



**Testimony of
Atoka D. Dumont
Chief Human Resources Officer
Volk Packaging Corporation
Before the Joint Standing Committee on Labor and Housing
in opposition to**

LD 1964, An Act to Implement the Recommendations of the Commission to Develop a Paid Family Medical Leave Benefits Program.

Sen. Tipping, Representative Roeder and honorable members of the Labor and Housing Committee, my name is Atoka Dumont, resident of Biddeford, Maine. I serve as the Chief Human Resources Officer at Volk Packaging Corporation, a family-owned corrugated box and specialty packaging manufacturer with over 55 years of providing jobs in the Biddeford, Maine area. I am here representing Volk Packaging Corporation in opposition to LD 1964, *An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program.*

I would like to thank you for your time and effort to establish paid Family Medical Leave (FMLA) for the citizens of the State of Maine. It is a task that, no doubt, is challenging and praiseworthy. Although your efforts are notable, it will place an unprecedented burden on Maine employers.

As you are aware, Maine currently has both federal and state FMLA and the unpaid state FMLA allows employees in small businesses in this state to access what many other states restrict to larger employers. Unpaid FMLA for Maine employers can be complex and many businesses with under 50 employees struggle to properly navigate the law and coordinate with other benefits and leave policies. To implement a paid FMLA would create an even more complicated and costly law for Maine businesses.

The bill up for discussion today would shift FMLA leave from unpaid to paid and we are opposing LD 1964 for the reasons set forth:

Maine implemented Earned Paid Leave effective January 1, 2021, at the accrual rate of 1 hour of earned paid leave for every 40 hours worked, up to 40 hours in a defined year. Although Volk Packaging Corporation had a more generous paid leave benefit, we were unable to keep it in place for our employees due to some of the requirements of the new Maine Law. LD 1964 will introduce yet another paid leave requirement that will place an additional cost burden on Maine businesses. As with the Earned Paid Leave, Volk Packaging will have to re-evaluate our current leave policies resulting in the removal of our paid maternity/parental leave policy which provides 12 weeks of 100% paid maternity leave for those employed more than 2 years and our one week of 100% paid parental leave. Very few small family-owned businesses in the state of Maine offer paid maternity/parental leave and if so, not at 100%.

LD 1964 would utilize individual taxpayers' dollars to fund municipalities' share of the program.

LD 1964 will eliminate fully insured short-term disability benefits that most employers provide at little or no cost to employees. Most short-term disability benefits require an offset of additional benefits received and LD 1964 would offset most short-term disability benefits. Why would an employee and employer pay to have short-term disability benefits that employees would not be able to access?

LD 1964 being a mandatory tax, employees will feel rightfully entitled to access leave for which they have paid. This means an increase in absenteeism and a need to hire replacement workers when someone is on paid leave, doubling the cost of labor, not to mention the loss of production time and ability to efficiently service customers. Frequently, employers use staffing agencies to temporarily replace employees on FMLA leave. We are confident if staffing agencies are required to participate in LD 1964, they will raise their rates to employers to cover the cost of the mandatory tax, just as they did when Maine's Earned Paid Leave was passed. And let's not forget about the increased workload transferred to other workers while an employee is on paid leave. This will affect morale in the workplace.

LD 1964 definition of Family Member is too broad. The door is open to welcome anyone and everyone in as a family member.

It appears LD 1964 would allow stacking of paid leave from calendar year to calendar year. And will allow stacking of paid FMLA leave with company paid vacation. An employee at Volk Packaging Corporation with 6 years of service would have access to 12 weeks paid FMLA and 3 weeks' vacation stacked at the end of one year and beginning of the next year. If multiple employees are on leave at the same time, which is very likely, this could be detrimental to the operation of our business and our customers. Maine family-owned businesses cannot afford this type of paid leave policy.

The calculation of LD 1964 weekly benefit amount is overly complicated. If it is determined the average weekly wage (AWW) is \$800 per week/\$20 per hour, most employees would be paid \$660 dollars per week for 12 weeks. This is 83% of their weekly wage. Most short-term disability plans pay 60%-66%, offset by other income. Workers compensation pays 60%.

Not requiring all employers to participate in LD 1964 could result in the fund being depleted quicker than it will otherwise be depleted and results in a disproportionate cost burden on those employers required to participate.

Taxing an employees' paycheck results in a loss of spendable income for them and their household. This is not acceptable for the majority of those not likely to access the paid FMLA.

We respectfully request you consider the following:

Implementing LD 1964 paid leave to Maine government paid employees and other paid public employees first, to evaluate the viability and details of the law before implementing it to the private sector, small-business community.

Setting paid FMLA up as a tax incentive for private sector, small businesses.

Less than 12 weeks paid leave and simplifying the benefit calculation.

The additional financial burden LD 1964 will have on private-business owners and employees. At present, Volk Packaging Corporation's yearly payroll is approximately \$5,200,000 which would result in an annual tax of \$26,000 (this money could be invested in lowering benefits costs for employees, training, engagement exercises and team building to maintain employee morale). Employees would be taxed another \$26,000 (approximately \$230 dollars per employee – which would have otherwise been spent on food, gas, heating oil).

As a result of the proposed LD 1964 Volk Packaging Corporation is seeking 3rd party administration of federal and state FMLA due to the complexity and administrative burden. This will cost an additional \$4,000 annually on top of the LD 1964 mandatory tax.

We respectfully request that the Maine government let private employers run their businesses and set policy that is mutually beneficial for the employer and employee so we can make a profit and continue to provide well-paying jobs for Maine citizens.

In closing, it has been said, " ...it takes village..." but LD 1964 represents yet another attempt at creating a social service safety net for some Maine people at the expense of the employer and majority of employees that are unlikely to benefit from the program. We can't afford it!

Thank you for the opportunity to provide you with our comments and concerns regarding LD 1964.