

**Testimony In Opposition to LD 1964, An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program**

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Senator Tipping, Representative Roeder, and Honorable Members of the Joint Standing Committee on Labor and Housing,

My name is Paul Humphrey and I live in Kennebunkport. I am here to oppose the Sponsor's amendment LD 1964, "An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program."

This proposal does not align with the needs of Maine's businesses and has serious implications on the States economy in the foreseeable future.

I am here today representing the Board of the Ogunquit Chamber of Commerce and the Kennebunkport Business Association whose members jointly total 455 businesses in Southern Maine. Many of the businesses would be here today in person., however, staff shortages and the timing of this meeting coinciding with the kick-off of the summer season prohibit attendance by my fellow members.

My wife and I personally own three cafe/grocery store type businesses and employ approximately 45 people at the height of the summer.

The principle of creating a system or process that offers support for individuals or families in times of need and crisis is not what is in question for us. It is the manner it is done, and its unintended consequences.

The unintended consequences are what I would like to focus on.

The past three years have been very challenging when it has come to staffing operations, employee retention, meeting employees' expectations in pay and working hours, not to mention the lack of people wanting or needing to work.

During the corona virus pandemic, there were much needed emergency Federal financial support mechanisms put in place to help people during the crisis.

Unfortunately, we now have a situation where some members of the public/workforce have been educated on how to avoid working, removing the need to work as it was prior to the pandemic. This is one of the key reasons we see Maine businesses struggling to find employees to keep their doors open for business.

Currently we advertise for employees, and we receive a good number of inquiries and applicants. However, when we follow-up, more than 30% of the applicants decline further processing as the reason for their application to begin with was to simply satisfy State requirements to perpetuate their unemployment benefits. This loophole was quickly identified, although it has continued to be abused for 3 years, with what appears to be little policing.

Returning to the FMLA bill, the consensus of the groups I represent is that there are insufficient measures, parameters nor robust mechanisms to avoid the system being abused, thus leaving employers without critical help during key busy times. The potential for business disruption due to lack of staffing is real as are the potential effects on the greater economy and tax revenues when multiplied by the thousands of businesses throughout Maine.

My understanding is that under the bill, as it is written, we could lose all our employees on the same day, (let's say 4<sup>th</sup> of July) with no checks or certification required from the employee without repercussions to prevent this happening repeatedly.

Unfortunately, we now live in a time when the moral or ingrained need to work is diminishing from society in our opinion. There are now easier ways to support oneself and not work. For us, this bill is opening a large chasm ready for abuse with ramifications beyond the scope of the committee.

In addition, it seems seasonal businesses are most at risk for the dire consequences highlighted earlier negatively impacting the state's largest industry (hospitality) and its most lucrative tax driver.

There are several specific but important points in the bill that I feel are not viable nor sustainable.

- It would seem appropriate to have differing levels of taxation reflecting the nature of seasonal businesses versus year-round businesses.
- the work force could potentially be claiming support for almost one third of the calendar year
- Would employees be accumulating paid time off whilst not being present at work?
- Determination of the weekly amount for an individual's benefit is calculated over the past 4 quarters. However, individuals only need to be employed for 6 weeks to receive the benefit. How does this work, especially if the employee joins the company during a particularly busy period? An employee could work for 6 weeks ending with Labor Day; then could receive 12 more weeks of compensation at an even higher rate compared with their co-workers that continue to be employed through the fall.
- Maximum benefit amount adjustment mechanism seems to mimic my previous point that average wages through the summer will be greater than after Oct 1<sup>st</sup> which is stated as the review point.

- There should be requirements for employees to notify their employer immediately when they intend to offer support to their family. In so-doing, employers would be able to make appropriate arrangements for temporary help or replacements of said individuals. Notification from the administrator five days after the claim is filed is not workable and will lead to more confusion and stress for all parties.

In summary:

We have read the bill and do not feel there is sufficient policing nor mechanisms in place to prevent widespread abuse of the system, which in turn will affect Maine's economy giving rise to further challenges. The unemployment system has widespread abuse and cannot be managed, so I struggle to see how the proposed process will also not be abused.

There are too many ambiguities left unaddressed to realistically consider moving this bill at this time.

A potential solution to provide the support and allow tighter control could be done in a similar way to the Health and Human Services program. There are regulations that must be adhered to, failure to do so will be reported, and investigated. Some immediate funds would need to be available for emergency cases.

We urge you to withdraw support for LD 1964. As crafted, this proposal would likely cause harm to Maine businesses and the greater economy. Thank you, and I'd be pleased to answer any questions.

Sincerely,

Paul Humphrey