



Testimony of Penquis Community Action Program, Inc.

Opposing LD 2018 (HP 1348)

“An Act to Amend the Requirements Governing Self-insurance Plans in the Paid Family and Medical Leave Benefits Program”

Senator Tipping, Representative Roeder, and Members of the Committee:

Penquis is a nonprofit organization, incorporated in 1967, with a mission to alleviate and eliminate the causes and conditions of poverty. Through our programs and subsidiaries, we serve all sixteen counties in Maine, with a primary focus on low- and moderate-income individuals in Penobscot, Piscataquis, and Knox counties. We employ approximately 500 individuals and are committed to offering competitive wages and a comprehensive benefits package.

We strongly support employees who are unable to work due to life events such as the birth or adoption of a child, personal medical issues, or the need to care for an ill family member. We value the Maine Paid Family and Medical Leave Act (PFMLA), which is designed to assist employees during these critical times and fully support the payment of all eligible benefits.

In early 2025, after much consideration and research, Penquis decided to take the self-insurance route in implementing the program. We spent considerable time and resources to complete all requirements and applied for a private plan substitution on May 1, 2025 and were approved on May 2, 2025. Only afterwards were restrictions, not based on the law, brought forward regarding self-insurance.

I am writing in opposition of LD 2018 which intends to prohibit cooperative efforts to administer the Paid Family Medical Leave program. As a nonprofit entrusted with public funding, we have a duty to manage our operations with fiscal responsibility. In our extensive experience with self-insurance dating back over 20 years, it offers a cost-effective, compliant, and sustainable framework for managing PFML benefits, ensuring employees receive the support they are entitled to under the law.

It is imperative that employers like Penquis retain the flexibility to implement this program efficiently and responsibly using the resources available. Based on our analysis, administering the program through self-insurance will result in lowering costs which means lower deductions from employee paychecks with an obvious benefit to them.

Additionally, it is concerning that the enactment of LD 2018 would be retroactive to April 2025. If the Maine Department of Labor’s position that the prohibition of buying groups was legal, LD 2018 would not be necessary.

This legislation represents a concerning and unnecessary overreach by the Department of Labor. If employers can offer PFML benefits to employees more efficiently and at a lower cost than the State program, this should be encouraged.

I, on behalf of Penquis, urge the Labor Committee to oppose LD 2018.

Thank you for your serious consideration of this matter.

Sincerely,

A handwritten signature in blue ink that reads "Kara Hay".

Kara Hay

President and Chief Executive Officer