that any of the data or other information supplied to us was incorrect or inaccurate, the results of our analysis could be materially affected.

The results of our analysis are based on carefully constructed assumptions and methodologies that have been described in this report. Actual experience, however, will differ from those assumptions. As such, actual results will vary from the estimates provided and the cost of the proposed PFML program may be either higher or lower than the amounts illustrated in this report. In preparing this information, we have utilized actuarial models as defined by Actuarial Standards of Practice. The intended purpose of these models is to project future claim costs for paid family and medical leave benefits.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.corriea@milliman.com or (207) 771-1204. Thank you.

Sincerely,

Paul Correia

Paul Correia, FSA, MAAA
Principal and Consulting Actuary

c.c. Dan Skwire (Milliman)
The Commission to Develop a Paid Family and Medical Leave Benefits Program

Appendix A

This appendix contains estimated contribution rates for PFML programs that feature an 18-week combined maximum benefit period, with all else equal.

Estimated PFML Contribution Rates 18-week Combined Maximum Benefit Period						
Program Feature				Contribution Rate		
Benefit Percent	Waiting Period	Maximum Benefit	Wage Base	Employer	Employee	Overall*
90%	7-Days Medical	80% SAWW	Unlimited	0.27%	0.70%	0.93%
90%	7-Days Medical	80% SAWW	SS Limit	0.29%	0.75%	0.99%
90%	7-Days Medical	100% SAWW	Unlimited	0.29%	0.76%	1.00%
90%	7-Days Medical	100% SAWW	SS Limit	0.32%	0.80%	1.06%
90%	7-Days Medical	120% SAWW	Unlimited	0.30%	0.78%	1.04%
90%	7-Days Medical	120% SAWW	SS Limit	0.33%	0.82%	1.10%
90%	None	80% SAWW	Unlimited	0.30%	0.80%	1.06%
90%	None	80% SAWW	SS Limit	0.34%	0.84%	1.12%
90%	None	100% SAWW	Unlimited	0.34%	0.85%	1.14%
90%	None	100% SAWW	SS Limit	0.36%	0.90%	1.21%
90%	None	120% SAWW	Unlimited	0.35%	0.88%	1.18%
90%	None	120% SAWW	SS Limit	0.37%	0.93%	1.25%
100%	7-Days Medical	80% SAWW	Unlimited	0.29%	0.77%	1.02%
100%	7-Days Medical	80% SAWW	SS Limit	0.32%	0.81%	1.08%
100%	7-Days Medical	100% SAWW	Unlimited	0.33%	0.85%	1.13%
100%	7-Days Medical	100% SAWW	SS Limit	0.36%	0.90%	1.20%
100%	7-Days Medical	120% SAWW	Unlimited	0.35%	0.89%	1.19%
100%	7-Days Medical	120% SAWW	SS Limit	0.37%	0.95%	1.26%
100%	None	80% SAWW	Unlimited	0.34%	0.86%	1.16%
100%	None	80% SAWW	SS Limit	0.36%	0.91%	1.23%
100%	None	100% SAWW	Unlimited	0.38%	0.97%	1.28%
100%	None	100% SAWW	SS Limit	0.40%	1.02%	1.37%
100%	None	120% SAWW	Unlimited	0.40%	1.02%	1.35%
100%	None	120% SAWW	SS Limit	0.42%	1.08%	1.44%

Appendix B
Financial Projections

This appendix includes financial projections corresponding to the Maine PFML program options and contribution rates in Table 1. The following projections are included in the appendix:

Maine PFML Financial Projections				
Projection Label	**Benefit Percent**	**Waiting Period**	**Maximum Benefit Amount**	**Wage Base**
Projection 1	90%	7-Days Medical	80% SAWW	Unlimited
Projection 2	90%	7-Days Medical	80% SAWW	SS Limit
Projection 3	90%	7-Days Medical	100% SAWW	Unlimited
Projection 4	90%	7-Days Medical	100% SAWW	SS Limit
Projection 5	90%	7-Days Medical	120% SAWW	Unlimited
Projection 6	90%	7-Days Medical	120% SAWW	SS Limit
Projection 7	90%	None	80% SAWW	Unlimited
Projection 8	90%	None	80% SAWW	SS Limit
Projection 9	90%	None	100% SAWW	Unlimited
Projection 10	90%	None	100% SAWW	SS Limit
Projection 11	90%	None	120% SAWW	Unlimited
Projection 12	90%	None	120% SAWW	SS Limit
Projection 13	100%	7-Days Medical	80% SAWW	Unlimited
Projection 14	100%	7-Days Medical	80% SAWW	SS Limit
Projection 15	100%	7-Days Medical	100% SAWW	Unlimited
Projection 16	100%	7-Days Medical	100% SAWW	SS Limit
Projection 17	100%	7-Days Medical	120% SAWW	Unlimited
Projection 18	100%	7-Days Medical	120% SAWW	SS Limit
Projection 19	100%	None	80% SAWW	Unlimited
Projection 20	100%	None	80% SAWW	SS Limit
Projection 21	100%	None	100% SAWW	Unlimited
Projection 22	100%	None	100% SAWW	SS Limit
Projection 23	100%	None	120% SAWW	Unlimited
Projection 24	100%	None	120% SAWW	SS Limit

The financial projections shown below depend on a variety of actuarial assumptions about future experience, including but not limited to employment and wage growth, PFML claim experience, expenses, and investment income. It is nearly certain that actual experience will vary from these assumptions, meaning that the program's actual fund balance will be higher or lower than the illustrated values.

In each of the projections, the fund ratio in the final row is reducing over time because we have assumed that incidence rates will be increasing during the initial years. We have analyzed the fund ratio in future years and the ratio levels off beyond 2029 because the incidence rate assumptions stabilize. The ratio is above 100% through 2033.

Projection 1
Benefit Percent: 90%
Waiting Period: 7-Days Medical
Maximum Benefit: 80% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,114	11,693	12,161	12,526	12,501
Medical		24,998	26,300	27,352	28,173	28,117
Total		**36,112**	**37,993**	**39,513**	**40,699**	**40,617**
Benefit Payments ($ millions)						
Family		$76.6	$83.8	$90.9	$97.6	$101.3
Medical		$196.3	$214.8	$233.0	$250.3	$259.8
Total		**$272.9**	**$298.6**	**$323.9**	**$348.0**	**$361.2**
Expenses ($ millions)						
Family		$4.0	$4.4	$4.8	$5.1	$5.3
Medical		$17.1	$18.7	$20.3	$21.8	$22.6
Total	**$65.0**	**$21.1**	**$23.1**	**$25.0**	**$26.9**	**$27.9**
Total Expenditure ($ millions)						
Family		$80.6	$88.2	$95.7	$102.8	$106.7
Medical		$213.4	$233.5	$253.3	$272.1	$282.4
Total	**$65.0**	**$294.0**	**$321.7**	**$348.9**	**$374.9**	**$389.1**
Contribution Rate						
Employer	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Employee	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%
Overall*	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Contributions ($ millions)						
Employer	$83.0	$86.5	$90.2	$94.1	$97.7	$101.4
Employee	$249.2	$259.6	$270.8	$282.5	$293.2	$304.3
Total	**$332.2**	**$346.1**	**$361.0**	**$376.6**	**$390.8**	**$405.7**
Investment Income ($ millions)	$2.7	$3.2	$3.6	$4.0	$4.2	$4.4
EOY Fund Balance ($ millions)	$267.2	$322.0	$364.6	$395.8	$415.7	$436.5
Target Fund Balance ($ millions)			$352.8	$386.0	$418.7	$449.8
Fund Balance % of Prior Year Expenditure			124%	123%	119%	116%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 2
Benefit Percent: 90%
Waiting Period: 7-Days Medical
Maximum Benefit: 80% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,114	11,693	12,161	12,526	12,501
Medical		24,998	26,300	27,352	28,173	28,117
Total		**36,112**	**37,993**	**39,513**	**40,699**	**40,617**
Benefit Payments ($ millions)						
Family		$76.6	$83.8	$90.9	$97.6	$101.3
Medical		$196.3	$214.8	$233.0	$250.3	$259.8
Total		**$272.9**	**$298.6**	**$323.9**	**$348.0**	**$361.2**
Expenses ($ millions)						
Family		$4.0	$4.4	$4.8	$5.1	$5.3
Medical		$17.1	$18.7	$20.3	$21.8	$22.6
Total	**$65.0**	**$21.1**	**$23.1**	**$25.0**	**$26.9**	**$27.9**
Total Expenditure ($ millions)						
Family		$80.6	$88.2	$95.7	$102.8	$106.7
Medical		$213.4	$233.5	$253.3	$272.1	$282.4
Total	**$65.0**	**$294.0**	**$321.7**	**$348.9**	**$374.9**	**$389.1**
Contribution Rate						
Employer	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Employee	0.71%	0.71%	0.71%	0.71%	0.71%	0.71%
Overall*	0.94%	0.94%	0.94%	0.94%	0.94%	0.94%
Contributions ($ millions)						
Employer	$83.0	$86.5	$90.3	$94.1	$97.7	$101.4
Employee	$249.1	$259.6	$270.8	$282.4	$293.1	$304.2
Total	**$332.2**	**$346.1**	**$361.0**	**$376.6**	**$390.8**	**$405.7**
Investment Income ($ millions)	$2.7	$3.2	$3.6	$4.0	$4.2	$4.4
EOY Fund Balance ($ millions)	$267.2	$322.0	$364.6	$395.8	$415.7	$436.5
Target Fund Balance ($ millions)			$352.8	$386.0	$418.7	$449.8
Fund Balance % of Prior Year Expenditure			124%	123%	119%	116%

Projection 3
Benefit Percent: 90%
Waiting Period: 7-Days Medical
Maximum Benefit: 100% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,342	11,932	12,410	12,782	12,757
Medical		25,509	26,838	27,912	28,749	28,691
Total		**36,851**	**38,771**	**40,321**	**41,531**	**41,448**
Benefit Payments ($ millions)						
Family		$81.3	$88.9	$96.4	$103.6	$107.5
Medical		$213.2	$233.2	$253.0	$271.8	$282.1
Total		**$294.4**	**$322.2**	**$349.4**	**$375.4**	**$389.6**
Expenses ($ millions)						
Family		$4.3	$4.7	$5.1	$5.5	$5.7
Medical		$18.5	$20.3	$22.0	$23.6	$24.5
Total	**$65.0**	**$22.8**	**$25.0**	**$27.1**	**$29.1**	**$30.2**
Total Expenditure ($ millions)						
Family		$85.5	$93.6	$101.5	$109.1	$113.2
Medical		$231.7	$253.5	$275.0	$295.4	$306.6
Total	**$65.0**	**$317.2**	**$347.1**	**$376.5**	**$404.5**	**$419.8**
Contribution Rate						
Employer	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Employee	0.72%	0.72%	0.72%	0.72%	0.72%	0.72%
Overall*	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Contributions ($ millions)						
Employer	$89.2	$92.9	$96.9	$101.1	$104.9	$108.9
Employee	$267.6	$278.9	$290.9	$303.4	$314.9	$326.8
Total	**$356.8**	**$371.8**	**$387.8**	**$404.4**	**$419.8**	**$435.7**
Investment Income ($ millions)	$2.9	$3.5	$3.9	$4.3	$4.4	$4.7
EOY Fund Balance ($ millions)	$291.8	$349.2	$393.4	$425.2	$444.8	$465.1
Target Fund Balance ($ millions)			$380.7	$416.5	$451.8	$485.4
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 4
Benefit Percent: 90%
Waiting Period: 7-Days Medical
Maximum Benefit: 100% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,342	11,932	12,410	12,782	12,757
Medical		25,509	26,838	27,912	28,749	28,691
Total		***36,851***	***38,771***	***40,321***	***41,531***	***41,448***
Benefit Payments ($ millions)						
Family		$81.3	$88.9	$96.4	$103.6	$107.5
Medical		$213.2	$233.2	$253.0	$271.8	$282.1
Total		***$294.4***	***$322.2***	***$349.4***	***$375.4***	***$389.6***
Expenses ($ millions)						
Family		$4.3	$4.7	$5.1	$5.5	$5.7
Medical		$18.5	$20.3	$22.0	$23.6	$24.5
Total	**$65.0**	**$22.8**	**$25.0**	**$27.1**	**$29.1**	**$30.2**
Total Expenditure ($ millions)						
Family		$85.5	$93.6	$101.5	$109.1	$113.2
Medical		$231.7	$253.5	$275.0	$295.4	$306.6
Total	**$65.0**	**$317.2**	**$347.1**	**$376.5**	**$404.5**	**$419.8**
Contribution Rate						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Overall*	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%
Contributions ($ millions)						
Employer	$89.2	$93.0	$96.9	$101.1	$105.0	$108.9
Employee	$267.6	$278.8	$290.8	$303.3	$314.8	$326.8
Total	***$356.8***	***$371.8***	***$387.8***	***$404.4***	***$419.8***	***$435.7***
Investment Income ($ millions)	*$2.9*	*$3.5*	*$3.9*	*$4.3*	*$4.4*	*$4.7*
EOY Fund Balance ($ millions)	$291.8	$349.2	$393.4	$425.2	$444.8	$465.1
Target Fund Balance ($ millions)			$380.7	$416.5	$451.8	$485.4
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 5

Benefit Percent: 90%
Waiting Period: 7-Days Medical
Maximum Benefit: 120% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,464	12,061	12,544	12,920	12,894
Medical		25,784	27,128	28,213	29,059	29,001
Total		**37,248**	**39,189**	**40,757**	**41,979**	**41,895**
Benefit Payments ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$222.4	$243.4	$264.0	$283.6	$294.4
Total		**$305.1**	**$333.8**	**$362.1**	**$389.0**	**$403.7**
Expenses ($ millions)						
Family		$4.3	$4.8	$5.2	$5.5	$5.8
Medical		$19.3	$21.2	$23.0	$24.7	$25.6
Total	**$65.0**	**$23.7**	**$25.9**	**$28.1**	**$30.2**	**$31.4**
Total Expenditure ($ millions)						
Family		$87.0	$95.2	$103.2	$110.9	$115.1
Medical		$241.8	$264.5	$286.9	$308.3	$320.0
Total	**$65.0**	**$328.8**	**$359.7**	**$390.2**	**$419.2**	**$435.1**
Contribution Rate						
Employer	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
Employee	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Overall*	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
Contributions ($ millions)						
Employer	$92.2	$96.1	$100.2	$104.5	$108.5	$112.6
Employee	$276.8	$288.4	$300.8	$313.7	$325.6	$338.0
Total	**$369.0**	**$384.5**	**$401.0**	**$418.3**	**$434.1**	**$450.6**
Investment Income ($ millions)	$3.0	$3.6	$4.1	$4.4	$4.6	$4.8
EOY Fund Balance ($ millions)	$304.0	$362.7	$407.7	$439.8	$459.1	$479.2
Target Fund Balance ($ millions)			$394.5	$431.7	$468.2	$503.0
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 6

Benefit Percent: 90%
Waiting Period: 7-Days Medical
Maximum Benefit: 120% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,464	12,061	12,544	12,920	12,894
Medical		25,784	27,128	28,213	29,059	29,001
Total		**37,248**	**39,189**	**40,757**	**41,979**	**41,895**
Benefit Payments ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$222.4	$243.4	$264.0	$283.6	$294.4
Total		**$305.1**	**$333.8**	**$362.1**	**$389.0**	**$403.7**
Expenses ($ millions)						
Family		$4.3	$4.8	$5.2	$5.5	$5.8
Medical		$19.3	$21.2	$23.0	$24.7	$25.6
Total	**$65.0**	**$23.7**	**$25.9**	**$28.1**	**$30.2**	**$31.4**
Total Expenditure ($ millions)						
Family		$87.0	$95.2	$103.2	$110.9	$115.1
Medical		$241.8	$264.5	$286.9	$308.3	$320.0
Total	**$65.0**	**$328.8**	**$359.7**	**$390.2**	**$419.2**	**$435.1**
Contribution Rate						
Employer	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Employee	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Overall*	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Contributions ($ millions)						
Employer	$92.2	$96.1	$100.3	$104.6	$108.5	$112.7
Employee	$276.7	$288.4	$300.8	$313.7	$325.6	$337.9
Total	**$369.0**	**$384.5**	**$401.0**	**$418.3**	**$434.1**	**$450.6**
Investment Income ($ millions)	$3.0	$3.6	$4.1	$4.4	$4.6	$4.8
EOY Fund Balance ($ millions)	$304.0	$362.7	$407.7	$439.8	$459.1	$479.2
Target Fund Balance ($ millions)			$394.5	$431.7	$468.2	$503.0
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 7
Benefit Percent: 90%
Waiting Period: None
Maximum Benefit: 80% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,114	11,693	12,161	12,526	12,501
Medical		30,000	31,563	32,826	33,810	33,743
Total		**41,114**	**43,256**	**44,987**	**46,336**	**46,244**
Benefit Payments ($ millions)						
Family		$76.6	$83.8	$90.9	$97.6	$101.3
Medical		$235.6	$257.8	$279.6	$300.4	$311.8
Total		**$312.2**	**$341.6**	**$370.5**	**$398.0**	**$413.1**
Expenses ($ millions)						
Family		$4.0	$4.4	$4.8	$5.1	$5.3
Medical		$20.5	$22.4	$24.3	$26.1	$27.1
Total	**$65.0**	**$24.5**	**$26.8**	**$29.1**	**$31.3**	**$32.4**
Total Expenditure ($ millions)						
Family		$80.6	$88.2	$95.7	$102.8	$106.7
Medical		$256.1	$280.2	$304.0	$326.5	$338.9
Total	**$65.0**	**$336.7**	**$368.4**	**$399.6**	**$429.3**	**$445.6**
Contribution Rate						
Employer	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
Employee	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Overall*	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%
Contributions ($ millions)						
Employer	$94.3	$98.3	$102.5	$106.9	$111.0	$115.2
Employee	$283.1	$295.0	$307.7	$320.9	$333.1	$345.7
Total	**$377.4**	**$393.2**	**$410.2**	**$427.8**	**$444.0**	**$460.9**
Investment Income ($ millions)	$3.1	$3.7	$4.2	$4.5	$4.7	$4.9
EOY Fund Balance ($ millions)	$312.4	$372.0	$417.5	$449.9	$469.1	$489.0
Target Fund Balance ($ millions)			$404.0	$442.1	$479.5	$515.2
Fund Balance % of Prior Year Expenditure			124%	122%	117%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 8
Benefit Percent: 90%
Waiting Period: None
Maximum Benefit: 80% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,114	11,693	12,161	12,526	12,501
Medical		30,000	31,563	32,826	33,810	33,743
Total		**41,114**	**43,256**	**44,987**	**46,336**	**46,244**
Benefit Payments ($ millions)						
Family		$76.6	$83.8	$90.9	$97.6	$101.3
Medical		$235.6	$257.8	$279.6	$300.4	$311.8
Total		**$312.2**	**$341.6**	**$370.5**	**$398.0**	**$413.1**
Expenses ($ millions)						
Family		$4.0	$4.4	$4.8	$5.1	$5.3
Medical		$20.5	$22.4	$24.3	$26.1	$27.1
Total	**$65.0**	**$24.5**	**$26.8**	**$29.1**	**$31.3**	**$32.4**
Total Expenditure ($ millions)						
Family		$80.6	$88.2	$95.7	$102.8	$106.7
Medical		$256.1	$280.2	$304.0	$326.5	$338.9
Total	**$65.0**	**$336.7**	**$368.4**	**$399.6**	**$429.3**	**$445.6**
Contribution Rate						
Employer	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%
Employee	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
Overall*	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%
Contributions ($ millions)						
Employer	$94.3	$98.3	$102.5	$107.0	$111.0	$115.2
Employee	$283.0	$294.9	$307.6	$320.8	$333.0	$345.6
Total	**$377.4**	**$393.2**	**$410.2**	**$427.8**	**$444.0**	**$460.9**
Investment Income ($ millions)	$3.1	$3.7	$4.2	$4.5	$4.7	$4.9
EOY Fund Balance ($ millions)	$312.4	$372.0	$417.5	$449.9	$469.1	$489.0
Target Fund Balance ($ millions)			$404.0	$442.1	$479.5	$515.2
Fund Balance % of Prior Year Expenditure			124%	122%	117%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 9

Benefit Percent: 90%
Waiting Period: None
Maximum Benefit: 100% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,342	11,932	12,410	12,782	12,757
Medical		30,614	32,209	33,497	34,502	34,433
Total		**41,955**	**44,141**	**45,907**	**47,284**	**47,189**
Benefit Payments ($ millions)						
Family		$81.3	$88.9	$96.4	$103.6	$107.5
Medical		$255.8	$279.9	$303.6	$326.2	$338.6
Total		**$337.1**	**$368.8**	**$400.1**	**$429.8**	**$446.1**
Expenses ($ millions)						
Family		$4.3	$4.7	$5.1	$5.5	$5.7
Medical		$22.2	$24.3	$26.4	$28.4	$29.4
Total	**$65.0**	**$26.5**	**$29.0**	**$31.5**	**$33.8**	**$35.1**
Total Expenditure ($ millions)						
Family		$85.5	$93.6	$101.5	$109.1	$113.2
Medical		$278.1	$304.3	$330.0	$354.5	$368.0
Total	**$65.0**	**$363.6**	**$397.8**	**$431.6**	**$463.6**	**$481.2**
Contribution Rate						
Employer	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%
Employee	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%
Overall*	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%
Contributions ($ millions)						
Employer	$101.4	$105.7	$110.2	$115.0	$119.3	$123.9
Employee	$304.4	$317.2	$330.9	$345.1	$358.2	$371.8
Total	**$405.8**	**$422.9**	**$441.1**	**$460.1**	**$477.5**	**$495.6**
Investment Income ($ millions)	$3.4	$4.0	$4.5	$4.8	$5.0	$5.2
EOY Fund Balance ($ millions)	$340.8	$403.6	$450.9	$483.9	$502.6	$522.1
Target Fund Balance ($ millions)			$436.3	$477.4	$517.9	$556.3
Fund Balance % of Prior Year Expenditure			124%	122%	116%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 10
Benefit Percent: 90%
Waiting Period: None
Maximum Benefit: 100% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,342	11,932	12,410	12,782	12,757
Medical		30,614	32,209	33,497	34,502	34,433
Total		**41,955**	**44,141**	**45,907**	**47,284**	**47,189**
Benefit Payments ($ millions)						
Family		$81.3	$88.9	$96.4	$103.6	$107.5
Medical		$255.8	$279.9	$303.6	$326.2	$338.6
Total		**$337.1**	**$368.8**	**$400.1**	**$429.8**	**$446.1**
Expenses ($ millions)						
Family		$4.3	$4.7	$5.1	$5.5	$5.7
Medical		$22.2	$24.3	$26.4	$28.4	$29.4
Total	**$65.0**	**$26.5**	**$29.0**	**$31.5**	**$33.8**	**$35.1**
Total Expenditure ($ millions)						
Family		$85.5	$93.6	$101.5	$109.1	$113.2
Medical		$278.1	$304.3	$330.0	$354.5	$368.0
Total	**$65.0**	**$363.6**	**$397.8**	**$431.6**	**$463.6**	**$481.2**
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
Contributions ($ millions)						
Employer	$101.5	$105.7	$110.3	$115.0	$119.4	$123.9
Employee	$304.4	$317.2	$330.8	$345.0	$358.1	$371.7
Total	**$405.8**	**$422.9**	**$441.1**	**$460.1**	**$477.5**	**$495.6**
Investment Income ($ millions)	$3.4	$4.0	$4.5	$4.8	$5.0	$5.2
EOY Fund Balance ($ millions)	$340.8	$403.6	$450.9	$483.9	$502.6	$522.1
Target Fund Balance ($ millions)			$436.3	$477.4	$517.9	$556.3
Fund Balance % of Prior Year Expenditure			124%	122%	116%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 11
Benefit Percent: 90%
Waiting Period: None
Maximum Benefit: 120% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,464	12,061	12,544	12,920	12,894
Medical		30,944	32,556	33,858	34,874	34,804
Total		**42,408**	**44,617**	**46,402**	**47,794**	**47,698**
Benefit Payments ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$266.9	$292.1	$316.8	$340.4	$353.3
Total		**$349.6**	**$382.5**	**$414.9**	**$445.7**	**$462.6**
Expenses ($ millions)						
Family		$4.3	$4.8	$5.2	$5.5	$5.8
Medical		$23.2	$25.4	$27.5	$29.6	$30.7
Total	**$65.0**	**$27.6**	**$30.2**	**$32.7**	**$35.1**	**$36.5**
Total Expenditure ($ millions)						
Family		$87.0	$95.2	$103.2	$110.9	$115.1
Medical		$290.1	$317.5	$344.4	$370.0	$384.0
Total	**$65.0**	**$377.1**	**$412.7**	**$447.6**	**$480.9**	**$499.1**
Contribution Rate						
Employer	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
Employee	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Overall*	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%
Contributions ($ millions)						
Employer	$105.0	$109.4	$114.1	$119.0	$123.5	$128.2
Employee	$315.2	$328.4	$342.5	$357.3	$370.8	$384.9
Total	**$420.2**	**$437.8**	**$456.7**	**$476.3**	**$494.4**	**$513.1**
Investment Income ($ millions)	$3.6	$4.2	$4.7	$5.0	$5.2	$5.4
EOY Fund Balance ($ millions)	$355.2	$419.4	$467.6	$501.0	$519.5	$538.7
Target Fund Balance ($ millions)			$452.6	$495.2	$537.1	$577.0
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 12
Benefit Percent: 90%
Waiting Period: None
Maximum Benefit: 120% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,464	12,061	12,544	12,920	12,894
Medical		30,944	32,556	33,858	34,874	34,804
Total		**42,408**	**44,617**	**46,402**	**47,794**	**47,698**
Benefit Payments ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$266.9	$292.1	$316.8	$340.4	$353.3
Total		**$349.6**	**$382.5**	**$414.9**	**$445.7**	**$462.6**
Expenses ($ millions)						
Family		$4.3	$4.8	$5.2	$5.5	$5.8
Medical		$23.2	$25.4	$27.5	$29.6	$30.7
Total	**$65.0**	**$27.6**	**$30.2**	**$32.7**	**$35.1**	**$36.5**
Total Expenditure ($ millions)						
Family		$87.0	$95.2	$103.2	$110.9	$115.1
Medical		$290.1	$317.5	$344.4	$370.0	$384.0
Total	**$65.0**	**$377.1**	**$412.7**	**$447.6**	**$480.9**	**$499.1**
Contribution Rate						
Employer	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Employee	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Overall*	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%
Contributions ($ millions)						
Employer	$105.0	$109.5	$114.2	$119.1	$123.6	$128.3
Employee	$315.1	$328.4	$342.5	$357.2	$370.8	$384.8
Total	**$420.2**	**$437.8**	**$456.7**	**$476.3**	**$494.4**	**$513.1**
Investment Income ($ millions)	$3.6	$4.2	$4.7	$5.0	$5.2	$5.4
EOY Fund Balance ($ millions)	$355.2	$419.4	$467.6	$501.0	$519.5	$538.7
Target Fund Balance ($ millions)			$452.6	$495.2	$537.1	$577.0
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 13
Benefit Percent: 100%
Waiting Period: 7-Days Medical
Maximum Benefit: 80% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,270	11,857	12,331	12,701	12,676
Medical		25,347	26,668	27,735	28,567	28,510
Total		**36,617**	**38,525**	**40,066**	**41,268**	**41,185**
Benefit Payments ($ millions)						
Family		$87.4	$95.6	$103.7	$111.4	$115.7
Medical		$212.1	$232.1	$251.7	$270.4	$280.7
Total		**$299.5**	**$327.7**	**$355.5**	**$381.9**	**$396.4**
Expenses ($ millions)						
Family		$4.6	$5.0	$5.5	$5.9	$6.1
Medical		$18.4	$20.2	$21.9	$23.5	$24.4
Total	**$65.0**	**$23.0**	**$25.2**	**$27.4**	**$29.4**	**$30.5**
Total Expenditure ($ millions)						
Family		$92.0	$100.7	$109.2	$117.3	$121.8
Medical		$230.5	$252.3	$273.6	$294.0	$305.1
Total	**$65.0**	**$322.6**	**$352.9**	**$382.8**	**$411.3**	**$426.9**
Contribution Rate						
Employer	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Employee	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%
Overall*	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
Contributions ($ millions)						
Employer	$90.6	$94.4	$98.4	$102.7	$106.6	$110.6
Employee	$271.8	$283.3	$295.5	$308.2	$319.8	$332.0
Total	**$362.4**	**$377.6**	**$393.9**	**$410.8**	**$426.4**	**$442.6**
Investment Income ($ millions)	$3.0	$3.6	$4.0	$4.3	$4.5	$4.7
EOY Fund Balance ($ millions)	$297.4	$355.5	$400.0	$432.0	$451.4	$471.6
Target Fund Balance ($ millions)			$387.1	$423.5	$459.4	$493.5
Fund Balance % of Prior Year Expenditure			124%	122%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 14
Benefit Percent: 100%
Waiting Period: 7-Days Medical
Maximum Benefit: 80% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,270	11,857	12,331	12,701	12,676
Medical		25,347	26,668	27,735	28,567	28,510
Total		**36,617**	**38,525**	**40,066**	**41,268**	**41,185**
Benefit Payments ($ millions)						
Family		$87.4	$95.6	$103.7	$111.4	$115.7
Medical		$212.1	$232.1	$251.7	$270.4	$280.7
Total		**$299.5**	**$327.7**	**$355.5**	**$381.9**	**$396.4**
Expenses ($ millions)						
Family		$4.6	$5.0	$5.5	$5.9	$6.1
Medical		$18.4	$20.2	$21.9	$23.5	$24.4
Total	**$65.0**	**$23.0**	**$25.2**	**$27.4**	**$29.4**	**$30.5**
Total Expenditure ($ millions)						
Family		$92.0	$100.7	$109.2	$117.3	$121.8
Medical		$230.5	$252.3	$273.6	$294.0	$305.1
Total	**$65.0**	**$322.6**	**$352.9**	**$382.8**	**$411.3**	**$426.9**
Contribution Rate						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
Overall*	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%
Contributions ($ millions)						
Employer	$90.6	$94.4	$98.5	$102.7	$106.6	$110.7
Employee	$271.8	$283.2	$295.4	$308.1	$319.8	$331.9
Total	**$362.4**	**$377.6**	**$393.9**	**$410.8**	**$426.4**	**$442.6**
Investment Income ($ millions)	$3.0	$3.6	$4.0	$4.3	$4.5	$4.7
EOY Fund Balance ($ millions)	$297.4	$355.5	$400.0	$432.0	$451.4	$471.6
Target Fund Balance ($ millions)			$387.1	$423.5	$459.4	$493.5
Fund Balance % of Prior Year Expenditure			124%	122%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 15
Benefit Percent: 100%
Waiting Period: 7-Days Medical
Maximum Benefit: 100% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,529	12,130	12,615	12,994	12,968
Medical		25,931	27,282	28,374	29,225	29,166
Total		**37,461**	**39,412**	**40,989**	**42,219**	**42,134**
Benefit Payments ($ millions)						
Family		$95.2	$104.2	$113.0	$121.4	$126.0
Medical		$239.7	$262.3	$284.5	$305.7	$317.3
Total		**$334.9**	**$366.5**	**$397.5**	**$427.0**	**$443.2**
Expenses ($ millions)						
Family		$5.0	$5.5	$5.9	$6.4	$6.6
Medical		$20.8	$22.8	$24.7	$26.6	$27.6
Total	**$65.0**	**$25.9**	**$28.3**	**$30.7**	**$33.0**	**$34.2**
Total Expenditure ($ millions)						
Family		$100.2	$109.6	$118.9	$127.8	$132.6
Medical		$260.6	$285.1	$309.3	$332.2	$344.8
Total	**$65.0**	**$360.8**	**$394.8**	**$428.2**	**$460.0**	**$477.5**
Contribution Rate						
Employer	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Employee	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%
Overall*	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
Contributions ($ millions)						
Employer	$100.7	$104.9	$109.4	$114.1	$118.5	$123.0
Employee	$302.2	$314.9	$328.4	$342.6	$355.6	$369.0
Total	**$402.9**	**$419.8**	**$437.9**	**$456.7**	**$474.0**	**$492.0**
Investment Income ($ millions)	$3.4	$4.0	$4.5	$4.8	$5.0	$5.2
EOY Fund Balance ($ millions)	$337.9	$400.3	$447.4	$480.3	$499.1	$518.6
Target Fund Balance ($ millions)			$432.9	$473.7	$513.8	$552.0
Fund Balance % of Prior Year Expenditure			124%	122%	117%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 16
Benefit Percent: 100%
Waiting Period: 7-Days Medical
Maximum Benefit: 100% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,529	12,130	12,615	12,994	12,968
Medical		25,931	27,282	28,374	29,225	29,166
Total		**37,461**	**39,412**	**40,989**	**42,219**	**42,134**
Benefit Payments ($ millions)						
Family		$95.2	$104.2	$113.0	$121.4	$126.0
Medical		$239.7	$262.3	$284.5	$305.7	$317.3
Total		**$334.9**	**$366.5**	**$397.5**	**$427.0**	**$443.2**
Expenses ($ millions)						
Family		$5.0	$5.5	$5.9	$6.4	$6.6
Medical		$20.8	$22.8	$24.7	$26.6	$27.6
Total	**$65.0**	**$25.9**	**$28.3**	**$30.7**	**$33.0**	**$34.2**
Total Expenditure ($ millions)						
Family		$100.2	$109.6	$118.9	$127.8	$132.6
Medical		$260.6	$285.1	$309.3	$332.2	$344.8
Total	**$65.0**	**$360.8**	**$394.8**	**$428.2**	**$460.0**	**$477.5**
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%
Contributions ($ millions)						
Employer	$100.7	$105.0	$109.5	$114.2	$118.5	$123.0
Employee	$302.1	$314.8	$328.4	$342.5	$355.5	$369.0
Total	**$402.9**	**$419.8**	**$437.9**	**$456.7**	**$474.0**	**$492.0**
Investment Income ($ millions)	$3.4	$4.0	$4.5	$4.8	$5.0	$5.2
EOY Fund Balance ($ millions)	$337.9	$400.3	$447.4	$480.3	$499.1	$518.6
Target Fund Balance ($ millions)			$432.9	$473.7	$513.8	$552.0
Fund Balance % of Prior Year Expenditure			124%	122%	117%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 17
Benefit Percent: 100%
Waiting Period: 7-Days Medical
Maximum Benefit: 120% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,645	12,252	12,742	13,124	13,098
Medical		26,192	27,556	28,659	29,518	29,459
Total		**37,837**	**39,808**	**41,401**	**42,643**	**42,558**
Benefit Payments ($ millions)						
Family		$98.5	$107.8	$116.9	$125.6	$130.3
Medical		$254.5	$278.4	$302.0	$324.4	$336.7
Total		**$352.9**	**$386.2**	**$418.9**	**$450.0**	**$467.1**
Expenses ($ millions)						
Family		$5.2	$5.7	$6.2	$6.6	$6.9
Medical		$22.1	$24.2	$26.3	$28.2	$29.3
Total	**$65.0**	**$27.3**	**$29.9**	**$32.4**	**$34.8**	**$36.1**
Total Expenditure ($ millions)						
Family		$103.7	$113.4	$123.0	$132.2	$137.2
Medical		$276.6	$302.6	$328.3	$352.7	$366.0
Total	**$65.0**	**$380.2**	**$416.1**	**$451.3**	**$484.8**	**$503.2**
Contribution Rate						
Employer	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
Employee	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Overall*	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%
Contributions ($ millions)						
Employer	$105.8	$110.3	$115.0	$120.0	$124.5	$129.2
Employee	$317.6	$331.0	$345.2	$360.1	$373.7	$387.9
Total	**$423.5**	**$441.3**	**$460.3**	**$480.0**	**$498.2**	**$517.1**
Investment Income ($ millions)	$3.6	$4.2	$4.7	$5.0	$5.2	$5.4
EOY Fund Balance ($ millions)	$358.5	$423.1	$471.5	$505.0	$523.4	$542.6
Target Fund Balance ($ millions)			$456.3	$499.3	$541.6	$581.8
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 18

Benefit Percent: 100%
Waiting Period: 7-Days Medical
Maximum Benefit: 120% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,645	12,252	12,742	13,124	13,098
Medical		26,192	27,556	28,659	29,518	29,459
Total		**37,837**	**39,808**	**41,401**	**42,643**	**42,558**
Benefit Payments ($ millions)						
Family		$98.5	$107.8	$116.9	$125.6	$130.3
Medical		$254.5	$278.4	$302.0	$324.4	$336.7
Total		**$352.9**	**$386.2**	**$418.9**	**$450.0**	**$467.1**
Expenses ($ millions)						
Family		$5.2	$5.7	$6.2	$6.6	$6.9
Medical		$22.1	$24.2	$26.3	$28.2	$29.3
Total	**$65.0**	**$27.3**	**$29.9**	**$32.4**	**$34.8**	**$36.1**
Total Expenditure ($ millions)						
Family		$103.7	$113.4	$123.0	$132.2	$137.2
Medical		$276.6	$302.6	$328.3	$352.7	$366.0
Total	**$65.0**	**$380.2**	**$416.1**	**$451.3**	**$484.8**	**$503.2**
Contribution Rate						
Employer	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Employee	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Overall*	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Contributions ($ millions)						
Employer	$105.9	$110.3	$115.1	$120.0	$124.6	$129.3
Employee	$317.6	$330.9	$345.2	$360.0	$373.7	$387.8
Total	**$423.5**	**$441.3**	**$460.3**	**$480.0**	**$498.2**	**$517.1**
Investment Income ($ millions)	$3.6	$4.2	$4.7	$5.0	$5.2	$5.4
EOY Fund Balance ($ millions)	$358.5	$423.1	$471.5	$505.0	$523.4	$542.6
Target Fund Balance ($ millions)			$456.3	$499.3	$541.6	$581.8
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 19
Benefit Percent: 100%
Waiting Period: None
Maximum Benefit: 80% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,270	11,857	12,331	12,701	12,676
Medical		30,419	32,004	33,285	34,283	34,214
Total		**41,689**	**43,861**	**45,616**	**46,984**	**46,890**
Benefit Payments ($ millions)						
Family		$87.4	$95.6	$103.7	$111.4	$115.7
Medical		$254.5	$278.5	$302.1	$324.6	$336.9
Total		**$342.0**	**$374.2**	**$405.9**	**$436.0**	**$452.5**
Expenses ($ millions)						
Family		$4.6	$5.0	$5.5	$5.9	$6.1
Medical		$22.1	$24.2	$26.3	$28.2	$29.3
Total	**$65.0**	**$26.7**	**$29.3**	**$31.7**	**$34.1**	**$35.4**
Total Expenditure ($ millions)						
Family		$92.0	$100.7	$109.2	$117.3	$121.8
Medical		$276.7	$302.7	$328.4	$352.8	$366.2
Total	**$65.0**	**$368.7**	**$403.4**	**$437.6**	**$470.1**	**$487.9**
Contribution Rate						
Employer	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%
Employee	0.82%	0.82%	0.82%	0.82%	0.82%	0.82%
Overall*	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Contributions ($ millions)						
Employer	$102.8	$107.1	$111.7	$116.5	$120.9	$125.5
Employee	$308.5	$321.4	$335.3	$349.7	$362.9	$376.7
Total	**$411.2**	**$428.5**	**$447.0**	**$466.2**	**$483.9**	**$502.2**
Investment Income ($ millions)	$3.5	$4.1	$4.6	$4.9	$5.1	$5.3
EOY Fund Balance ($ millions)	$346.2	$409.5	$457.2	$490.3	$509.0	$528.4
Target Fund Balance ($ millions)			$442.4	$484.1	$525.1	$564.1
Fund Balance % of Prior Year Expenditure			124%	122%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 20
Benefit Percent: 100%
Waiting Period: None
Maximum Benefit: 80% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,270	11,857	12,331	12,701	12,676
Medical		30,419	32,004	33,285	34,283	34,214
Total		**41,689**	**43,861**	**45,616**	**46,984**	**46,890**
Benefit Payments ($ millions)						
Family		$87.4	$95.6	$103.7	$111.4	$115.7
Medical		$254.5	$278.5	$302.1	$324.6	$336.9
Total		**$342.0**	**$374.2**	**$405.9**	**$436.0**	**$452.5**
Expenses ($ millions)						
Family		$4.6	$5.0	$5.5	$5.9	$6.1
Medical		$22.1	$24.2	$26.3	$28.2	$29.3
Total	**$65.0**	**$26.7**	**$29.3**	**$31.7**	**$34.1**	**$35.4**
Total Expenditure ($ millions)						
Family		$92.0	$100.7	$109.2	$117.3	$121.8
Medical		$276.7	$302.7	$328.4	$352.8	$366.2
Total	**$65.0**	**$368.7**	**$403.4**	**$437.6**	**$470.1**	**$487.9**
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Overall*	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%
Contributions ($ millions)						
Employer	$102.8	$107.1	$111.7	$116.6	$121.0	$125.6
Employee	$308.4	$321.4	$335.2	$349.6	$362.9	$376.6
Total	**$411.2**	**$428.5**	**$447.0**	**$466.2**	**$483.9**	**$502.2**
Investment Income ($ millions)	$3.5	$4.1	$4.6	$4.9	$5.1	$5.3
EOY Fund Balance ($ millions)	$346.2	$409.5	$457.2	$490.3	$509.0	$528.4
Target Fund Balance ($ millions)			$442.4	$484.1	$525.1	$564.1
Fund Balance % of Prior Year Expenditure			124%	122%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 21
Benefit Percent: 100%
Waiting Period: None
Maximum Benefit: 100% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,529	12,130	12,615	12,994	12,968
Medical		31,120	32,742	34,051	35,073	35,003
Total		**42,650**	**44,872**	**46,667**	**48,067**	**47,970**
Benefit Payments ($ millions)						
Family		$95.2	$104.2	$113.0	$121.4	$126.0
Medical		$287.7	$314.8	$341.5	$366.8	$380.7
Total		**$382.9**	**$419.0**	**$454.5**	**$488.2**	**$506.7**
Expenses ($ millions)						
Family		$5.0	$5.5	$5.9	$6.4	$6.6
Medical		$25.0	$27.4	$29.7	$31.9	$33.1
Total	**$65.0**	**$30.0**	**$32.9**	**$35.6**	**$38.3**	**$39.7**
Total Expenditure ($ millions)						
Family		$100.2	$109.6	$118.9	$127.8	$132.6
Medical		$312.7	$342.2	$371.2	$398.7	$413.8
Total	**$65.0**	**$412.9**	**$451.8**	**$490.1**	**$526.5**	**$546.5**
Contribution Rate						
Employer	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Employee	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%
Overall*	1.22%	1.22%	1.22%	1.22%	1.22%	1.22%
Contributions ($ millions)						
Employer	$114.5	$119.3	$124.4	$129.8	$134.7	$139.8
Employee	$343.6	$358.0	$373.4	$389.5	$404.3	$419.6
Total	**$458.0**	**$477.3**	**$497.8**	**$519.3**	**$538.9**	**$559.4**
Investment Income ($ millions)	$3.9	$4.6	$5.1	$5.5	$5.6	$5.8
EOY Fund Balance ($ millions)	$393.0	$461.4	$512.0	$546.3	$564.2	$582.8
Target Fund Balance ($ millions)			$495.5	$542.2	$588.1	$631.8
Fund Balance % of Prior Year Expenditure			124%	121%	115%	111%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 22
Benefit Percent: 100%
Waiting Period: None
Maximum Benefit: 100% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,529	12,130	12,615	12,994	12,968
Medical		31,120	32,742	34,051	35,073	35,003
Total		**42,650**	**44,872**	**46,667**	**48,067**	**47,970**
Benefit Payments ($ millions)						
Family		$95.2	$104.2	$113.0	$121.4	$126.0
Medical		$287.7	$314.8	$341.5	$366.8	$380.7
Total		**$382.9**	**$419.0**	**$454.5**	**$488.2**	**$506.7**
Expenses ($ millions)						
Family		$5.0	$5.5	$5.9	$6.4	$6.6
Medical		$25.0	$27.4	$29.7	$31.9	$33.1
Total	**$65.0**	**$30.0**	**$32.9**	**$35.6**	**$38.3**	**$39.7**
Total Expenditure ($ millions)						
Family		$100.2	$109.6	$118.9	$127.8	$132.6
Medical		$312.7	$342.2	$371.2	$398.7	$413.8
Total	**$65.0**	**$412.9**	**$451.8**	**$490.1**	**$526.5**	**$546.5**
Contribution Rate						
Employer	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
Employee	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
Overall*	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Contributions ($ millions)						
Employer	$114.5	$119.3	$124.5	$129.8	$134.7	$139.9
Employee	$343.5	$358.0	$373.4	$389.4	$404.2	$419.5
Total	**$458.0**	**$477.3**	**$497.8**	**$519.3**	**$538.9**	**$559.4**
Investment Income ($ millions)	$3.9	$4.6	$5.1	$5.5	$5.6	$5.8
EOY Fund Balance ($ millions)	$393.0	$461.4	$512.0	$546.3	$564.2	$582.8
Target Fund Balance ($ millions)			$495.5	$542.2	$588.1	$631.8
Fund Balance % of Prior Year Expenditure			124%	121%	115%	111%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 23
Benefit Percent: 100%
Waiting Period: None
Maximum Benefit: 120% SAWW
Wage Base: Unlimited

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,645	12,252	12,742	13,124	13,098
Medical		31,433	33,071	34,393	35,425	35,354
Total		**43,078**	**45,323**	**47,136**	**48,550**	**48,453**
Benefit Payments ($ millions)						
Family		$98.5	$107.8	$116.9	$125.6	$130.3
Medical		$305.4	$334.1	$362.4	$389.4	$404.1
Total		**$403.9**	**$441.9**	**$479.3**	**$514.9**	**$534.5**
Expenses ($ millions)						
Family		$5.2	$5.7	$6.2	$6.6	$6.9
Medical		$26.6	$29.1	$31.5	$33.9	$35.1
Total	**$65.0**	**$31.7**	**$34.7**	**$37.7**	**$40.5**	**$42.0**
Total Expenditure ($ millions)						
Family		$103.7	$113.4	$123.0	$132.2	$137.2
Medical		$331.9	$363.2	$394.0	$423.2	$439.3
Total	**$65.0**	**$435.6**	**$476.6**	**$517.0**	**$555.4**	**$576.5**
Contribution Rate						
Employer	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
Employee	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
Overall*	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Contributions ($ millions)						
Employer	$120.5	$125.5	$130.9	$136.6	$141.7	$147.1
Employee	$361.6	$376.8	$393.0	$409.9	$425.4	$441.6
Total	**$482.0**	**$502.3**	**$523.9**	**$546.5**	**$567.2**	**$588.7**
Investment Income ($ millions)	$4.2	$4.9	$5.4	$5.7	$5.9	$6.1
EOY Fund Balance ($ millions)	$417.0	$487.9	$540.1	$575.0	$592.5	$610.7
Target Fund Balance ($ millions)			$522.7	$571.9	$620.4	$666.5
Fund Balance % of Prior Year Expenditure			124%	121%	115%	110%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 24
Benefit Percent: 100%
Waiting Period: None
Maximum Benefit: 120% SAWW
Wage Base: SS Limit

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,645	12,252	12,742	13,124	13,098
Medical		31,433	33,071	34,393	35,425	35,354
Total		**43,078**	**45,323**	**47,136**	**48,550**	**48,453**
Benefit Payments ($ millions)						
Family		$98.5	$107.8	$116.9	$125.6	$130.3
Medical		$305.4	$334.1	$362.4	$389.4	$404.1
Total		**$403.9**	**$441.9**	**$479.3**	**$514.9**	**$534.5**
Expenses ($ millions)						
Family		$5.2	$5.7	$6.2	$6.6	$6.9
Medical		$26.6	$29.1	$31.5	$33.9	$35.1
Total	**$65.0**	**$31.7**	**$34.7**	**$37.7**	**$40.5**	**$42.0**
Total Expenditure ($ millions)						
Family		$103.7	$113.4	$123.0	$132.2	$137.2
Medical		$331.9	$363.2	$394.0	$423.2	$439.3
Total	**$65.0**	**$435.6**	**$476.6**	**$517.0**	**$555.4**	**$576.5**
Contribution Rate						
Employer	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Employee	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%
Overall*	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%
Contributions ($ millions)						
Employer	$120.5	$125.6	$131.0	$136.6	$141.8	$147.2
Employee	$361.5	$376.7	$392.9	$409.8	$425.4	$441.5
Total	**$482.0**	**$502.3**	**$523.9**	**$546.5**	**$567.2**	**$588.7**
Investment Income ($ millions)	$4.2	$4.9	$5.4	$5.7	$5.9	$6.1
EOY Fund Balance ($ millions)	$417.0	$487.9	$540.1	$575.0	$592.5	$610.7
Target Fund Balance ($ millions)			$522.7	$571.9	$620.4	$666.5
Fund Balance % of Prior Year Expenditure			124%	121%	115%	110%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

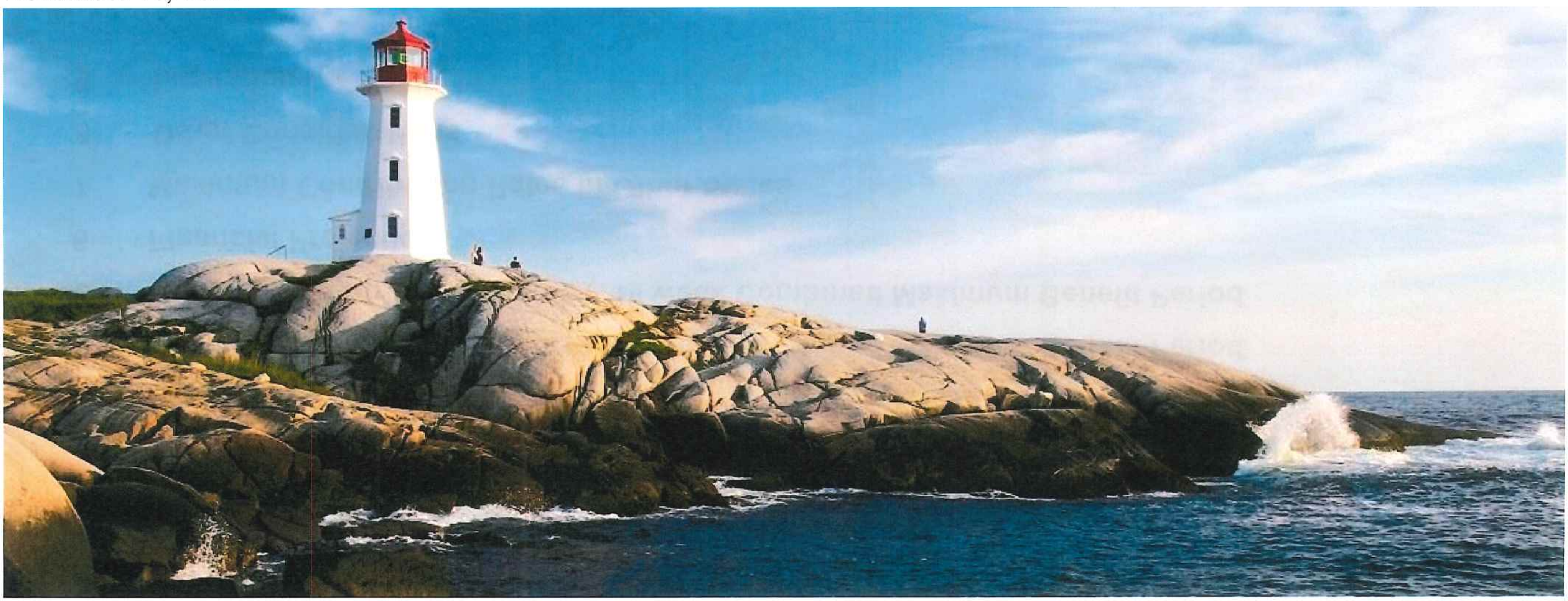
Maine Paid Family and Medical Leave Actuarial Analysis

Milliman

New Program Options

November 18, 2022

Paul Correia, FSA, MAAA
Dan Skwire, FSA, MAAA



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New PFML Program Design Options

- **Income Replacement**: 90% or 100% of wages up to the maximum weekly benefit amount.
- **Maximum Weekly Benefit Amount**: 80%, 100%, or 120% of the Maine state average weekly wage.
- **Waiting Period**: None, or 7-days for medical claims.
- **Wage Base**: Unlimited, or taxable wages up to the Social Security maximum wage limit.
- **Benefit Period**: 12 weeks within a 12-month period for family, medical, and safe leaves of absence, for a combined maximum benefit period of 16 weeks or 18 weeks.
- **Cost Sharing**: Employers contribute 25% of total costs and employees contribute 75% of total costs.
- **Small Employer Exemption**: Employers with fewer than 15 employees are exempt from paying the employer contribution.

Estimated Contribution Rates

Contribution rates for PFML programs that feature a 16-week combined maximum benefit period

Estimated PFML Contribution Rates 16-week Combined Maximum Benefit Period						
Program Feature				Contribution Rate		
Benefit Percent	Waiting Period	Maximum Benefit	Wage Base	Employer	Employee	Overall*
90%	7-Days Medical	80% SAWW	Unlimited	**0.26%**	**0.67%**	**0.89%**
90%	7-Days Medical	80% SAWW	SS Limit	**0.28%**	**0.71%**	**0.94%**
90%	7-Days Medical	100% SAWW	Unlimited	**0.28%**	**0.72%**	**0.95%**
90%	7-Days Medical	100% SAWW	SS Limit	**0.30%**	**0.76%**	**1.01%**
90%	7-Days Medical	120% SAWW	Unlimited	**0.29%**	**0.74%**	**0.99%**
90%	7-Days Medical	120% SAWW	SS Limit	**0.31%**	**0.78%**	**1.05%**
90%	None	80% SAWW	Unlimited	**0.29%**	**0.76%**	**1.01%**
90%	None	80% SAWW	SS Limit	**0.32%**	**0.80%**	**1.07%**
90%	None	100% SAWW	Unlimited	**0.32%**	**0.81%**	**1.09%**
90%	None	100% SAWW	SS Limit	**0.34%**	**0.86%**	**1.15%**
90%	None	120% SAWW	Unlimited	**0.33%**	**0.84%**	**1.12%**
90%	None	120% SAWW	SS Limit	**0.35%**	**0.89%**	**1.19%**
100%	7-Days Medical	80% SAWW	Unlimited	**0.28%**	**0.73%**	**0.97%**
100%	7-Days Medical	80% SAWW	SS Limit	**0.30%**	**0.77%**	**1.03%**
100%	7-Days Medical	100% SAWW	Unlimited	**0.31%**	**0.81%**	**1.08%**
100%	7-Days Medical	100% SAWW	SS Limit	**0.34%**	**0.86%**	**1.14%**
100%	7-Days Medical	120% SAWW	Unlimited	**0.33%**	**0.85%**	**1.13%**
100%	7-Days Medical	120% SAWW	SS Limit	**0.35%**	**0.90%**	**1.20%**
100%	None	80% SAWW	Unlimited	**0.32%**	**0.82%**	**1.10%**
100%	None	80% SAWW	SS Limit	**0.34%**	**0.87%**	**1.17%**
100%	None	100% SAWW	Unlimited	**0.36%**	**0.92%**	**1.22%**
100%	None	100% SAWW	SS Limit	**0.38%**	**0.97%**	**1.30%**
100%	None	120% SAWW	Unlimited	**0.38%**	**0.97%**	**1.29%**
100%	None	120% SAWW	SS Limit	**0.40%**	**1.03%**	**1.37%**

* The overall contribution rates equal total contributions divided by total taxable wages in every year, and do not equal the sum of employer and employee contribution rates due to the small employer exemptions.

Estimated Contribution Rates

Contribution rates for PFML programs that feature an 18-week combined maximum benefit period, with all else equal

Estimated PFML Contribution Rates 18-week Combined Maximum Benefit Period						
Program Feature				Contribution Rate		
Benefit Percent	Waiting Period	Maximum Benefit	Wage Base	Employer	Employee	Overall*
90%	7-Days Medical	80% SAWW	Unlimited	0.27%	0.70%	0.93%
90%	7-Days Medical	80% SAWW	SS Limit	0.29%	0.75%	0.99%
90%	7-Days Medical	100% SAWW	Unlimited	0.29%	0.76%	1.00%
90%	7-Days Medical	100% SAWW	SS Limit	0.32%	0.80%	1.06%
90%	7-Days Medical	120% SAWW	Unlimited	0.30%	0.78%	1.04%
90%	7-Days Medical	120% SAWW	SS Limit	0.33%	0.82%	1.10%
90%	None	80% SAWW	Unlimited	0.30%	0.80%	1.06%
90%	None	80% SAWW	SS Limit	0.34%	0.84%	1.12%
90%	None	100% SAWW	Unlimited	0.34%	0.85%	1.14%
90%	None	100% SAWW	SS Limit	0.36%	0.90%	1.21%
90%	None	120% SAWW	Unlimited	0.35%	0.88%	1.18%
90%	None	120% SAWW	SS Limit	0.37%	0.93%	1.25%
100%	7-Days Medical	80% SAWW	Unlimited	0.29%	0.77%	1.02%
100%	7-Days Medical	80% SAWW	SS Limit	0.32%	0.81%	1.08%
100%	7-Days Medical	100% SAWW	Unlimited	0.33%	0.85%	1.13%
100%	7-Days Medical	100% SAWW	SS Limit	0.36%	0.90%	1.20%
100%	7-Days Medical	120% SAWW	Unlimited	0.35%	0.89%	1.19%
100%	7-Days Medical	120% SAWW	SS Limit	0.37%	0.95%	1.26%
100%	None	80% SAWW	Unlimited	0.34%	0.86%	1.16%
100%	None	80% SAWW	SS Limit	0.36%	0.91%	1.23%
100%	None	100% SAWW	Unlimited	0.38%	0.97%	1.28%
100%	None	100% SAWW	SS Limit	0.40%	1.02%	1.37%
100%	None	120% SAWW	Unlimited	0.40%	1.02%	1.35%
100%	None	120% SAWW	SS Limit	0.42%	1.08%	1.44%

* The overall contribution rates equal total contributions divided by total taxable wages in every year, and do not equal the sum of employer and employee contribution rates due to the small employer exemptions.

Financial Projection

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,342	11,932	12,410	12,782	12,757
Medical		30,614	32,209	33,497	34,502	34,433
Total		**41,955**	**44,141**	**45,907**	**47,284**	**47,189**
Benefit Payments ($ millions)						
Family		$81.3	$88.9	$96.4	$103.6	$107.5
Medical		$255.8	$279.9	$303.6	$326.2	$338.6
Total		**$337.1**	**$368.8**	**$400.1**	**$429.8**	**$446.1**
Expenses ($ millions)						
Family		$4.3	$4.7	$5.1	$5.5	$5.7
Medical		$22.2	$24.3	$26.4	$28.4	$29.4
Total	**$65.0**	**$26.5**	**$29.0**	**$31.5**	**$33.8**	**$35.1**
Total Expenditure ($ millions)						
Family		$85.5	$93.6	$101.5	$109.1	$113.2
Medical		$278.1	$304.3	$330.0	$354.5	$368.0
Total	**$65.0**	**$363.6**	**$397.8**	**$431.6**	**$463.6**	**$481.2**
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
Contributions ($ millions)						
Employer	$101.5	$105.7	$110.3	$115.0	$119.4	$123.9
Employee	$304.4	$317.2	$330.8	$345.0	$358.1	$371.7
Total	**$405.8**	**$422.9**	**$441.1**	**$460.1**	**$477.5**	**$495.6**
Investment Income ($ millions)	$3.4	$4.0	$4.5	$4.8	$5.0	$5.2
EOY Fund Balance ($ millions)	$340.8	$403.6	$450.9	$483.9	$502.6	$522.1
Fund Balance % of Prior Year Expenditure			124%	122%	116%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

PFML Program Design:

- Benefit Percent: 90%
- Waiting Period: None
- Maximum Benefit: 100% SAWW
- Wage Base: SS Limit

The assumed claim incidence rates are increasing in initial years.

The contributions are higher than the total expenditure in every year.

The fund ratio levels off beyond 2029 because the incidence rate assumptions stabilize in future years.

Maximum Contribution Rates in Other States

CA 1.50% of taxable wages for Disability Insurance and Paid Family Leave. Taxable wages are capped at $145,600 per employee per year.

NY The maximum employee contribution for Disability Benefits Law (DBL) is $0.60 per week. There is no explicit maximum for the employer contribution for DBL, and there are no explicit maximums for employer and employee contributions for Paid Family Leave.

WA The maximum contribution rate is 0.60% of taxable wages up to the Social Security wage limit; however, a solvency surcharge up to 0.60% is assessed in years when the fund ratio is below a minimum threshold, implying that contribution rates in any given year would be capped at 1.20%.

CO 1.20% of taxable wages up to the Social Security wage limit.

DE 1.00% of taxable wages up to the Social Security wage limit. If the state determines that the contribution rate for the next calendar year should exceed 1.00%, then benefits are adjusted by reducing the benefit percent from 80% to the lowest percentage that results in a contribution rate that does not exceed 1.00%.

CT The legislation is ambiguous because it establishes a maximum contribution rate of 0.50% (the current rate) as well as establishing a mechanism for the rate to be increased in order to meet funding objectives.

OR The maximum contribution rate is 1.00% of taxable wages, which is the initial rate (benefits begin on January 1, 2023). Taxable wages in 2022 are capped at $132,900, and the taxable wage base will be adjusted annually based on changes in the Consumer Price Index.

Other Considerations

- **Program Design**
  - Including coverage for bonding claims for newborn or newly adopted children prior to the effective date of benefits would add cost in the first year of the program.

- **Contributions**
  - Employers and employees with existing short-term disability (STD) and/or family leave plans may not see significant changes in costs.

- **Funding Objectives**
  - The contribution rates shown above are based on an initial fund target in the range of 120% to 125% of the prior year's expenditure for benefits and administration.
  - This target is consistent with the targets included in new PFML programs in other states.
  - More tenured programs tend to have lower targets.

- **Tracking Experience**
  - We strongly recommend tracking PFML experience as it emerges, and developing employer-level and claim-level databases for monitoring the experience on a regular basis.

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor and publicly available data on PFML programs in other states. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman. We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Milliman

Thank you

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November 28, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

We have analyzed the new paid family and medical leave (PFML) program options discussed during our meeting with the Commission to Develop a Paid Family and Medical Leave Benefits Program on November 18, 2022. This letter contains estimated contribution rates and financial projections for these options. The options vary in terms of income replacement, maximum benefit amount, cost-sharing, taxable wage base, and maximum benefit period as follows:

- Income Replacement: 80%, 90%, or 100%
- Maximum Benefit amount: 100% or 120% of the state average weekly wage
- Cost-Sharing: 25% employer/75% employee or 50% employer/50% employee
- Taxable wage base: Unlimited or Social Security Maximum Wage Base
- Combined Maximum Benefit Period: 16 weeks or 18 weeks

We also assumed the other design features specified in the document "Rec for PFML Program Chart for Nov. 29.pdf" would apply to all program options. For example, we assumed a 7-day waiting period for medical claims in every option.

We estimated contribution rates for the new PFML program options using the same models and assumptions as our prior analyses, by calibrating the models to the new design options. The resulting contribution rates are provided below in Table 1 (based on a 16-week combined maximum benefit period) and Table 2 (based on an 18-week combined maximum benefit period):

Table 1 **Estimated Contribution Rates as a Percentage of Taxable Wages** Combined Maximum Benefit Period: 16 weeks							
Program Feature			**25% ER / 75% EE**		**50% ER / 50% EE**		**Total**
Benefit Percent	**Maximum Benefit**	**Wage Base**	**Employer**	**Employee**	**Employer**	**Employee**	
80%	100% SAWW	Unlimited	0.23%	0.60%	0.47%	0.40%	**0.80%**
80%	100% SAWW	SS Limit	0.25%	0.64%	0.50%	0.43%	**0.85%**
80%	120% SAWW	Unlimited	0.24%	0.61%	0.48%	0.41%	**0.82%**
80%	120% SAWW	SS Limit	0.26%	0.65%	0.51%	0.43%	**0.87%**
90%	100% SAWW	Unlimited	0.28%	0.72%	0.56%	0.48%	**0.95%**
90%	100% SAWW	SS Limit	0.30%	0.76%	0.60%	0.51%	**1.01%**
90%	120% SAWW	Unlimited	0.29%	0.74%	0.58%	0.50%	**0.99%**
90%	120% SAWW	SS Limit	0.31%	0.78%	0.62%	0.52%	**1.05%**
100%	100% SAWW	Unlimited	0.31%	0.81%	0.61%	0.54%	**1.08%**
100%	100% SAWW	SS Limit	0.34%	0.86%	0.67%	0.57%	**1.14%**
100%	120% SAWW	Unlimited	0.33%	0.85%	0.67%	0.57%	**1.13%**
100%	120% SAWW	SS Limit	0.35%	0.90%	0.71%	0.60%	**1.20%**

Table 2 **Estimated Contribution Rates as a Percentage of Taxable Wages** Combined Maximum Benefit Period: 18 weeks							
Program Feature			**25% ER / 75% EE**		**50% ER / 50% EE**		**Total**
Benefit Percent	**Maximum Benefit**	**Wage Base**	**Employer**	**Employee**	**Employer**	**Employee**	
80%	100% SAWW	Unlimited	0.25%	0.63%	0.49%	0.42%	**0.84%**
80%	100% SAWW	SS Limit	0.26%	0.67%	0.53%	0.45%	**0.89%**
80%	120% SAWW	Unlimited	0.25%	0.64%	0.50%	0.43%	**0.86%**
80%	120% SAWW	SS Limit	0.27%	0.68%	0.54%	0.46%	**0.91%**
90%	100% SAWW	Unlimited	0.29%	0.76%	0.58%	0.50%	**1.00%**
90%	100% SAWW	SS Limit	0.32%	0.80%	0.63%	0.53%	**1.06%**
90%	120% SAWW	Unlimited	0.30%	0.78%	0.61%	0.52%	**1.04%**
90%	120% SAWW	SS Limit	0.33%	0.82%	0.65%	0.55%	**1.10%**
100%	100% SAWW	Unlimited	0.33%	0.85%	0.65%	0.57%	**1.14%**
100%	100% SAWW	SS Limit	0.36%	0.90%	0.71%	0.60%	**1.20%**
100%	120% SAWW	Unlimited	0.35%	0.89%	0.70%	0.60%	**1.19%**
100%	120% SAWW	SS Limit	0.37%	0.95%	0.74%	0.63%	**1.26%**

In Tables 1 and 2, the total contribution rate in the final column is the same under both cost sharing scenarios, and represents total annual contributions divided by total annual taxable wages in every option. The sum of the employer and employee contribution rates does not equal the total contribution rate because the employer rates were determined by assuming small employer exemptions for employers with fewer than 15 employees[1].

We have also analyzed the expected cost of first-year bonding claims for children born or adopted within 12 months of the effective date of benefits. In this scenario, benefits would be payable to employees who take bonding leave even though the birth or adoption occurred before the effective date of benefits. We have estimated that PFML claim costs in the first year would be approximately 10% higher under this provision, and we would recommend increasing the contribution rates shown above by 2% (i.e., multiplying the rates by a factor of 1.02) to fund these additional costs. For example, the total contribution rate from the fifth row in Table 2 corresponding to 90% benefit percent, 100% SAWW maximum benefit amount, and unlimited taxable wages would increase from 1.00% to 1.02% (i.e., 1.00% X 1.02) for the first-year bonding provision. Alternatively, the additional costs for this provision could be covered by extending the initial contribution period from 12 months to 14 months using the same contribution rates shown in Tables 1 and 2.

Financial Projections

We developed financial projections corresponding to the PFML program options and contribution rates from Table 1 that feature a cap on taxable wages equal to the Social Security maximum wage limit[2]. These projections are provided on pages 4 – 9 of this letter. The financial projections depend on a variety of actuarial assumptions about future experience, including but not limited to employment and wage growth, PFML claim experience, expenses, and investment income. It is nearly certain that actual experience will vary from these assumptions, meaning that the program's actual fund balance will be higher or lower than the illustrated values.

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1 Appendix A of this letter contains a different set of contribution rates for the new program options based on a different cost sharing structure in which the total contribution rates are the same as Tables 1 and 2 but the employer and employee rates are different. For example, in Appendix A, the employer and employee rates are equal in the 50%/50% cost sharing scenario.

2 We can develop financial projections for the other options in Tables 1 and 2 at the Commission's request.

Projection 1
Benefit Percent: 80%
Maximum Benefit Amount: 100% SAWW

	2024	**2025**	**2026**	**2027**	**2028**	**2029**
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		10,926	11,496	11,955	12,314	12,289
Medical		24,575	25,855	26,890	27,696	27,641
Total		***35,501***	***37,351***	***38,845***	***40,010***	***39,930***
Benefit Payments ($ millions)						
Family		$66.3	$72.5	$78.7	$84.5	$87.7
Medical		$178.6	$195.4	$212.0	$227.7	$236.4
Total		***$244.9***	***$268.0***	***$290.7***	***$312.3***	***$324.1***
Expenses ($ millions)						
Family		$3.5	$3.8	$4.1	$4.4	$4.6
Medical		$15.5	$17.0	$18.4	$19.8	$20.6
Total	**$65.0**	**$19.0**	**$20.8**	**$22.6**	**$24.3**	**$25.2**
Total Expenditure ($ millions)						
Family		$69.8	$76.4	$82.8	$89.0	$92.3
Medical		$194.1	$212.4	$230.4	$247.5	$256.9
Total	**$65.0**	**$263.9**	**$288.8**	**$313.2**	**$336.5**	**$349.3**
Contribution Rate						
Employer	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Employee	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%
Overall*	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Contributions ($ millions)						
Employer	$75.1	$78.2	$81.6	$85.1	$88.3	$91.7
Employee	$225.2	$234.7	$244.8	$255.3	$265.0	$275.1
Total	***$300.3***	***$313.0***	***$326.4***	***$340.5***	***$353.4***	***$366.8***
Investment Income ($ millions)	*$2.4*	*$2.9*	*$3.3*	*$3.6*	*$3.8*	*$4.0*
EOY Fund Balance ($ millions)	$235.3	$286.7	$327.2	$357.7	$378.2	$399.5
Target Fund Balance ($ millions)			$316.7	$346.5	$375.9	$403.8
Fund Balance % of Prior Year Expenditure			124%	124%	121%	119%

Projection 2
Benefit Percent: 80%
Maximum Benefit Amount: 120% SAWW

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,114	11,693	12,161	12,526	12,501
Medical		24,998	26,300	27,352	28,173	28,117
Total		***36,112***	***37,993***	***39,513***	***40,699***	***40,617***
Benefit Payments ($ millions)						
Family		$67.5	$73.8	$80.1	$86.0	$89.3
Medical		$182.2	$199.3	$216.2	$232.3	$241.1
Total		***$249.6***	***$273.2***	***$296.3***	***$318.3***	***$330.4***
Expenses ($ millions)						
Family		$3.6	$3.9	$4.2	$4.5	$4.7
Medical		$15.8	$17.3	$18.8	$20.2	$21.0
Total	**$65.0**	**$19.4**	**$21.2**	**$23.0**	**$24.7**	**$25.7**
Total Expenditure ($ millions)						
Family		$71.0	$77.7	$84.3	$90.6	$94.0
Medical		$198.0	$216.7	$235.0	$252.5	$262.1
Total	**$65.0**	**$269.0**	**$294.4**	**$319.3**	**$343.0**	**$356.0**
Contribution Rate						
Employer	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Employee	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Overall*	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Contributions ($ millions)						
Employer	$76.4	$79.7	$83.1	$86.7	$89.9	$93.4
Employee	$229.3	$239.0	$249.2	$259.9	$269.8	$280.0
Total	***$305.7***	***$318.6***	***$332.3***	***$346.6***	***$359.7***	***$373.4***
Investment Income ($ millions)	*$2.4*	*$2.9*	*$3.3*	*$3.6*	*$3.8*	*$4.1*
EOY Fund Balance ($ millions)	$240.7	$292.7	$333.6	$364.2	$384.6	$405.8
Target Fund Balance ($ millions)			$322.8	$353.2	$383.2	$411.6
Fund Balance % of Prior Year Expenditure			124%	124%	120%	118%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 3
Benefit Percent: 90%
Maximum Benefit Amount: 100% SAWW

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,342	11,932	12,410	12,782	12,757
Medical		25,509	26,838	27,912	28,749	28,691
Total		***36,851***	***38,771***	***40,321***	***41,531***	***41,448***
Benefit Payments ($ millions)						
Family		$81.3	$88.9	$96.4	$103.6	$107.5
Medical		$213.2	$233.2	$253.0	$271.8	$282.1
Total		***$294.4***	***$322.2***	***$349.4***	***$375.4***	***$389.6***
Expenses ($ millions)						
Family		$4.3	$4.7	$5.1	$5.5	$5.7
Medical		$18.5	$20.3	$22.0	$23.6	$24.5
Total	**$65.0**	**$22.8**	**$25.0**	**$27.1**	**$29.1**	**$30.2**
Total Expenditure ($ millions)						
Family		$85.5	$93.6	$101.5	$109.1	$113.2
Medical		$231.7	$253.5	$275.0	$295.4	$306.6
Total	**$65.0**	**$317.2**	**$347.1**	**$376.5**	**$404.5**	**$419.8**
Contribution Rate						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Overall*	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%
Contributions ($ millions)						
Employer	$89.2	$93.0	$96.9	$101.1	$105.0	$108.9
Employee	$267.6	$278.8	$290.8	$303.3	$314.8	$326.8
Total	***$356.8***	***$371.8***	***$387.8***	***$404.4***	***$419.8***	***$435.7***
Investment Income ($ millions)	*$2.9*	*$3.5*	*$3.9*	*$4.3*	*$4.4*	*$4.7*
EOY Fund Balance ($ millions)	$291.8	$349.2	$393.4	$425.2	$444.8	$465.1
Target Fund Balance ($ millions)			$380.7	$416.5	$451.8	$485.4
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 4
Benefit Percent: 90%
Maximum Benefit Amount: 120% SAWW

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,464	12,061	12,544	12,920	12,894
Medical		25,784	27,128	28,213	29,059	29,001
Total		***37,248***	***39,189***	***40,757***	***41,979***	***41,895***
Benefit Payments ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$222.4	$243.4	$264.0	$283.6	$294.4
Total		***$305.1***	***$333.8***	***$362.1***	***$389.0***	***$403.7***
Expenses ($ millions)						
Family		$4.3	$4.8	$5.2	$5.5	$5.8
Medical		$19.3	$21.2	$23.0	$24.7	$25.6
Total	**$65.0**	**$23.7**	**$25.9**	**$28.1**	**$30.2**	**$31.4**
Total Expenditure ($ millions)						
Family		$87.0	$95.2	$103.2	$110.9	$115.1
Medical		$241.8	$264.5	$286.9	$308.3	$320.0
Total	**$65.0**	**$328.8**	**$359.7**	**$390.2**	**$419.2**	**$435.1**
Contribution Rate						
Employer	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Employee	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Overall*	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Contributions ($ millions)						
Employer	$92.2	$96.1	$100.3	$104.6	$108.5	$112.7
Employee	$276.7	$288.4	$300.8	$313.7	$325.6	$337.9
Total	***$369.0***	***$384.5***	***$401.0***	***$418.3***	***$434.1***	***$450.6***
Investment Income ($ millions)	*$3.0*	*$3.6*	*$4.1*	*$4.4*	*$4.6*	*$4.8*
EOY Fund Balance ($ millions)	$304.0	$362.7	$407.7	$439.8	$459.1	$479.2
Target Fund Balance ($ millions)			$394.5	$431.7	$468.2	$503.0
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 5

Benefit Percent: 100%
Maximum Benefit Amount: 100% SAWW

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,529	12,130	12,615	12,994	12,968
Medical		25,931	27,282	28,374	29,225	29,166
Total		***37,461***	***39,412***	***40,989***	***42,219***	***42,134***
Benefit Payments ($ millions)						
Family		$95.2	$104.2	$113.0	$121.4	$126.0
Medical		$239.7	$262.3	$284.5	$305.7	$317.3
Total		***$334.9***	***$366.5***	***$397.5***	***$427.0***	***$443.2***
Expenses ($ millions)						
Family		$5.0	$5.5	$5.9	$6.4	$6.6
Medical		$20.8	$22.8	$24.7	$26.6	$27.6
Total	**$65.0**	**$25.9**	**$28.3**	**$30.7**	**$33.0**	**$34.2**
Total Expenditure ($ millions)						
Family		$100.2	$109.6	$118.9	$127.8	$132.6
Medical		$260.6	$285.1	$309.3	$332.2	$344.8
Total	**$65.0**	**$360.8**	**$394.8**	**$428.2**	**$460.0**	**$477.5**
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%
Contributions ($ millions)						
Employer	$100.7	$105.0	$109.5	$114.2	$118.5	$123.0
Employee	$302.1	$314.8	$328.4	$342.5	$355.5	$369.0
Total	***$402.9***	***$419.8***	***$437.9***	***$456.7***	***$474.0***	***$492.0***
Investment Income ($ millions)	*$3.4*	*$4.0*	*$4.5*	*$4.8*	*$5.0*	*$5.2*
EOY Fund Balance ($ millions)	$337.9	$400.3	$447.4	$480.3	$499.1	$518.6
Target Fund Balance ($ millions)			$432.9	$473.7	$513.8	$552.0
Fund Balance % of Prior Year Expenditure			124%	122%	117%	113%

Projection 6

Benefit Percent: 100%
Maximum Benefit Amount: 120% SAWW

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$29,893.3	$31,151.2	$32,490.7	$33,887.9	$35,172.9	$36,506.6
Total	**$35,251.9**	**$36,735.3**	**$38,314.9**	**$39,962.4**	**$41,477.8**	**$43,050.7**
Claims						
Family		11,645	12,252	12,742	13,124	13,098
Medical		26,192	27,556	28,659	29,518	29,459
Total		***37,837***	***39,808***	***41,401***	***42,643***	***42,558***
Benefit Payments ($ millions)						
Family		$98.5	$107.8	$116.9	$125.6	$130.3
Medical		$254.5	$278.4	$302.0	$324.4	$336.7
Total		***$352.9***	***$386.2***	***$418.9***	***$450.0***	***$467.1***
Expenses ($ millions)						
Family		$5.2	$5.7	$6.2	$6.6	$6.9
Medical		$22.1	$24.2	$26.3	$28.2	$29.3
Total	**$65.0**	**$27.3**	**$29.9**	**$32.4**	**$34.8**	**$36.1**
Total Expenditure ($ millions)						
Family		$103.7	$113.4	$123.0	$132.2	$137.2
Medical		$276.6	$302.6	$328.3	$352.7	$366.0
Total	**$65.0**	**$380.2**	**$416.1**	**$451.3**	**$484.8**	**$503.2**
Contribution Rate						
Employer	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Employee	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Overall*	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Contributions ($ millions)						
Employer	$105.9	$110.3	$115.1	$120.0	$124.6	$129.3
Employee	$317.6	$330.9	$345.2	$360.0	$373.7	$387.8
Total	***$423.5***	***$441.3***	***$460.3***	***$480.0***	***$498.2***	***$517.1***
Investment Income ($ millions)	*$3.6*	*$4.2*	*$4.7*	*$5.0*	*$5.2*	*$5.4*
EOY Fund Balance ($ millions)	$358.5	$423.1	$471.5	$505.0	$523.4	$542.6
Target Fund Balance ($ millions)			$456.3	$499.3	$541.6	$581.8
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Commission To Develop A Paid Family and Medical Leave Benefits Program with estimated contribution rates for PFML program options, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, as well as on public information from various sources. Milliman did not audit or independently verify any of the information furnished, except that we did review the data for reasonableness and consistency. To the extent that any of the data or other information supplied to us was incorrect or inaccurate, the results of our analysis could be materially affected.

The results of our analysis are based on carefully constructed assumptions and methodologies that have been described in this report. Actual experience, however, will differ from those assumptions. As such, actual results will vary from the estimates provided and the cost of the proposed PFML program may be either higher or lower than the amounts illustrated in this report. In preparing this information, we have utilized actuarial models as defined by Actuarial Standards of Practice. The intended purpose of these models is to project future claim costs for paid family and medical leave benefits.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.corriea@milliman.com or (207) 771-1204. Thank you.

Sincerely,

Paul Correia

Paul Correia, FSA, MAAA
Principal and Consulting Actuary

c.c. Dan Skwire (Milliman)
The Commission to Develop a Paid Family and Medical Leave Benefits Program

Appendix A

Tables A1 and A2 contain contribution rates based on a different calculation method for the employer and employee contribution rates that results in the same rate for employers and employees under the 50%/50% cost sharing scenario. The total contribution rates are the same as in Tables 1 and 2.

Table A1
Estimated Contribution Rates as a Percentage of Taxable Wages
Combined Maximum Benefit Period: 16 weeks

Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	**Maximum Benefit**	**Wage Base**	**Employer**	**Employee**	**Employer**	**Employee**	
80%	100% SAWW	Unlimited	0.21%	0.63%	0.43%	0.43%	**0.80%**
80%	100% SAWW	SS Limit	0.22%	0.66%	0.46%	0.46%	**0.85%**
80%	120% SAWW	Unlimited	0.21%	0.64%	0.44%	0.44%	**0.82%**
80%	120% SAWW	SS Limit	0.23%	0.68%	0.47%	0.47%	**0.87%**
90%	100% SAWW	Unlimited	0.25%	0.74%	0.52%	0.52%	**0.95%**
90%	100% SAWW	SS Limit	0.26%	0.79%	0.55%	0.55%	**1.01%**
90%	120% SAWW	Unlimited	0.26%	0.77%	0.53%	0.53%	**0.99%**
90%	120% SAWW	SS Limit	0.27%	0.82%	0.57%	0.57%	**1.05%**
100%	100% SAWW	Unlimited	0.28%	0.84%	0.59%	0.59%	**1.08%**
100%	100% SAWW	SS Limit	0.30%	0.89%	0.62%	0.62%	**1.14%**
100%	120% SAWW	Unlimited	0.29%	0.88%	0.61%	0.61%	**1.13%**
100%	120% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	**1.20%**

Table A2
Estimated Contribution Rates as a Percentage of Taxable Wages
Combined Maximum Benefit Period: 18 weeks

Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	**Maximum Benefit**	**Wage Base**	**Employer**	**Employee**	**Employer**	**Employee**	
80%	100% SAWW	Unlimited	0.22%	0.66%	0.46%	0.46%	**0.84%**
80%	100% SAWW	SS Limit	0.23%	0.70%	0.48%	0.48%	**0.89%**
80%	120% SAWW	Unlimited	0.22%	0.67%	0.46%	0.46%	**0.86%**
80%	120% SAWW	SS Limit	0.24%	0.71%	0.49%	0.49%	**0.91%**
90%	100% SAWW	Unlimited	0.26%	0.78%	0.54%	0.54%	**1.00%**
90%	100% SAWW	SS Limit	0.28%	0.83%	0.58%	0.58%	**1.06%**
90%	120% SAWW	Unlimited	0.27%	0.81%	0.56%	0.56%	**1.04%**
90%	120% SAWW	SS Limit	0.29%	0.86%	0.59%	0.59%	**1.10%**
100%	100% SAWW	Unlimited	0.30%	0.89%	0.62%	0.62%	**1.14%**
100%	100% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	**1.20%**
100%	120% SAWW	Unlimited	0.31%	0.93%	0.64%	0.64%	**1.19%**
100%	120% SAWW	SS Limit	0.33%	0.98%	0.68%	0.68%	**1.26%**

Maine Paid Family and Medical Leave Actuarial Analysis

Milliman

New Program Options

November 29, 2022

Paul Correia, FSA, MAAA
Dan Skwire, FSA, MAAA

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Assumed PFML Program Design Options

- **Income Replacement**: 80%, 90%, or 100% of wages up to the maximum weekly benefit amount.

- **Maximum Weekly Benefit Amount**: 100% or 120% of the Maine state average weekly wage.

- **Waiting Period**: 7-days for medical claims and no waiting period for family claims.

- **Wage Base**: Unlimited, or taxable wages up to the Social Security maximum wage limit.

- **Combined Maximum Benefit Period**: 16 weeks or 18 weeks.

- **Cost Sharing**: 25% employer / 75% employee or 50% employer / 50% employee

- **Small Employer Exemption**: Employers with fewer than 15 employees are exempt from paying the employer contribution.

Estimated Contribution Rates

Contribution rates for PFML programs that feature a 16-week combined maximum benefit period

Table 1
Estimated PFML Contribution Rates
16-week Combined Maximum Benefit Period

Program Feature			Contribution Rates				Total*
			25% ER / 75% EE		50% ER / 50% EE		
Income Replacement	Maximum Benefit Amount	Taxable Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.23%	0.60%	0.47%	0.40%	**0.80%**
80%	100% SAWW	SS Limit	0.25%	0.64%	0.50%	0.43%	**0.85%**
80%	120% SAWW	Unlimited	0.24%	0.61%	0.48%	0.41%	**0.82%**
80%	120% SAWW	SS Limit	0.26%	0.65%	0.51%	0.43%	**0.87%**
90%	100% SAWW	Unlimited	0.28%	0.72%	0.56%	0.48%	**0.95%**
90%	100% SAWW	SS Limit	0.30%	0.76%	0.60%	0.51%	**1.01%**
90%	120% SAWW	Unlimited	0.29%	0.74%	0.58%	0.50%	**0.99%**
90%	120% SAWW	SS Limit	0.31%	0.78%	0.62%	0.52%	**1.05%**
100%	100% SAWW	Unlimited	0.31%	0.81%	0.61%	0.54%	**1.08%**
100%	100% SAWW	SS Limit	0.34%	0.86%	0.67%	0.57%	**1.14%**
100%	120% SAWW	Unlimited	0.33%	0.85%	0.67%	0.57%	**1.13%**
100%	120% SAWW	SS Limit	0.35%	0.90%	0.71%	0.60%	**1.20%**

* The total contribution rates equal total contributions divided by total taxable wages in every year, and do not equal the sum of employer and employee contribution rates due to the small employer exemptions.

Example of contribution rate calculation

- 50% Employer / 50% Employee
- 90% Income Replacement
- Maximum Benefit of 100% x SAWW
- Taxable Wages up to SS Wage Limit

(A) Contributor	(B) Taxable Wages ($millions)	(C) Contribution Rates	(D) Contributions (B x C)**
Employer	$29,893.3	0.60%	$178.4
Employee	$35,251.9	0.51%	$178.4
Total	**$35,251.9**	**1.01%**	**$356.8**

***Differences are due to rounding*

The employer and employee **contribution amounts** are the same under the 50/50 cost sharing scenario.

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Estimated Contribution Rates

Alternative Set of Contribution rates for PFML programs that feature a 16-week combined maximum benefit period

Table 1A
Estimated PFML Contribution Rates
16-week Combined Maximum Benefit Period

Program Feature			Contribution Rates				
			25% ER / 75% EE		50% ER / 50% EE		Total*
Income Replacement	Maximum Benefit Amount	Taxable Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.21%	0.63%	0.43%	0.43%	**0.80%**
80%	100% SAWW	SS Limit	0.22%	0.66%	0.46%	0.46%	**0.85%**
80%	120% SAWW	Unlimited	0.21%	0.64%	0.44%	0.44%	**0.82%**
80%	120% SAWW	SS Limit	0.23%	0.68%	0.47%	0.47%	**0.87%**
90%	100% SAWW	Unlimited	0.25%	0.74%	0.52%	0.52%	**0.95%**
90%	100% SAWW	SS Limit	0.26%	0.79%	0.55%	0.55%	**1.01%**
90%	120% SAWW	Unlimited	0.26%	0.77%	0.53%	0.53%	**0.99%**
90%	120% SAWW	SS Limit	0.27%	0.82%	0.57%	0.57%	**1.05%**
100%	100% SAWW	Unlimited	0.28%	0.84%	0.59%	0.59%	**1.08%**
100%	100% SAWW	SS Limit	0.30%	0.89%	0.62%	0.62%	**1.14%**
100%	120% SAWW	Unlimited	0.29%	0.88%	0.61%	0.61%	**1.13%**
100%	120% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	**1.20%**

* The total contribution rates are the same as the total contribution rates in Table 1 on slide 4; however, the employer and employee rates are different than the rates in Table 1.

Example of contribution rate calculation

- ❑ 50% Employer / 50% Employee
- ❑ 90% Income Replacement
- ❑ Maximum Benefit of 100% x SAWW
- ❑ Taxable Wages up to SS Wage Limit

(A) Contributor	(B) Taxable Wages ($millions)	(C) Contribution Rates	(D) Contributions (B x C)
Employer	$29,893.3	0.55%	$163.7
Employee	$35,251.9	0.55%	$193.1
Total	**$35,251.9**	**1.01%**	**$356.8**

***Differences are due to rounding*

The employer and employee contribution rates are the same under the 50/50 cost sharing scenario.

Estimated Contribution Rates

Contribution rates for PFML programs that feature an 18-week combined maximum benefit period

Table 2 Estimated PFML Contribution Rates 18-week Combined Maximum Benefit Period							
Program Feature			**Contribution Rates**				**Total**
Income Replacement	**Maximum Benefit Amount**	**Taxable Wage Base**	**25% ER / 75% EE**		**50% ER / 50% EE**		
			Employer	**Employee**	**Employer**	**Employee**	
80%	100% SAWW	Unlimited	0.25%	0.63%	0.49%	0.42%	**0.84%**
80%	100% SAWW	SS Limit	0.26%	0.67%	0.53%	0.45%	**0.89%**
80%	120% SAWW	Unlimited	0.25%	0.64%	0.50%	0.43%	**0.86%**
80%	120% SAWW	SS Limit	0.27%	0.68%	0.54%	0.46%	**0.91%**
90%	100% SAWW	Unlimited	0.29%	0.76%	0.58%	0.50%	**1.00%**
90%	100% SAWW	SS Limit	0.32%	0.80%	0.63%	0.53%	**1.06%**
90%	120% SAWW	Unlimited	0.30%	0.78%	0.61%	0.52%	**1.04%**
90%	120% SAWW	SS Limit	0.33%	0.82%	0.65%	0.55%	**1.10%**
100%	100% SAWW	Unlimited	0.33%	0.85%	0.65%	0.57%	**1.14%**
100%	100% SAWW	SS Limit	0.36%	0.90%	0.71%	0.60%	**1.20%**
100%	120% SAWW	Unlimited	0.35%	0.89%	0.70%	0.60%	**1.19%**
100%	120% SAWW	SS Limit	0.37%	0.95%	0.74%	0.63%	**1.26%**

The contribution rates shown above are 5% higher than the contribution rates from Table 1 due to the longer combined maximum benefit period (i.e., 18 weeks versus 16 weeks)

Estimated Contribution Rates

Alternative Set of Contribution rates for PFML programs that feature an 18-week combined maximum benefit period

Table 2A Estimated PFML Contribution Rates 18-week Combined Maximum Benefit Period							
Program Feature			**Contribution Rates**				**Total**
			25% ER / 75% EE		**50% ER / 50% EE**		
Income Replacement	**Maximum Benefit Amount**	**Taxable Wage Base**	**Employer**	**Employee**	**Employer**	**Employee**	
80%	100% SAWW	Unlimited	0.22%	0.66%	0.46%	0.46%	**0.84%**
80%	100% SAWW	SS Limit	0.23%	0.70%	0.48%	0.48%	**0.89%**
80%	120% SAWW	Unlimited	0.22%	0.67%	0.46%	0.46%	**0.86%**
80%	120% SAWW	SS Limit	0.24%	0.71%	0.49%	0.49%	**0.91%**
90%	100% SAWW	Unlimited	0.26%	0.78%	0.54%	0.54%	**1.00%**
90%	100% SAWW	SS Limit	0.28%	0.83%	0.58%	0.58%	**1.06%**
90%	120% SAWW	Unlimited	0.27%	0.81%	0.56%	0.56%	**1.04%**
90%	120% SAWW	SS Limit	0.29%	0.86%	0.59%	0.59%	**1.10%**
100%	100% SAWW	Unlimited	0.30%	0.89%	0.62%	0.62%	**1.14%**
100%	100% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	**1.20%**
100%	120% SAWW	Unlimited	0.31%	0.93%	0.64%	0.64%	**1.19%**
100%	120% SAWW	SS Limit	0.33%	0.98%	0.68%	0.68%	**1.26%**

The contribution rates shown above are 5% higher than the contribution rates from Table 1A due to the longer combined maximum benefit period (i.e., 18 weeks versus 16 weeks)

First-Year Bonding Claims

- The PFML program may allow bonding claims for children born or adopted within 12 months of the effective date of benefits.
- We have estimated that PFML claim costs in the first year would be approximately 10% higher under this provision.
- We recommend increasing the contribution rates in all years by 2% (i.e., multiplying the rates by a factor of 1.02) to fund these additional costs.
- Alternatively, the additional costs could be covered by extending the initial contribution period from 12 months to 14 months without modifying the contribution rates shown above.

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor and publicly available data on PFML programs in other states. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman. We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Milliman

Thank you

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December 1, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

At the Commission's request, we have calculated the weekly contributions and benefit amounts for employees with salaries ranging from $10,000 to $250,000, based on the following paid family and medical leave program design options[1]:

1. Benefits replace 80% of income up to 120% of the state average weekly wages
2. Benefits replace 90% of income up to 120% of the state average weekly wages

We have also researched the legislation in other states related to coordinating PFML with benefits from other sources, such as Workers' Compensation and Unemployment Insurance, and we have reviewed the memorandum developed by the Maine Paid Leave Coalition to compare the design and costs of the PFML program that organization describes to those under consideration by the Commission. This letter contains the results or our analysis, research, and review, as well as other information related to the Maine PFML program.

Weekly Contributions and Benefit Amounts

We calculated the weekly contributions and benefit amounts for employees with different salaries using the following contribution rates, which are consistent with the rates included in our letter from November 28, 2022:

Table 1
Estimated PFML Contribution Rates

Income Replacement	Maximum Benefit	Wage Base	Cost Share Method	Cost Share Proportion 25% / 75% ER	25% / 75% EE	50% / 50% ER	50% / 50% EE	Total
80%	120% SAWW	Unlimited	Equal Amount	0.24%	0.61%	0.48%	0.41%	0.82%
80%	120% SAWW	Unlimited	Equal Rate	0.21%	0.64%	0.44%	0.44%	0.82%
90%	120% SAWW	Unlimited	Equal Amount	0.29%	0.74%	0.58%	0.50%	0.99%
90%	120% SAWW	Unlimited	Equal Rate	0.26%	0.77%	0.53%	0.53%	0.99%

[1] The other design features are consistent with those specified in the latest PFML program design grid in the document "Recs for PFML Program Chart for Dec 2".

In Table 1, we included contribution rates for both cost share methods discussed during our meeting last Tuesday. In the "Equal Amount" method, the cost share percentage (i.e., 25%, 50%, and 75%) represents the proportion of total contributions paid by employers and employees. Under this method, the contribution rates are not the same under the 50%/50% option because of the assumed small employer exemptions; however, the total contributions from employers and employees would be equal. In the "Equal Rate" method, the contribution rates were calibrated to produce the same contribution rate for employers and employees under the 50%/50% option.

The tables on pages 3-6 show the weekly contributions and benefit amounts for employees whose salaries range from $10,000 to $250,000 in increments of $5,000, for the program options included in Table 1. A description of the tables is provided below:

- **Table 2 (page 3)**: Benefits replace 80% of income up to 120% of SAWW. Contribution rates are based on the "Equal Amount" Cost Share Method.
- **Table 3 (page 4)**: Benefits replace 80% of income up to 120% of SAWW. Contribution rates are based on the "Equal Rate" Cost Share Method.
- **Table 4 (page 5)**: Benefits replace 90% of income up to 120% of SAWW. Contribution rates are based on the "Equal Amount" Cost Share Method.
- **Table 5 (page 6)**: Benefits replace 90% of income up to 120% of SAWW. Contribution rates are based on the "Equal Rate" Cost Share Method.

Table 2 – Benefits Replace 80% of Income up to 120% of SAWW – "Equal Amount" Cost Share Method						
Annual Salary	Weekly Benefit Amount	Replacement Ratio	Weekly Contributions			
			25% / 75% Cost Share		50% / 50% Cost Share	
			Employer	Employee	Employer	Employee
$10,000	$154	80%	$0.46	$1.17	$0.92	$0.79
$15,000	$231	80%	$0.69	$1.76	$1.38	$1.18
$20,000	$308	80%	$0.92	$2.35	$1.85	$1.58
$25,000	$385	80%	$1.15	$2.93	$2.31	$1.97
$30,000	$462	80%	$1.38	$3.52	$2.77	$2.37
$35,000	$538	80%	$1.62	$4.11	$3.23	$2.76
$40,000	$615	80%	$1.85	$4.69	$3.69	$3.15
$45,000	$692	80%	$2.08	$5.28	$4.15	$3.55
$50,000	$769	80%	$2.31	$5.87	$4.62	$3.94
$55,000	$846	80%	$2.54	$6.45	$5.08	$4.34
$60,000	$923	80%	$2.77	$7.04	$5.54	$4.73
$65,000	$1,000	80%	$3.00	$7.63	$6.00	$5.13
$70,000	$1,077	80%	$3.23	$8.21	$6.46	$5.52
$75,000	$1,154	80%	$3.46	$8.80	$6.92	$5.91
$80,000	$1,231	80%	$3.69	$9.38	$7.38	$6.31
$85,000	$1,308	80%	$3.92	$9.97	$7.85	$6.70
$90,000	$1,377	80%	$4.15	$10.56	$8.31	$7.10
$95,000	$1,377	75%	$4.38	$11.14	$8.77	$7.49
$100,000	$1,377	72%	$4.62	$11.73	$9.23	$7.88
$105,000	$1,377	68%	$4.85	$12.32	$9.69	$8.28
$110,000	$1,377	65%	$5.08	$12.90	$10.15	$8.67
$115,000	$1,377	62%	$5.31	$13.49	$10.62	$9.07
$120,000	$1,377	60%	$5.54	$14.08	$11.08	$9.46
$125,000	$1,377	57%	$5.77	$14.66	$11.54	$9.86
$130,000	$1,377	55%	$6.00	$15.25	$12.00	$10.25
$135,000	$1,377	53%	$6.23	$15.84	$12.46	$10.64
$140,000	$1,377	51%	$6.46	$16.42	$12.92	$11.04
$145,000	$1,377	49%	$6.69	$17.01	$13.38	$11.43
$150,000	$1,377	48%	$6.92	$17.60	$13.85	$11.83
$155,000	$1,377	46%	$7.15	$18.18	$14.31	$12.22
$160,000	$1,377	45%	$7.38	$18.77	$14.77	$12.62
$165,000	$1,377	43%	$7.62	$19.36	$15.23	$13.01
$170,000	$1,377	42%	$7.85	$19.94	$15.69	$13.40
$175,000	$1,377	41%	$8.08	$20.53	$16.15	$13.80
$180,000	$1,377	40%	$8.31	$21.12	$16.62	$14.19
$185,000	$1,377	39%	$8.54	$21.70	$17.08	$14.59
$190,000	$1,377	38%	$8.77	$22.29	$17.54	$14.98
$195,000	$1,377	37%	$9.00	$22.88	$18.00	$15.38
$200,000	$1,377	36%	$9.23	$23.46	$18.46	$15.77
$205,000	$1,377	35%	$9.46	$24.05	$18.92	$16.16
$210,000	$1,377	34%	$9.69	$24.63	$19.38	$16.56
$215,000	$1,377	33%	$9.92	$25.22	$19.85	$16.95
$220,000	$1,377	33%	$10.15	$25.81	$20.31	$17.35
$225,000	$1,377	32%	$10.38	$26.39	$20.77	$17.74
$230,000	$1,377	31%	$10.62	$26.98	$21.23	$18.13
$235,000	$1,377	30%	$10.85	$27.57	$21.69	$18.53
$240,000	$1,377	30%	$11.08	$28.15	$22.15	$18.92
$245,000	$1,377	29%	$11.31	$28.74	$22.62	$19.32
$250,000	$1,377	29%	$11.54	$29.33	$23.08	$19.71

Table 3 – Benefits Replace 80% of Income up to 120% of SAWW – "Equal Rate" Cost Share Method						
Annual Salary	Weekly Benefit Amount	Replacement Ratio	Weekly Contributions			
			25% / 75% Cost Share		50% / 50% Cost Share	
			Employer	Employee	Employer	Employee
$10,000	$154	80%	$0.40	$1.23	$0.85	$0.85
$15,000	$231	80%	$0.61	$1.85	$1.27	$1.27
$20,000	$308	80%	$0.81	$2.46	$1.69	$1.69
$25,000	$385	80%	$1.01	$3.08	$2.12	$2.12
$30,000	$462	80%	$1.21	$3.69	$2.54	$2.54
$35,000	$538	80%	$1.41	$4.31	$2.96	$2.96
$40,000	$615	80%	$1.62	$4.92	$3.38	$3.38
$45,000	$692	80%	$1.82	$5.54	$3.81	$3.81
$50,000	$769	80%	$2.02	$6.15	$4.23	$4.23
$55,000	$846	80%	$2.22	$6.77	$4.65	$4.65
$60,000	$923	80%	$2.42	$7.38	$5.08	$5.08
$65,000	$1,000	80%	$2.63	$8.00	$5.50	$5.50
$70,000	$1,077	80%	$2.83	$8.62	$5.92	$5.92
$75,000	$1,154	80%	$3.03	$9.23	$6.35	$6.35
$80,000	$1,231	80%	$3.23	$9.85	$6.77	$6.77
$85,000	$1,308	80%	$3.43	$10.46	$7.19	$7.19
$90,000	$1,377	80%	$3.63	$11.08	$7.62	$7.62
$95,000	$1,377	75%	$3.84	$11.69	$8.04	$8.04
$100,000	$1,377	72%	$4.04	$12.31	$8.46	$8.46
$105,000	$1,377	68%	$4.24	$12.92	$8.88	$8.88
$110,000	$1,377	65%	$4.44	$13.54	$9.31	$9.31
$115,000	$1,377	62%	$4.64	$14.15	$9.73	$9.73
$120,000	$1,377	60%	$4.85	$14.77	$10.15	$10.15
$125,000	$1,377	57%	$5.05	$15.38	$10.58	$10.58
$130,000	$1,377	55%	$5.25	$16.00	$11.00	$11.00
$135,000	$1,377	53%	$5.45	$16.62	$11.42	$11.42
$140,000	$1,377	51%	$5.65	$17.23	$11.85	$11.85
$145,000	$1,377	49%	$5.86	$17.85	$12.27	$12.27
$150,000	$1,377	48%	$6.06	$18.46	$12.69	$12.69
$155,000	$1,377	46%	$6.26	$19.08	$13.12	$13.12
$160,000	$1,377	45%	$6.46	$19.69	$13.54	$13.54
$165,000	$1,377	43%	$6.66	$20.31	$13.96	$13.96
$170,000	$1,377	42%	$6.87	$20.92	$14.38	$14.38
$175,000	$1,377	41%	$7.07	$21.54	$14.81	$14.81
$180,000	$1,377	40%	$7.27	$22.15	$15.23	$15.23
$185,000	$1,377	39%	$7.47	$22.77	$15.65	$15.65
$190,000	$1,377	38%	$7.67	$23.38	$16.08	$16.08
$195,000	$1,377	37%	$7.88	$24.00	$16.50	$16.50
$200,000	$1,377	36%	$8.08	$24.62	$16.92	$16.92
$205,000	$1,377	35%	$8.28	$25.23	$17.35	$17.35
$210,000	$1,377	34%	$8.48	$25.85	$17.77	$17.77
$215,000	$1,377	33%	$8.68	$26.46	$18.19	$18.19
$220,000	$1,377	33%	$8.88	$27.08	$18.62	$18.62
$225,000	$1,377	32%	$9.09	$27.69	$19.04	$19.04
$230,000	$1,377	31%	$9.29	$28.31	$19.46	$19.46
$235,000	$1,377	30%	$9.49	$28.92	$19.88	$19.88
$240,000	$1,377	30%	$9.69	$29.54	$20.31	$20.31
$245,000	$1,377	29%	$9.89	$30.15	$20.73	$20.73
$250,000	$1,377	29%	$10.10	$30.77	$21.15	$21.15

Table 4 – Benefits Replace 90% of Income up to 120% of SAWW – "Equal Amount" Cost Share Method						
Annual Salary	Weekly Benefit Amount	Replacement Ratio	Weekly Contributions			
			25% / 75% Cost Share		50% / 50% Cost Share	
			Employer	Employee	Employer	Employee
$10,000	$173	90%	$0.56	$1.42	$1.12	$0.96
$15,000	$260	90%	$0.84	$2.13	$1.67	$1.44
$20,000	$346	90%	$1.12	$2.85	$2.23	$1.92
$25,000	$433	90%	$1.39	$3.56	$2.79	$2.40
$30,000	$519	90%	$1.67	$4.27	$3.35	$2.88
$35,000	$606	90%	$1.95	$4.98	$3.90	$3.37
$40,000	$692	90%	$2.23	$5.69	$4.46	$3.85
$45,000	$779	90%	$2.51	$6.40	$5.02	$4.33
$50,000	$865	90%	$2.79	$7.12	$5.58	$4.81
$55,000	$952	90%	$3.07	$7.83	$6.13	$5.29
$60,000	$1,038	90%	$3.35	$8.54	$6.69	$5.77
$65,000	$1,125	90%	$3.63	$9.25	$7.25	$6.25
$70,000	$1,212	90%	$3.90	$9.96	$7.81	$6.73
$75,000	$1,298	90%	$4.18	$10.67	$8.37	$7.21
$80,000	$1,377	90%	$4.46	$11.38	$8.92	$7.69
$85,000	$1,377	84%	$4.74	$12.10	$9.48	$8.17
$90,000	$1,377	80%	$5.02	$12.81	$10.04	$8.65
$95,000	$1,377	75%	$5.30	$13.52	$10.60	$9.13
$100,000	$1,377	72%	$5.58	$14.23	$11.15	$9.62
$105,000	$1,377	68%	$5.86	$14.94	$11.71	$10.10
$110,000	$1,377	65%	$6.13	$15.65	$12.27	$10.58
$115,000	$1,377	62%	$6.41	$16.37	$12.83	$11.06
$120,000	$1,377	60%	$6.69	$17.08	$13.38	$11.54
$125,000	$1,377	57%	$6.97	$17.79	$13.94	$12.02
$130,000	$1,377	55%	$7.25	$18.50	$14.50	$12.50
$135,000	$1,377	53%	$7.53	$19.21	$15.06	$12.98
$140,000	$1,377	51%	$7.81	$19.92	$15.62	$13.46
$145,000	$1,377	49%	$8.09	$20.63	$16.17	$13.94
$150,000	$1,377	48%	$8.37	$21.35	$16.73	$14.42
$155,000	$1,377	46%	$8.64	$22.06	$17.29	$14.90
$160,000	$1,377	45%	$8.92	$22.77	$17.85	$15.38
$165,000	$1,377	43%	$9.20	$23.48	$18.40	$15.87
$170,000	$1,377	42%	$9.48	$24.19	$18.96	$16.35
$175,000	$1,377	41%	$9.76	$24.90	$19.52	$16.83
$180,000	$1,377	40%	$10.04	$25.62	$20.08	$17.31
$185,000	$1,377	39%	$10.32	$26.33	$20.63	$17.79
$190,000	$1,377	38%	$10.60	$27.04	$21.19	$18.27
$195,000	$1,377	37%	$10.88	$27.75	$21.75	$18.75
$200,000	$1,377	36%	$11.15	$28.46	$22.31	$19.23
$205,000	$1,377	35%	$11.43	$29.17	$22.87	$19.71
$210,000	$1,377	34%	$11.71	$29.88	$23.42	$20.19
$215,000	$1,377	33%	$11.99	$30.60	$23.98	$20.67
$220,000	$1,377	33%	$12.27	$31.31	$24.54	$21.15
$225,000	$1,377	32%	$12.55	$32.02	$25.10	$21.63
$230,000	$1,377	31%	$12.83	$32.73	$25.65	$22.12
$235,000	$1,377	30%	$13.11	$33.44	$26.21	$22.60
$240,000	$1,377	30%	$13.38	$34.15	$26.77	$23.08
$245,000	$1,377	29%	$13.66	$34.87	$27.33	$23.56
$250,000	$1,377	29%	$13.94	$35.58	$27.88	$24.04

Table 5 – Benefits Replace 90% of Income up to 120% of SAWW – "Equal Rate" Cost Share Method						
Annual Salary	Weekly Benefit Amount	Replacement Ratio	Weekly Contributions			
			25% / 75% Cost Share		50% / 50% Cost Share	
			Employer	Employee	Employer	Employee
$10,000	$173	90%	$0.50	$1.48	$1.02	$1.02
$15,000	$260	90%	$0.75	$2.22	$1.53	$1.53
$20,000	$346	90%	$1.00	$2.96	$2.04	$2.04
$25,000	$433	90%	$1.25	$3.70	$2.55	$2.55
$30,000	$519	90%	$1.50	$4.44	$3.06	$3.06
$35,000	$606	90%	$1.75	$5.18	$3.57	$3.57
$40,000	$692	90%	$2.00	$5.92	$4.08	$4.08
$45,000	$779	90%	$2.25	$6.66	$4.59	$4.59
$50,000	$865	90%	$2.50	$7.40	$5.10	$5.10
$55,000	$952	90%	$2.75	$8.14	$5.61	$5.61
$60,000	$1,038	90%	$3.00	$8.88	$6.12	$6.12
$65,000	$1,125	90%	$3.25	$9.63	$6.63	$6.63
$70,000	$1,212	90%	$3.50	$10.37	$7.13	$7.13
$75,000	$1,298	90%	$3.75	$11.11	$7.64	$7.64
$80,000	$1,377	90%	$4.00	$11.85	$8.15	$8.15
$85,000	$1,377	84%	$4.25	$12.59	$8.66	$8.66
$90,000	$1,377	80%	$4.50	$13.33	$9.17	$9.17
$95,000	$1,377	75%	$4.75	$14.07	$9.68	$9.68
$100,000	$1,377	72%	$5.00	$14.81	$10.19	$10.19
$105,000	$1,377	68%	$5.25	$15.55	$10.70	$10.70
$110,000	$1,377	65%	$5.50	$16.29	$11.21	$11.21
$115,000	$1,377	62%	$5.75	$17.03	$11.72	$11.72
$120,000	$1,377	60%	$6.00	$17.77	$12.23	$12.23
$125,000	$1,377	57%	$6.25	$18.51	$12.74	$12.74
$130,000	$1,377	55%	$6.50	$19.25	$13.25	$13.25
$135,000	$1,377	53%	$6.75	$19.99	$13.76	$13.76
$140,000	$1,377	51%	$7.00	$20.73	$14.27	$14.27
$145,000	$1,377	49%	$7.25	$21.47	$14.78	$14.78
$150,000	$1,377	48%	$7.50	$22.21	$15.29	$15.29
$155,000	$1,377	46%	$7.75	$22.95	$15.80	$15.80
$160,000	$1,377	45%	$8.00	$23.69	$16.31	$16.31
$165,000	$1,377	43%	$8.25	$24.43	$16.82	$16.82
$170,000	$1,377	42%	$8.50	$25.17	$17.33	$17.33
$175,000	$1,377	41%	$8.75	$25.91	$17.84	$17.84
$180,000	$1,377	40%	$9.00	$26.65	$18.35	$18.35
$185,000	$1,377	39%	$9.25	$27.39	$18.86	$18.86
$190,000	$1,377	38%	$9.50	$28.13	$19.37	$19.37
$195,000	$1,377	37%	$9.75	$28.88	$19.88	$19.88
$200,000	$1,377	36%	$10.00	$29.62	$20.38	$20.38
$205,000	$1,377	35%	$10.25	$30.36	$20.89	$20.89
$210,000	$1,377	34%	$10.50	$31.10	$21.40	$21.40
$215,000	$1,377	33%	$10.75	$31.84	$21.91	$21.91
$220,000	$1,377	33%	$11.00	$32.58	$22.42	$22.42
$225,000	$1,377	32%	$11.25	$33.32	$22.93	$22.93
$230,000	$1,377	31%	$11.50	$34.06	$23.44	$23.44
$235,000	$1,377	30%	$11.75	$34.80	$23.95	$23.95
$240,000	$1,377	30%	$12.00	$35.54	$24.46	$24.46
$245,000	$1,377	29%	$12.25	$36.28	$24.97	$24.97
$250,000	$1,377	29%	$12.50	$37.02	$25.48	$25.48

Coordination with Benefits from Other Sources

In most states, an employee who is eligible for workers' compensation and/or unemployment benefits would be ineligible for PFML benefits. In California and Massachusetts, PFML benefits offset any workers' Compensation and/or unemployment benefits. The policies adopted by different states are summarized below:

California

Source: https://edd.ca.gov/en/disability/faq_di_workers_compensation/

"In most cases, you cannot receive Disability Insurance (DI) or Paid Family Leave (PFL) benefits for the same period you are receiving Temporary Disability or Permanent Disability benefits from your employer or employer's workers' compensation insurance carrier. However, if your workers' compensation weekly benefit is less than your DI or PFL weekly benefit, you could receive the difference between the two rates."

New Jersey

Source: https://nj.gov/labor/myleavebenefits/worker/tdi/

"If you become disabled due to an injury or illness related to your job, contact the Division of Workers' Compensation. If your disability is work-related and your employer's workers' compensation carrier denies you benefits or stops benefit payments, you may file an application with us. To be eligible, you must:

1. Meet all the requirements of the Temporary Disability Benefits law, and
2. File a formal claim petition with the Division of Workers' Compensation, and
3. Agree to reimburse the Division of Temporary Disability Insurance if you are awarded Workers' Compensation benefits."

Rhode Island

Source: https://dlt.ri.gov/individuals/temporary-disability-caregiver-insurance/temporary-disability-tdi-faq

"You cannot receive TDI or TCI for any period that you receive Workers' Compensation (WC). If you were injured on the job you must file a claim for WC. If you have filed for WC and the claim is being contested, you may be eligible for TDI pending settlement of the WC claim. If you later receive WC for any weeks that TDI has been paid, you must notify us immediately so that any adjustments can be made."

Washington

Source: https://paidleave.wa.gov/app/uploads/2020/07/Benefit-Guide-V.6_FINAL.pdf

"As long as you have worked enough hours in the qualifying period, you can use Paid Family and Medical Leave. You cannot, however, claim Unemployment Insurance or workers' compensation benefits and Paid Family and Medical Leave at the same time."

Colorado

Source: https://www.youtube.com/watch?v=YQd8usZ9zeI

"FAMLI benefits may not be taken with Workers' Compensation benefits for the same reason for the absence. FAMLI benefits and Unemployment benefits cannot be collected at the same time."

Massachusetts

Source: https://www.mass.gov/info-details/how-other-leave-and-benefits-can-affect-your-paid-family-and-medical-leave

"Workers' compensation benefits will reduce your paid leave benefit amount. However, if you have a permanent partial disability that happened prior to your PFML application, you may be able to receive both workers' compensation and paid leave benefits at the same time. Unemployment benefits you get during your leave will reduce your paid leave benefit amount. Unemployment benefits you got before your leave started won't affect your paid leave benefits."

Oregon

Source: Oregon Revised Statutes 657B.030 - Use of other paid leave benefits in addition to paid family and medical leave insurance benefits

"In any week in which an employee is eligible to receive workers' compensation or unemployment benefits under ORS chapter 656 or 657, the employee is disqualified from receiving family and medical leave insurance benefits. [2019 c.700 §6]"

New York

Employees who are eligible for workers' compensation benefits are ineligible for disability (DBL) benefits. Paid family leave and workers' compensation benefits are coordinated such that the sum of the benefits shall not exceed the employee's average weekly wage. In the case that the sum of benefits exceeds the employee's average weekly wage, the paid family leave benefit is reduced.

Source: New York Workers' Compensation Law Article 9 Disability Benefits, § 206. Non-duplication of benefits

"1. No disability benefits shall be payable under section two hundred four or two hundred seven of this article:

...

2. If an employee who is eligible for disability benefits under section two hundred three or two hundred seven of this article is disabled and has claimed or subsequently claims workers' compensation benefits under this chapter or benefits under the volunteer firefighters' benefit law or the volunteer ambulance workers' benefit law, and such claim is controverted on the ground that the employee's disability was not caused by an accident that arose out of and in the course of his employment or by an occupational disease, or by an injury in line of duty as a volunteer firefighter or volunteer ambulance worker, the employee shall be entitled in the first instance to receive benefits under this article for his or her disability. If benefits have been paid under this article in respect to a disability alleged to have arisen out of and in the course of the

employment or by reason of an occupational disease, or in line of duty as a volunteer firefighter or a volunteer ambulance worker, the employer or carrier or the <1>chair making such payment may, at any time before award of workers' compensation benefits, or volunteer firefighters' benefits or volunteer ambulance workers' benefits, is made, file with the board a claim for reimbursement out of the proceeds of such award to the employee for the period for which disability benefits were paid to the employee under this article, and shall have a lien against the award for reimbursement, notwithstanding the provisions of section thirty-three of this chapter or section twenty-three of the volunteer firefighters' benefit law or section twenty-three of the volunteer ambulance workers' benefit law provided the insurance carrier liable for payment of the award receives, before such award is made, a copy of the claim for reimbursement from the employer, carrier or <2>chair who paid disability benefits, or provided the board's decision and award directs such reimbursement therefrom.

3. No family leave benefits shall be payable under section two hundred four of this article:

(a) During periods when the employee is receiving total disability payments pursuant to a claim for workers' compensation, volunteer firefighters' benefits or volunteer ambulance workers' benefits, except that when the employee is receiving payments for partial disability or reduced earnings under such laws, the family leave benefit, when combined with the benefits under such laws shall not exceed the average weekly wage in the employment for which family leave benefits are sought;"

Private Insurance Options

The contribution rates we developed for the Maine PFML program options do not include an explicit adjustment for allowing insurance companies to participate in the program through private insurance options. This is because the impact of allowing private options on expected claim costs is difficult to estimate. First, PFML claim incidence rates tend to be higher for larger employers, and larger employers may be more likely to elect private plans (see letter from July 1, 2022). This would mean PFML claim incidence assumptions could potentially be lowered if private options are allowed. On the other hand, if insurers can underwrite cases and vary their premium rates by employer, there may be adverse selection risk issues because benefits provided through the state fund would be based on a single community rate. This would lead us to believe that the PFML claim incidence rates could potentially be increased if private options are included. Because the magnitude of these impacts is unknown, but potentially offsetting, we have assumed that there is no net impact on PFML claim incidence rates from including a private insurance option. It is true, however, that total PFML contributions and claim amounts would be lower than those shown in our projections if some employers purchase coverage through private insurance options.

Anecdotally, in New York (PFL effective in 2018) and Massachusetts (PFML effective in 2021), where private options are allowed and there is strong participation from insurance companies, the contribution rates for benefits provided through the state fund were lowered recently. In Massachusetts, the PFML rate was lowered in both 2021 and 2022, and in New York the PFL rate was lowered for 2023. On the other hand, although Washington allows private (voluntary) PFML options, the vast majority of employers provide benefits through the state fund, and the Washington PFML contribution rate has increased twice since contributions began.

Observations on the Maine Paid Leave Coalition's Cost Estimates

We reviewed the document from the Maine Paid Leave Coalition (Coalition) titled "Paid Family and Medical Leave Insurance: Model-Based Estimates of Worker Usage and Costs in Maine". We noticed similarities and differences in the benefit design and contribution rates when compared to the PFML program options in Table 1. The maximum benefit period (12 weeks up to a combined maximum of 16 weeks), covered workers (all private and public workers and self-employed can opt in), and wage base (unlimited wages) that we assumed in our analysis are the same as the Coalition's program design. However, the income replacement ratio and maximum benefit amount are different. In the Coalition's program design, benefits replace 90% of weekly wages up to 50% of the statewide average weekly wage, plus 65% of weekly wages beyond 50% of the statewide average weekly wage, up to a maximum benefit equal to the statewide average weekly wage. These benefits would be lower than the program options in Table 1 that feature 90% income replacement for employees who earn above 50% of the statewide average weekly wage. They also feature a lower maximum benefit amount (100% of the state average weekly wage) than all of the plans included in Table 1 (120% of the state average weekly wage).

The Coalition estimated a contribution rate of 0.86% for the PFML program described above. For comparison, the total contribution rates in Table 1 are equal to 0.82% and 0.99%. The Coalition's analysis assumes the state average weekly wage is equal to $857 based on data from 2018. In our analysis, we assumed the state average weekly wage in 2024 is equal to $1,148, which was extrapolated from the 2022 state average weekly wage of $1,036 based on wage growth forecasts from the Maine Consensus Economic Forecasting Commission. There are other differences in the assumptions and calculation methods used by the Coalition and Milliman.

Financial Projections

Please see Appendix A of this letter for financial projections corresponding to the program options included in Table 1.

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Commission To Develop A Paid Family and Medical Leave Benefits Program with estimated contribution rates for PFML program options, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, as well as on public information from various sources. Milliman did not audit or independently verify any of the information furnished, except that we did review the data for reasonableness and consistency. To the extent that any of the data or other information supplied to us was incorrect or inaccurate, the results of our analysis could be materially affected.

The results of our analysis are based on carefully constructed assumptions and methodologies that have been described in this report. Actual experience, however, will differ from those assumptions. As such, actual results will vary from the estimates provided and the cost of the proposed PFML program may be either higher or lower than the amounts illustrated in this report. In preparing this information, we have utilized actuarial models as defined by Actuarial Standards of Practice. The intended purpose of these models is to project future claim costs for paid family and medical leave benefits.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.corriea@milliman.com or (207) 771-1204. Thank you.

Sincerely,

Paul Correia

Paul Correia, FSA, MAAA
Principal and Consulting Actuary

c.c. Dan Skwire (Milliman)
The Commission to Develop a Paid Family and Medical Leave Benefits Program

Appendix A
Financial Projections

We developed financial projections corresponding to the PFML program options and contribution rates from Table 1. Please note that the financial projections depend on a variety of actuarial assumptions about future experience, including but not limited to employment and wage growth, PFML claim experience, expenses, and investment income. It is nearly certain that actual experience will vary from these assumptions, meaning that the program's actual fund balance will be higher or lower than the illustrated values.

The following projections are included in this appendix:

Projection	Income Replacement	Maximum Benefit	Wage Base	Cost Share Proportion	Cost Share Method
1	80%	120% SAWW	Unlimited	25% / 75%	Equal Amount
2	80%	120% SAWW	Unlimited	50% / 50%	Equal Amount
3	90%	120% SAWW	Unlimited	25% / 75%	Equal Amount
4	90%	120% SAWW	Unlimited	50% / 50%	Equal Amount

We can develop projections corresponding to the "Equal Rate" cost share method at the Commission's request.

Projection 1:
80% Income Replacement
120% SAWW
Unlimited Wage Base
25% / 75% Cost Share – Equal Amount

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,114	11,693	12,161	12,526	12,501
Medical		24,998	26,300	27,352	28,173	28,117
Total		***36,112***	***37,993***	***39,513***	***40,699***	***40,617***
Benefit Payments ($ millions)						
Family		$67.5	$73.8	$80.1	$86.0	$89.3
Medical		$182.2	$199.3	$216.2	$232.3	$241.1
Total		***$249.6***	***$273.2***	***$296.3***	***$318.3***	***$330.4***
Expenses ($ millions)						
Family		$3.6	$3.9	$4.2	$4.5	$4.7
Medical		$15.8	$17.3	$18.8	$20.2	$21.0
Total	**$65.0**	**$19.4**	**$21.2**	**$23.0**	**$24.7**	**$25.7**
Total Expenditure ($ millions)						
Family		$71.0	$77.7	$84.3	$90.6	$94.0
Medical		$198.0	$216.7	$235.0	$252.5	$262.1
Total	**$65.0**	**$269.0**	**$294.4**	**$319.3**	**$343.0**	**$356.0**
Contribution Rate						
Employer	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%
Employee	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%
Overall*	0.82%	0.82%	0.82%	0.82%	0.82%	0.82%
Contributions ($ millions)						
Employer	$76.4	$79.6	$83.0	$86.6	$89.9	$93.3
Employee	$229.3	$239.0	$249.3	$260.0	$269.8	$280.1
Total	***$305.7***	***$318.6***	***$332.3***	***$346.6***	***$359.7***	***$373.4***
Investment Income ($ millions)	*$2.4*	*$2.9*	*$3.3*	*$3.6*	*$3.8*	*$4.1*
EOY Fund Balance ($ millions)	$240.7	$292.7	$333.6	$364.2	$384.6	$405.8
Target Fund Balance ($ millions)			$322.8	$353.2	$383.2	$411.6
Fund Balance % of Prior Year Expenditure			124%	124%	120%	118%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 2
80% Income Replacement
120% SAWW
Unlimited Wage Base
50% / 50% Cost Share – Equal Amount

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,114	11,693	12,161	12,526	12,501
Medical		24,998	26,300	27,352	28,173	28,117
Total		***36,112***	***37,993***	***39,513***	***40,699***	***40,617***
Benefit Payments ($ millions)						
Family		$67.5	$73.8	$80.1	$86.0	$89.3
Medical		$182.2	$199.3	$216.2	$232.3	$241.1
Total		***$249.6***	***$273.2***	***$296.3***	***$318.3***	***$330.4***
Expenses ($ millions)						
Family		$3.6	$3.9	$4.2	$4.5	$4.7
Medical		$15.8	$17.3	$18.8	$20.2	$21.0
Total	**$65.0**	**$19.4**	**$21.2**	**$23.0**	**$24.7**	**$25.7**
Total Expenditure ($ millions)						
Family		$71.0	$77.7	$84.3	$90.6	$94.0
Medical		$198.0	$216.7	$235.0	$252.5	$262.1
Total	**$65.0**	**$269.0**	**$294.4**	**$319.3**	**$343.0**	**$356.0**
Contribution Rate						
Employer	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%
Employee	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%
Overall*	0.82%	0.82%	0.82%	0.82%	0.82%	0.82%
Contributions ($ millions)						
Employer	$152.9	$159.3	$166.2	$173.3	$179.9	$186.7
Employee	$152.9	$159.3	$166.2	$173.3	$179.9	$186.7
Total	***$305.7***	***$318.6***	***$332.3***	***$346.6***	***$359.7***	***$373.4***
Investment Income ($ millions)	*$2.4*	*$2.9*	*$3.3*	*$3.6*	*$3.8*	*$4.1*
EOY Fund Balance ($ millions)	$240.7	$292.7	$333.6	$364.2	$384.6	$405.8
Target Fund Balance ($ millions)			$322.8	$353.2	$383.2	$411.6
Fund Balance % of Prior Year Expenditure			124%	124%	120%	118%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 3
90% Income Replacement
120% SAWW
Unlimited Wage Base
25% / 75% Cost Share – Equal Amount

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,464	12,061	12,544	12,920	12,894
Medical		25,784	27,128	28,213	29,059	29,001
Total		***37,248***	***39,189***	***40,757***	***41,979***	***41,895***
Benefit Payments ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$222.4	$243.4	$264.0	$283.6	$294.4
Total		***$305.1***	***$333.8***	***$362.1***	***$389.0***	***$403.7***
Expenses ($ millions)						
Family		$4.3	$4.8	$5.2	$5.5	$5.8
Medical		$19.3	$21.2	$23.0	$24.7	$25.6
Total	**$65.0**	**$23.7**	**$25.9**	**$28.1**	**$30.2**	**$31.4**
Total Expenditure ($ millions)						
Family		$87.0	$95.2	$103.2	$110.9	$115.1
Medical		$241.8	$264.5	$286.9	$308.3	$320.0
Total	**$65.0**	**$328.8**	**$359.7**	**$390.2**	**$419.2**	**$435.1**
Contribution Rate						
Employer	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
Employee	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Overall*	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
Contributions ($ millions)						
Employer	$92.2	$96.1	$100.2	$104.5	$108.5	$112.6
Employee	$276.8	$288.4	$300.8	$313.7	$325.6	$338.0
Total	***$369.0***	***$384.5***	***$401.0***	***$418.3***	***$434.1***	***$450.6***
Investment Income ($ millions)	*$3.0*	*$3.6*	*$4.1*	*$4.4*	*$4.6*	*$4.8*
EOY Fund Balance ($ millions)	$304.0	$362.7	$407.7	$439.8	$459.1	$479.2
Target Fund Balance ($ millions)			$394.5	$431.7	$468.2	$503.0
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 4
90% Income Replacement
120% SAWW
Unlimited Wage Base
50% / 50% Cost Share – Equal Amount

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages ($ millions)						
Small Employers (< 15 Employees)	$5,358.5	$5,584.0	$5,824.1	$6,074.6	$6,304.9	$6,544.0
All Other Employers	$32,040.1	$33,388.3	$34,824.0	$36,321.4	$37,698.7	$39,128.3
Total	**$37,398.6**	**$38,972.3**	**$40,648.1**	**$42,396.0**	**$44,003.7**	**$45,672.3**
Claims						
Family		11,464	12,061	12,544	12,920	12,894
Medical		25,784	27,128	28,213	29,059	29,001
Total		***37,248***	***39,189***	***40,757***	***41,979***	***41,895***
Benefit Payments ($ millions)						
Family		$82.6	$90.4	$98.1	$105.4	$109.4
Medical		$222.4	$243.4	$264.0	$283.6	$294.4
Total		***$305.1***	***$333.8***	***$362.1***	***$389.0***	***$403.7***
Expenses ($ millions)						
Family		$4.3	$4.8	$5.2	$5.5	$5.8
Medical		$19.3	$21.2	$23.0	$24.7	$25.6
Total	**$65.0**	**$23.7**	**$25.9**	**$28.1**	**$30.2**	**$31.4**
Total Expenditure ($ millions)						
Family		$87.0	$95.2	$103.2	$110.9	$115.1
Medical		$241.8	$264.5	$286.9	$308.3	$320.0
Total	**$65.0**	**$328.8**	**$359.7**	**$390.2**	**$419.2**	**$435.1**
Contribution Rate						
Employer	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Employee	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Overall*	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
Contributions ($ millions)						
Employer	$184.2	$192.0	$200.2	$208.8	$216.8	$225.0
Employee	$185.1	$192.9	$201.2	$209.9	$217.8	$226.1
Total	***$369.4***	***$384.9***	***$401.4***	***$418.7***	***$434.6***	***$451.1***
Investment Income ($ millions)	*$3.0*	*$3.6*	*$4.1*	*$4.4*	*$4.6*	*$4.8*
EOY Fund Balance ($ millions)	$304.4	$363.5	$408.9	$441.5	$461.3	$481.9
Target Fund Balance ($ millions)			$394.5	$431.7	$468.2	$503.0
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

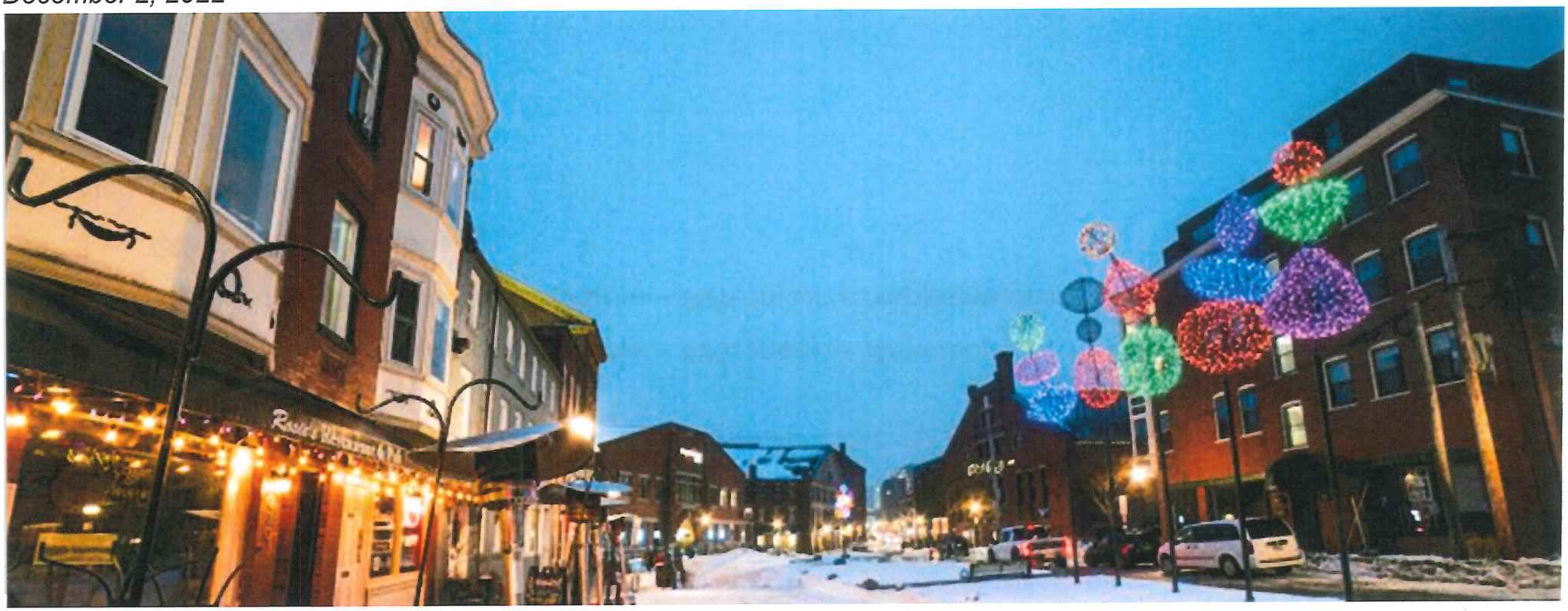
Maine Paid Family and Medical Leave Actuarial Analysis

Milliman

New Program Options

December 2, 2022

Paul Correia, FSA, MAAA
Dan Skwire, FSA, MAAA



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Contribution Rates

Income Replacement	Maximum Benefit	Wage Base	Cost Share Method	Cost Share Proportion				Total
				25% / 75%		50% / 50%		
				Employer	Employee	Employer	Employee	
80%	120% SAWW	Unlimited	Equal Amount	0.24%	0.61%	0.48%	0.41%	**0.82%**
80%	120% SAWW	Unlimited	Equal Rate	0.21%	0.64%	0.44%	0.44%	**0.82%**
90%	120% SAWW	Unlimited	Equal Amount	0.29%	0.74%	0.58%	0.50%	**0.99%**
90%	120% SAWW	Unlimited	Equal Rate	0.26%	0.77%	0.53%	0.53%	**0.99%**

- **"Equal Amount" method** - the cost share percentage (i.e., 25%, 50%, and 75%) represents the proportion of total contributions paid by employers and employees. Under this method, the total contributions from employers and employees would be the same under the 50%/50% option although the contribution rates are not the same due to small employer exemptions.

- **"Equal Rate" method** - the contribution rates were calibrated to produce the same contribution rate for employers and employees under the 50%/50% option. The calibration was also done for the 25%/75% option so that the rates would follow that proportion.

Weekly Benefits and Contributions – 80% Income Replacement

- Benefits replace 80% of income up to 120% of SAWW.
- Contribution rates are based on the "Equal Amount" Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
$20,000	$308	80%	$0.92	$2.35	$1.85	$1.58
$40,000	$615	80%	$1.85	$4.69	$3.69	$3.15
$60,000	$923	80%	$2.77	$7.04	$5.54	$4.73
$80,000	$1,231	80%	$3.69	$9.38	$7.38	$6.31
$100,000	$1,377	72%	$4.62	$11.73	$9.23	$7.88
$120,000	$1,377	60%	$5.54	$14.08	$11.08	$9.46
$140,000	$1,377	51%	$6.46	$16.42	$12.92	$11.04
$160,000	$1,377	45%	$7.38	$18.77	$14.77	$12.62
$180,000	$1,377	40%	$8.31	$21.12	$16.62	$14.19
$200,000	$1,377	36%	$9.23	$23.46	$18.46	$15.77

- Benefits replace 80% of income up to 120% of SAWW.
- Contribution rates are based on the "Equal Rate" Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
$20,000	$308	80%	$0.81	$2.46	$1.69	$1.69
$40,000	$615	80%	$1.62	$4.92	$3.38	$3.38
$60,000	$923	80%	$2.42	$7.38	$5.08	$5.08
$80,000	$1,231	80%	$3.23	$9.85	$6.77	$6.77
$100,000	$1,377	72%	$4.04	$12.31	$8.46	$8.46
$120,000	$1,377	60%	$4.85	$14.77	$10.15	$10.15
$140,000	$1,377	51%	$5.65	$17.23	$11.85	$11.85
$160,000	$1,377	45%	$6.46	$19.69	$13.54	$13.54
$180,000	$1,377	40%	$7.27	$22.15	$15.23	$15.23
$200,000	$1,377	36%	$8.08	$24.62	$16.92	$16.92

Weekly Benefits and Contributions – 90% Income Replacement

- ❑ Benefits replace 90% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the "Equal Amount" Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
$20,000	$346	90%	$1.12	$2.85	$2.23	$1.92
$40,000	$692	90%	$2.23	$5.69	$4.46	$3.85
$60,000	$1,038	90%	$3.35	$8.54	$6.69	$5.77
$80,000	$1,377	90%	$4.46	$11.38	$8.92	$7.69
$100,000	$1,377	72%	$5.58	$14.23	$11.15	$9.62
$120,000	$1,377	60%	$6.69	$17.08	$13.38	$11.54
$140,000	$1,377	51%	$7.81	$19.92	$15.62	$13.46
$160,000	$1,377	45%	$8.92	$22.77	$17.85	$15.38
$180,000	$1,377	40%	$10.04	$25.62	$20.08	$17.31
$200,000	$1,377	36%	$11.15	$28.46	$22.31	$19.23

- ❑ Benefits replace 90% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the "Equal Rate" Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
$20,000	$346	90%	$1.00	$2.96	$2.04	$2.04
$40,000	$692	90%	$2.00	$5.92	$4.08	$4.08
$60,000	$1,038	90%	$3.00	$8.88	$6.12	$6.12
$80,000	$1,377	90%	$4.00	$11.85	$8.15	$8.15
$100,000	$1,377	72%	$5.00	$14.81	$10.19	$10.19
$120,000	$1,377	60%	$6.00	$17.77	$12.23	$12.23
$140,000	$1,377	51%	$7.00	$20.73	$14.27	$14.27
$160,000	$1,377	45%	$8.00	$23.69	$16.31	$16.31
$180,000	$1,377	40%	$9.00	$26.65	$18.35	$18.35
$200,000	$1,377	36%	$10.00	$29.62	$20.38	$20.38

Other Considerations

❑ Coordination with Benefits from Other Sources

- In most states, an employee who is eligible for workers' compensation and/or unemployment benefits would be ineligible for PFML benefits.
- In California and Massachusetts, PFML benefits offset workers' compensation benefits.

❑ Private Insurance Options

- We have assumed that there is no net impact on PFML claim incidence rates from including a private insurance option:
    1. PFML claim incidence rates tend to be higher for larger employers, and larger employers may be more likely to elect private plans.
    2. There may be adverse selection risk issues because benefits provided through the state fund would be based on a single community rate.
    3. Because the magnitude of these items is unknown but potentially offsetting, we have assumed that adding a private insurance option has no net impact on PFML claim incidence rates.

❑ Maine Paid Leave Coalition Cost Analysis

- The maximum benefit period, covered workers, and wage base that we assumed in our analysis are the same as the Coalition's program design.
- The income replacement ratio and maximum benefit amount are different.
- The Coalition estimated a contribution rate of 0.86%, which assumes the state average weekly wage is equal to $857.
- We estimated contribution rates equal to 0.82% (80% income replacement) and 0.99% (90% income replacement), which assumes the state average weekly wage in 2024 is equal to $1,148.

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor and publicly available data on PFML programs in other states. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman. We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Milliman

Thank you

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APPENDIX E

Department of Labor Fiscal Estimate for Costs to State of PFML Ballot Initiative

Paid Family Medical Leave – Citizen Initiative
Fiscal Estimate – Prepared by the Maine Department of Labor

The following estimate assumes that a new unit of state government will operate the Paid Family Medical Leave (PFML) program. The functions of operating such a program mirror the state's unemployment operations, including program eligibility determination, an appeals process, and collection of contributions.

Technology – System implementation (one-time)	$ 65,000,000
On-going costs	
Staffing	$ 8,800,000
Technology (ongoing)	5,700,000
Other program expenses	4,400,000
Total on-going cost projection:	18,900,000
Estimated Annual PFML Benefit Payments	$ 290,000,000

The on-going costs are based on the costs of staffing at full program capacity. These costs will be phased in during the first three years. Initially, only an implementation team of 10-12 people will be needed. Contributions staffing will then be added, followed by eligibility and appeals staffing. By the end of the third year, an estimated 95 positions would be needed.

Bond funding would be needed in order to implement the program. Assuming a 5-year payback, interest on $50 million in bonds is estimated at $5.5 million over the first five years.

As the legislation caps the bond at $50 million, an additional $19 million would be needed to cover implementation costs.

October 2022

APPENDIX F

Comparison Chart of Commission’s Recommendations to PFML Ballot Initiative

Program Design Recommendations for Commission's Proposal for a Paid Family and Medical Leave Benefits Program

Program Design Question	**Commission Recommendation (By consensus or straw vote)**	**Recommendation in Ballot Initiative from Maine Paid Leave Coalition (from proposed legislation)**
What purposes can leave be used for?	• Adopt same purposes for leave that are permissible for federal FMLA: • **<u>And</u>** also include safe leave and affinity relationships	• Bonding leave during first year • Caring for own serious health condition • Caring for a family member with serious health condition • Qualifying exigency leave for family member on active duty • Safe leave
Who is covered?	• Include all workers—full-time, part-time, temporary and seasonal workers	• Includes all workers
Are public sector workers automatically covered?	• Public employers may choose a substantially equivalent private plan (same as private employers).	• Public sector employers included • Current collective bargaining agreements continue to apply until expiration of contract
Can self-employed workers opt in to coverage?	• Yes, allow self-employed workers to opt in	• Yes
What are the requirements to qualify for benefits? e.g. minimum level of earned wages or period of time as an employee?	• Lookback for prior 4 Quarters • All employers for portability • Formula should be based on earned wages tied to a factor of the SAWW during base period –Committee of jurisdiction should recommend minimum requirement	• Lookback to 4 of the last 5 quarters • All employers included—multiple jobs • Earnings of at least 6 times the SAWW during base period
What family members are covered?	• Adopt same definition of family member as in state FMLA law • **<u>And</u>** also include affinity relationships	• Mirrors state FMLA law • Includes affinity relationships

Program Design Question	**Commission Recommendation (By consensus or straw vote)**	**Recommendation in Ballot Initiative from Maine Paid Leave Coalition (from proposed legislation)**
Are employees who have children born, adopted, or fostered prior to effective date of PFML benefits eligible to take bonding leave? Are there any limits to that eligibility?	• Bonding leave may be taken during the first year after birth, adoption or placement in foster care • Estimated cost increase of claims in first year of 2% if included	• Bonding leave may be taken during the first year after birth, adoption or placement in foster care
How is the program funded? What level of contributions are required from employers and employees?	• Require employers with ≥15 employees and employees to contribute to program costs based on percentage of wages • 1% is desired maximum amount of total contribution • Employers and employees should be required to contribute to costs of program: • Commission members recommend that the contribution rate range between a 25% employer/75% employee split and a 50% employer/50% employee split	• Require employers with ≥15 employees and employees to contribute to program costs based on percentage of wages • Total contribution rate of 0.86% from 7/1/25 until 12/31/27 • Beginning 1/1/28, contribution rate determined annually, but must be at least 135% of total claims in prior year plus 100% of administrative costs
What is the wage base to be used for determining contributions? Use Social Security maximum wage limit or unlimited wages?	• Unlimited wage base recommended as it provides savings in overall contribution rate by spreading costs over larger wage base • Recognize that SS limit is commonly used in other state programs	• Social Security wage limit applied
Are small employers with fewer than 15 employees exempt from making contributions?	• Yes	• Yes
What percentage of wages do workers receive? Flat or tiered benefit structure?	• 90% of wages recommended by majority • 80% wage replacement supported by all members voting on 11/29	• 90% of employee's average weekly wage equal to or less than 50% of the SAWW plus 65% of employee's average weekly wage that is more than 50% of the SAWW

Program Design Question	**Commission Recommendation (By consensus or straw vote)**	**Recommendation in Ballot Initiative from Maine Paid Leave Coalition (from proposed legislation)**
	• Commission members recommend that both options be presented for consideration by Legislature	
What is the maximum weekly benefit? Is the state average weekly wage? Or lower or higher?	• 120% of the SAWW	• Until 1/1/27, maximum weekly benefit is $1000 • After 1/1/27, maximum weekly benefit is SAWW
For how long can a worker receive benefits? Are there specified maximum benefit periods for different types of leave? Is there a combined maximum benefit period?	• 16-week maximum total combined limit • 12-week maximum limit for particular qualifying need • Recommend that program evaluate data on claims costs and funding to determine if combined maximum limit can be extended in future	• 16-week maximum total combined limit • 12-week maximum limit for particular qualifying need
Is there an unpaid 7-day waiting period? Or no waiting period?	• 7-day medical waiting period (straw vote 7-1)	• No specific waiting period in proposed legislation
Are workers entitled to have their jobs back when they return?	• Address this issue through provisions in current federal and state FMLA laws • Do not include explicit language in any PFML legislation	• Provides that employees employed at least 120 days by an employer must be restored to prior position
Is an employer allowed to use an equivalent or more generous private insurance plan to provide the benefit?	• Yes, allow a private plan option that is substantially equivalent	• Yes
How is the benefit provided? What is the organization and structure for administering the benefit?	• Simple • Robust financial review and audit process	• Program overseen and administered by the Department of Labor, Bureau of Labor Standards

Program Design Question	**Commission Recommendation (By consensus or straw vote)**	**Recommendation in Ballot Initiative from Maine Paid Leave Coalition (from proposed legislation)**
	• Data collection and evaluation of trends to determine if PFML benefits can be extended	
Will employees be allowed to take intermittent leaves of absence? If so, are there minimum increments (e.g., 4 hours, 8 hours, etc.)	• Yes, minimum increment of 1 work day for ease of administration • Members believe that employee may use other paid leave or sick leave to meet needs for intermittent leave in shorter increments	• Covered individual may take leave intermittently in increments of one hour or shorter periods if consistent with increments the employer typically uses to measure leave • Benefits are not payable to employee until the covered individual has accumulated at least 8 hours of benefits
How will benefit interact with workers' compensation? And with unemployment compensation?	• Any WC benefits and unemployment benefits should be primary and employee should not receive concurrent benefits • Do not want to impact stability of WC system or UI system • Any legislative proposal must address interaction with WC and UI explicitly in statute • Committee of jurisdiction should consider issue carefully with input from agencies responsible for administering WC and UI benefits	• Covered individual may not receive WC benefits for total incapacity concurrent with PFML benefits • Covered individual may receive concurrent benefits for partial incapacity and PFML benefits may not be reduced by WC benefits • Covered individual may not receive benefits concurrently with unemployment benefits