

Manufacturers Association of Maine

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25 May 2023

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Senator Tipping, Representative Roeder and honorable members of the Joint Standing Committee on Labor and Housing, I am Mike Roughton, a resident of Standish and I serve as the Executive Director of the Manufacturers Association of Maine. Today, we offer this testimony in opposition to LD 1964, An Act to Implement the Recommendations of the Commission to Develop a Paid Family Medical Leave Benefits Program.

The Manufacturers Association of Maine (MAME) is a non-partisan 501(c)6 non-profit grounded in service to its membership, providing a network of resources designed to support the strategic business growth needs of Maine manufacturing entrepreneurs. Maine's manufacturing businesses are diverse, employing almost 60,000 individuals in military and defense, aerospace, metal fabrication, paper, boat building, semi-conductor, wood products, aquaculture and biotech, medical device, composites, and bioplastics, as well as the food and beverage industries. These businesses represent almost 10% of Maine's annual GDP and 14.5% of all the wages paid in the state on a weekly basis. MAME's mission is to help manufacturing grow and succeed and supports Maine's development of future manufacturing assets through a variety of programs.

We realize the path to get to the legislation before you today has been a long and winding one with assorted opportunities for stakeholder engagement. We also recognize that the goal of paid family medical leave (PFML) is laudable, but LD 1964,

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while well-intended, is just not workable for our members.

As you know, MAME membership is diverse, having both small and large employers, but one thing is certain across our membership and that is that productivity and success is directly related to workforce. Given Maine's workforce crisis, members are already finding it difficult to secure the workforce necessary to meet production demands and having to provide up to 12-weeks of paid leave per calendar year will only make attaining consistent staffing levels more difficult.

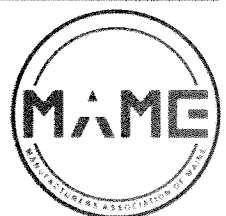
Under this proposal, employers are required to retain the leave-taking employee's job while continuing to pay benefits as if the person had not gone on leave. If an employee were to stack their leave by taking it in the last quarter of one calendar year and the first quarter of the next, it's possible that an employer would have to retain that position, while paying benefits for an employee who hasn't worked in six (6) months. This will pose significant financial challenges for employers who are required to make financial contributions but are not benefiting from the employee's work. Further, when the business hires additional workers to keep production at par – if they can even find them - they end up building even more cost into their employment base to make up for the lost productivity.

Additionally, our members have concerns about the definition of Family Member, particularly as it relates to:

"[Section] G. As shown by the covered individual, any other individual with whom the covered individual has a significant personal bond that is like a family relationship, regardless of biological or legal relationship."

We believe this is far too broad or subjective and would be prone to abuse. It would be better to simply align the definition of family to the parameters that already exist in Maine's Family Medical Leave law.

If Maine wants to pursue paid family medical leave, why not follow the lead of New Hampshire? New Hampshire's model provides participating New Hampshire workers with 60% of their average weekly wage (up to the Social Security wage cap) for up to six weeks per year for specified leaves of absence from the workplace. Employers who



purchase in NH receive a Business Enterprise Tax (BET) credit of up to 50% of the premium they pay on behalf of their workers.

Even if an employer declines to participate, an employee may purchase New Hampshire Paid Family Medical Leave for themselves. And finally, rather than establishing a large new government entitlement, New Hampshire provides the benefit through an existing private insurer. This is less costly and less risky. The New Hampshire model balances the critical needs of an employee to care for a family member with the reasonable concerns of the employer, who needs predictable workforce participation. While this is not everything the sponsors want, it is a step forward that could help both employers and employees.

Simply put, we believe the goal of this legislation is laudable and would encourage the committee to look at other ways of accomplishing the objective. MAME, on behalf of its members, would welcome the opportunity to assist in developing a program that was meaningful for employees, yet workable for employers.

