



Senator Rotundo, Representative Sachs, Senator Tipping, Representative Roeder, and honorable members of the Joint Standing Committees on Appropriations and Financial Affairs and Labor and Housing, my name is Cate Blackford. I serve as the policy director for the Maine People's Alliance.

I am here to testify today neither for nor against LD 258.

As you know, the Commission to Develop a Paid Family and Medical Leave Benefits Program released its [recommendations](#) earlier this week. This commission has worked tirelessly for the past two years to develop a paid leave program specifically tailored to the needs of Maine workers, families and employers. Their research has shown both the great need for such a program and the significant return an investment in creating such a program would have across this great state. They estimate the startup costs would be \$65 million over 2-3 years.

While the work of the commission was conducted, Maine People's Alliance and the Maine Women's Lobby launched a ballot campaign to establish a universal state paid leave program. The program aligns closely with the recommendations of the commission, though we estimate the startup costs to be closer to \$40 million. The primary cost driver is the IT for managing contributions and benefits.

Today I would like to share with you an overview of how we covered those costs through revenue bonds backed by the employee and employer contributions, in case it is helpful in your deliberations on how to fund the startup costs with a legislative path to creating robust PFML.

The ballot measure tasks the Maine Municipal Bond Bank with procuring the necessary startup funds from the bond market and their repayment. MPA worked closely with attorneys expert in those regulations to draft language to ensure the timely and responsible borrowing and repayment of the funds. The full language outlining the process can be found on page 14 (SS850-S) of the [ballot measure language](#). Given the time constraints, rather than me walking you through that, please see the attached flow chart that summarizes the ten-year process.

As you know, there are pros and cons to using revenue bonds versus general fund dollars for supporting the creation of Paid Family and Medical Leave Benefits Program. Revenue bonds are not an option for funding all state programming and can alleviate pressure on the budget. However, borrowing costs are not as low as they were even a few years ago and this specific program revenue would not yet exist at the time of borrowing, making borrowing for start-up costs more expensive than might be desired and adding to the overall program costs. Borrowing from the bond market also adds additional steps to the creation of the program and may extend the time frame to set the program up. It also requires borrowing the full amount you may need,

as the state is unlikely to know the total costs at the point when deciding how much to bond, which can lead to unnecessary costs.

I am happy to answer questions about the revenue bond process and the ballot language in the hopes that it can help you determine the best path to cover the startup costs. MPA is excited at the prospect of the legislature passing a paid leave program that aligns with the recommendations of the Commission and I would urge you to fully fund this critical investment in Maine's economic future.

Thank you for your time and consideration. I am happy to take any questions.

