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Testimony of Kelli Musick, Maine Equal Justice

In support of LD 1964, An Act to Implement the Recommendations of the

Commission to Develop a Paid Family and Medical Leave Benefits Program

May 25, 2023

Good afternoon Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor and Housing. My name is Kelli Musick, I use she/her pronouns, and I am a policy advocate at Maine Equal Justice, a nonprofit legal aid and economic justice organization working to increase economic security, opportunity, and equity for people in Maine. I am testifying in support of LD 1964.

This bill is the result of thousands of hours of discussion, research, and compromise to ensure that workers, families, and employers are all better off with its passage. As we return to normal following the pandemic, many Mainers – particularly low-income folks, older workers, those with less education, people of color, and those in rural, low-income areas – face difficulties attaining good, reliable employment that offers the kind of security that this bill would provide. These folks often work in low wage jobs that provide less access to any form of leave, paid or unpaid, since they are more often employed in jobs with part-time or uncertain work schedules, have shorter job tenures, and typically work for smaller business that may not even meet the threshold for unpaid leave under the current Family and Medical Leave Act or Maine’s Family and Medical Leave statute.¹

Many of the challenges deliberated by this Committee – especially the labor shortage in Maine – can be addressed with the creation of a paid family leave program. I have sat with laid-off parents who are desperately seeking reemployment but worry what may happen when their child or an elderly family member gets sick and needs their care. Without paid family and medical leave, many workers are forced into impossible positions when trying to balance work and family. Whether they lose their job, or must take leave without pay, many folks have no choice but to turn to public assistance to make ends meet.²

¹ <https://www.urban.org/sites/default/files/2022-07/Access%20to%20Paid%20Leave%20Is%20Lowest%20among%20Workers%20with%20the%20Greatest%20Needs.pdf>

² https://www.clasp.org/wp-content/uploads/2022/01/2018_pfmliscriticalfor_0.pdf

Access to paid family and medical leave can reduce these taxpayer-funded costs. Researchers from Rutgers University’s Center for Women and Work found that when paid family and medical leave is available, it has reduced the number of women who relied on public assistance.³ Without it, the data demonstrates that low-wage workers cover their lost wages by borrowing money, if they are able to, and receiving public benefits.⁴ Getting access to these benefit programs is often a complicated and drawn-out process that adds additional burdens to a person already in a precarious financial situation. Paid family leave allows a more seamless transition when a worker encounters a family or health emergency.

While it is evident that the creation of a paid family and medical leave benefits program would improve the lives of working families across Maine, doing so would also be beneficial to businesses of all sizes throughout the state. In California, which has had a state paid leave program for more than a decade, 87% of businesses surveyed reported no increased costs after the program was implemented, and 9% reported cost savings resulting from lower worker turnover.⁵ In addition to potential monetary savings, paid family leave policies improve worker participation and retention. A partnership study between the March of Dimes’ Center for Social Science Research and the Institute for Women’s Policy Research (IWPR) found a 20% reduction in the number of women leaving their jobs in the first year after having a child and up to 50% reduction after five years in states implementing a paid family and medical leave program.⁶ Furthermore, 83% of workers in “lower quality” jobs who used the program returned to their previous employer – a 10-point improvement compared to workers who did not use the program.⁷ This policy provides workers and employers increased stability and security in an ever-changing economy.

Finally, paid family and medical leave helps small businesses compete in the labor market. Larger companies are more likely to offer paid leave policies, and when given the choice, working families will choose the job with better benefits. Many low-income Mainers work in small businesses, and it is imperative that they have the same access to paid leave as other workers. We urge you to remove the provision in §850-J that would exempt small businesses from parts of the law relating to retaliation or job protection. We must ensure that no one faces retaliation or job loss for taking leave that they need and deserve. If small businesses are not offering the same job protections as larger employers, they won’t reap the benefits of a state-wide program. If this exemption is not removed, many low-income Mainers will not take leave because they will fear losing their jobs. Job loss can quickly cause families with low incomes to become homeless, experience food insecurity, and experience financial hardships that have long-lasting effects.

³ <https://nationalpartnership.org/wp-content/uploads/2023/02/pay-matters.pdf>

⁴ https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WHI_FMLA_LowWageWorkers_January2021.pdf

⁵ <https://hbr.org/2011/01/paid-family-leave-pays-off-in>

⁶ <https://iwpr.org/wp-content/uploads/2020/01/B383-Paid-Leave-Fact-Sheet.pdf>

⁷ <https://nationalpartnership.org/wp-content/uploads/2023/02/paid-leave-good-for-business.pdf>

While LD 1964 allows for the state to privatize nearly all of the paid leave program, we would strongly urge that the program be implemented as a public insurance plan. The data shows that administrative costs of state-run paid family and medical leave programs are lower than those run by the private sector. Additionally, the higher costs of privatized plans often come at the expense of reduced services.⁸ This program should be a public insurance plan, administered by and for the public. Of the states that have paid family and medical leave programs, only one, Connecticut, has used a private third party to administer the benefits.⁹ Connecticut has experienced higher administrative costs and higher erroneous claim denial rates than other states.

Mainers will be better served by keeping this program within state government with strong due process avenues for individuals accessing the program, state workers accustomed to implementing state laws, and strong oversight from the Legislature. The protections afforded Mainers by state agencies rather than private entities can be critical to program success. Overall, the experience of states other than Connecticut in administering their programs has been very effective. Here, as the Paid Leave Authority establishes program rules and processes for implementation, it can assess the best opportunities to contract out aspects of implementation while preserving strong public oversight and clear metrics for success.¹⁰

You should not have to risk your job to take care of your family, nor should you be forced deeper into poverty simply to take care of a sick loved one.

For all the families in our state, I urge you to pass LD 1964 so that we can begin the process of creating a paid leave system for Maine. I'm happy to answer any questions you might have.

⁸ https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51130-Health_Insurance_Premiums.pdf

⁹ <https://www.americanprogress.org/article/the-state-of-paid-family-and-medical-leave-in-the-u-s-in-2023/#:~:text=Eleven%20states%20have%20passed%20paid,24%20along%20with%20Washington%2C%20D.C.>

¹⁰ http://www.bayareaconomy.org/files/pdf/BACEI_PFL_Sept2021.pdf