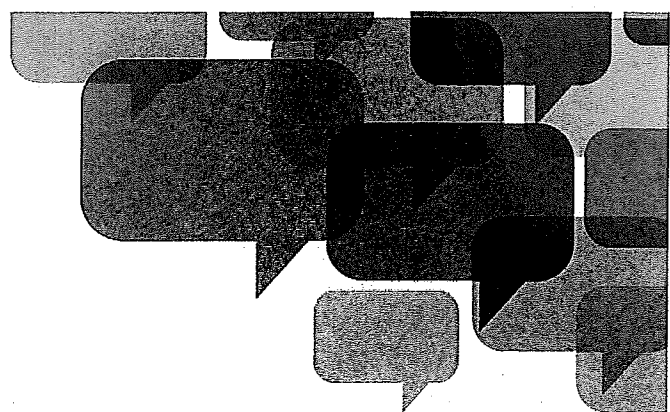




**RETAIL
ASSOCIATION OF
MAINE**
Voice of Maine Retail

45 Melville Street, Suite 1
Augusta, ME 04330
Phone: 207.623.1149
www.retailmaine.org



May 25, 2023

Senator Mike Tipping, Chair
Representative Amy Roeder, Chair
Members of the Labor and Housing Committee

RE: 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, and to the Daughtry Amendment dated May 10, 2023

Dear Senator Tipping, Representative Roeder and members of the Labor and Housing Committee:

My name is Curtis Picard and I am the President and CEO of the Retail Association of Maine. I am a resident of Topsham. We have more than 350 members statewide and represent retailers of all sizes. Maine's retailers employ more than 85,000 Mainers. We are here today to testify in opposition to LD 1964 as drafted, and the amendment dated May 10, 2023.

In various news reports this week, the primary bill sponsors are quoted as saying that they are still working on changes and amendments. We asked repeatedly for copies of the language, and was told the language would be available in mid-April at the latest. It finally surfaced as LD 1964 last week, and here we are in the final week of committee work finally having a public hearing on this priority issue.

Our association has testified on numerous proposals on this topic over the years. We were pleased last session that the legislature heard our call that a critical first step in developing a paid family and medical leave policy is to do an actuarial study. The Commission undertook that work with nearly 2 dozen possible scenarios, and they estimated that the annual cost of such a program would be between \$266 million or upwards of \$444 million annually in payroll taxes. Those figures I am quoting are just for the proposals that offered 12 weeks of leave like what is being proposed in the May 10 amendment. However, we do not have an actuarial analysis of the May 10th amendment, and it is likely reasonable to assume that it may cost between \$300 and \$350 million annually.

I want to be clear; we are not opposed to a paid family and medical leave program that works for Maine. However, LD 1964, as drafted, and the May 10 amendment goes well beyond programs in other states, and we believe it goes too far. Not only is it out of step with other state programs, it goes well beyond the existing programs in other New England states. We also believe that this proposal goes beyond the possible referendum language which may be before the voters in 2024. Included with my testimony is a one-pager on New Hampshire's program.

In addition to looking at the programs in other New England states, we would also urge the committee to consider simply making Maine's existing family and medical leave law paid. That is probably the

simplest and best way for Maine to move forward. Employers of 15 or more employees already know the rules of the road, who qualifies, reasons for leave, duration of leave and other provisions like the definition of family member. It would be much better to have a program like that as a starting point, and we have no doubt that whatever Maine establishes will look to be expanded in future years. But we should walk before we run on this.

As the committee is aware, there are essentially eleven states with some form of paid family leave. There are seven states with established programs, and another four that are in the process of coming on line. LD 1964 is not modeled on the seven existing programs that have a documented history which is important to understand. We spent quite a bit of time talking with our counterparts in Washington state. It is worth knowing that Washington State has needed to inject additional funds into their program to keep it solvent, and the payroll tax contribution rate has doubled. The other lesson we have learned from Washington is that they have noted that employees are not returning to the workforce after the expiration of leave, and they are not sure why.

However, this speaks to one of our biggest concerns with any paid family and medical leave law is how do you help employers, especially small employers, with the length of absence of a key employee? It is one thing when an employer of 50 or more has one or two employees out for twelve weeks. It is something very different when a small employer, of say 10 people, has one or two people out for an extended period. That is 10 to 20% of their workforce. We think there should be consideration of how businesses can be helped when a significant part of their workforce is out. Simply finding a temporary worker is not always the answer. In Washington State, there is a grant program for businesses, but the roll out has been slow and has not been very helpful to employers from what I understand.

I would like to touch on some specific concerns with LD 1964, and the May 10 amendment:

- First, the wage replacement proposal is the highest in the country at 90% of the state average weekly wage. This is much higher than other states.
- The proposed benefit cap of 120% of the state average weekly wage would be the highest in the country.
- The definition of family member is extremely broad. It would include anyone that an individual has a "significant personal bond that is or is like a family relationship, regardless of biological or legal relationship." This is unworkable.
- The employer share of the cost of the program is out of step with existing programs, and the other New England states. Massachusetts does separate out family leave and medical leave contributions so unlike Connecticut and Rhode Island, there is some employer share in Massachusetts.

As we have said throughout this process and for several years, we are open to a reasonable path forward. Unfortunately, what you have before you are not reasonable. We urge the committee to oppose both LD 1964 as drafted, and the May 10 amendment. We will be happy to continue to work on this issue.

Thank you for the opportunity to share our thoughts.

Sincerely,

Curtis Picard, CAE, President and CEO

NEW BENEFIT ANNOUNCEMENT



Granite State PAID FAMILY & MEDICAL LEAVE

Effective January 1, 2023, all employers in New Hampshire will be able to participate in the Granite State Paid Family & Medical Leave plan (NH PFML), the insurance plan that provides NH employees with wage replacement coverage for specific leaves of absence.

What is NH PFML?

NH PFML is a state-sponsored plan where NH employers and eligible NH employees can purchase PFML insurance providing 60% wage replacement for up to 6 weeks per year for absences related to life events such as:

- An employee's serious health condition, when disability coverage does not apply
- To care for a family member with a serious health condition
- For the birth of a child and bonding, including placement of a child for adoption or fostering
- For qualifying needs arising from foreign deployment with the armed services or caring for a service member with a serious injury or illness

How do I buy NH PFML insurance?

- NH PFML insurance can be purchased from MetLife, the state's insurance partner for the plan
- It can be purchased directly by an employer or placed through an insurance agent, broker, or consultant
- Through MetLife, employers can customize certain aspects of the coverage (participation and other requirements may apply)

How much does NH PFML insurance cost?

- NH employers can negotiate coverage terms and premium cost with MetLife
- NH PFML incentivizes employers to purchase 6 weeks of coverage through the plan by providing a Business Enterprise Tax (BET) credit equal to 50% of the premium they pay
- An employer may fully fund the premium cost on their employees' behalf, split the premium cost with employees, or pass on the full cost to employees

Why should employers participate?

NH PFML provides employers and employees with peace of mind and strengthens a business's bottom line. With NH PFML:

- NH businesses are able to offer an attractive and affordable benefit
- Your NH employees will have wage replacement protection to help them cope during a health crisis or care needed
- NH workplaces will have reduced turnover, improved employee retention, increased morale, and productivity
- Your NH employees won't be forced to leave their jobs to care for their families or their own health

When can I enroll my employees?

- Enrollment begins in December 2022 and will remain open thereafter
- If an employer does not provide NH PFML or an equivalent benefit, employees may enroll in NH PFML as individuals

What are my obligations as an employer?

- Large employers (50 or more covered employees) pay NH PFML insurance premium(s) through payroll deduction
- Large employers who do not provide NH PFML (or equivalent coverage) must collect premium payments through payroll deduction for individual employees enrolled in NH PFML
- Small employers make payment arrangements with MetLife
- All employers must participate in the claims process, handle employee questions and direct them to MetLife, and provide wage and leave information to MetLife upon request

To learn more about NH PFML

Visit PaidFamilyMedicalLeave.nh.gov to attend an upcoming NH PFML webinar.