



## **Testimony in Support of LD 1273:**

**“An Act to Make Paid Family and Medical Leave Voluntary”**

Senator Tipping, Representative Roeder, and the distinguished members of the Committee on Labor, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony in support of LD 1273, “An Act to Make Paid Family and Medical Leave Voluntary.”

This legislation is a necessary and pragmatic reform that corrects the structural and philosophical flaws of the current paid family and medical leave (PFML) mandate enacted in 2023. LD 1273 would replace the universal, government-imposed program with a voluntary, market-based alternative, empowering workers and employers—not state bureaucrats—to determine what best meets their needs.

### **A Mandate That Doesn’t Fit Maine**

The PFML law as written imposed a new payroll tax of up to 1%—a \$233 million annual burden on Mainers’ paychecks.<sup>1</sup> This one-size-fits-all approach disproportionately harms small businesses and low-income workers, many of whom will never qualify for the benefit. Forcing every employer and worker in the state to fund and participate in a complex entitlement program—regardless of their individual needs or existing benefits—erodes liberty and discourages innovation in the private sector.

The PFML program also creates a massive new bureaucracy, further straining Maine’s already overextended Department of Labor. Other states that enacted similar mandates have experienced administrative delays, budget shortfalls, and poor outcomes for workers and businesses alike.

### **LD 1273 Offers a Better Way**

Rather than imposing costly mandates, LD 1273 introduces a voluntary PFML insurance system administered by a private carrier through a competitive bidding process. This market-oriented model would:

- Empower employers to offer paid leave on a voluntary, customizable basis;
- Protect employees’ paychecks by eliminating the blanket payroll tax;

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<sup>1</sup> Two years of inflation applied to \$218.4 million in 2023 dollars.

<https://www.dol.gov/sites/dolgov/files/WB/paid-leave/Simulation-Model-Estimates-Maine-June.pdf>



- Ensure access to benefits for those who want them—while respecting the freedom of those who do not;
- Maintain job protections and non-retaliation provisions for participants;
- Cap benefits at 6 weeks per year and 60% of wages, offering predictability and sustainability.

Crucially, LD 1273 also sets a threshold of 50 employees for employer participation, ensuring that the smallest job creators—who are least able to absorb new costs—are not swept into a system they cannot afford to support.

### **This Is a Reform, Not a Rejection of the Principle**

Support for LD 1273 should not be mistaken for a rejection of family leave as a concept. Many businesses in Maine already offer generous leave policies voluntarily, because they understand the value of investing in their employees. The problem lies in replacing that flexibility with a rigid state mandate that treats a seasonal farmworker the same as a full-time government employee.

By creating a framework for voluntary participation and private-sector administration, LD 1273 respects both the need for leave and the economic realities of running a business in Maine.

### **Conclusion**

Maine Policy Institute strongly supports LD 1273 because it aligns with the principles of economic freedom, individual choice, and limited government. It offers a sustainable and scalable alternative to a deeply flawed mandate and gives workers and businesses the freedom to decide what works for them.

We urge this committee to vote “Ought to Pass” on LD 1273 and chart a better course for family and medical leave in Maine. Thank you for your time and consideration.