



Senator Tipping, Representative Roeder, and honorable members of the Joint Standing Committee on Labor and Housing, thank you for the opportunity to speak before you today on LD 1964 and the creation of Paid Family and Medical Leave in Maine.

My name is Cate Blackford and I am the public policy director for the Maine People's Alliance. MPA is Maine's largest community action organization, with over 32k members across the state.

You have heard incredible testimony today about the urgent need for people to be able to have *paid* leave to take care of themselves and their loved ones, how this will benefit small businesses, and help level the playing field between them and larger corporations.

I want to take a few moments to provide some context on some of what we heard from opponents today.

The program before this committee is a well-thought-out, moderate proposal, deeply rooted in extensive work with experts and stakeholders across Maine. It is broadly popular, among all demographics and regions of the state. Polling showing that support (which you have in the packet before you) is backed up by how quickly we gathered over 78,000 signatures last fall to be able to put a very similar program on the ballot in 2024.

**This program will help, not harm Maine businesses.**

Across the country, employers are adjusting and finding solutions. Most states that have programs are expanding their leave to add uses and weeks. Nowhere have we seen stories of economic harm. Instead the benefits become more and more clear. This bill, as presented today, will not be a burden on our employers or our communities. It will be an incredible benefit.<sup>1 2</sup>

**This program will bring more people into the workforce.**

Without access to paid leave, many workers leave the workforce all together. Data shows that offering paid family leave reduces the rate that new mothers leave the workforce by 20% and that effect is long lasting.<sup>3</sup> If this is the case for new mothers, and given the stories we are hearing today and in writing, it becomes clear that the lack of access to paid leave depresses workforce participation. Paid Leave will not solve the other barriers to workforce development but it will remove an impediment for people who need to take time away but wish to return to their employer.

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<sup>1</sup> <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/paid-family-leave-helps-women-stay-in-the-workforce.aspx>;  
<https://www.cbpp.org/research/economy/a-national-paid-leave-program-would-help-workers-families>

<sup>2</sup> <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report>

<sup>3</sup> <https://iwpr.org/wp-content/uploads/2020/01/B383-Paid-Leave-Fact-Sheet.pdf>



**This program is affordable for employees and employers alike.**

By creating a universal program with tiered wage replacement rates, it makes the program accessible and affordable. For MPA, one of our top priorities is making sure the program can truly be used by everyone in Maine, because we all need to care for ourselves or our loved ones at some time in our lives. That means keeping the cost affordable for our lowest income neighbors and the benefits high enough to allow people to actually take the time off to recover or care for their loved ones. This is especially true for low wage workers who are far less able to afford to pay someone else to care for their loved ones.

The tiered wage replacement in this sponsor amendment means that Maine’s low income workers have affordable contribution levels and will get a benefit that compares with typical take home pay. Splitting the contributions between larger employers and all employees keeps premiums to less than half a percent of wages.

See this chart for details:

Wage Examples				Benefit Amount Examples		
	Annual wage	Weekly wage	Average Take Home Pay <sup>4</sup>	Ballot 90%/65% Tiered Wage Replacement	90% Flat Wage Replacement	90%/75% Tiered Wage Replacement
Minimum wage, FT	\$28,704	\$552	\$460	\$488	\$497	\$492
\$15/hour, FT	\$31,200	\$600	\$495	\$520	\$540	\$528
Median wage, FT	\$42,952	\$826	\$662	\$666	\$743	\$697
Average weekly wage	\$53,879	\$1,036	\$817	\$803	\$932	\$855
\$75,000	\$75,000	\$1,442	\$1,084	\$1,036	\$1,036	\$1,036
\$100,000	\$100,000	\$1,923	\$1,386	\$1,036	\$1,036	\$1,036
Social security tax limit	\$160,200	\$3,081	\$2,086	\$1,036	\$1,036	\$1,036

**This program aligns with the policies in other states.**

The program before you has been created by taking the lessons learned from other states, applying them to the Maine context and then doing rigorous actuarial analysis on the likely participation rates and funding needed to successfully support such a program. As you can see in

<sup>4</sup> <https://www.adp.com/resources/tools/calculators/states/maine-salary-paycheck-calculator.aspx>



the linked comparison chart, Maine's program components fall in the middle of what other states have designed.<sup>5</sup>

**Maine is joining a growing trend.**

Eleven states and DC have fully or partially implemented Paid Leave. Four others are currently considering it, including Minnesota which just recently passed PFML with up to 20 weeks. New Mexico, Illinois, and Michigan are also considering paid leave proposals this year.

A few key components of the program that feel important to highlight include:

- ❖ **Portability:** by ensuring every employer in Maine participates in the program, employees are able to access paid leave if they work a series of jobs over the course of a year or work two or more jobs simultaneously. Someone can take leave when it is needed, not when they meet calendar criteria.
- ❖ **Tiered wage replacement rate:** helps ensure that lower income Mainers receive a high enough benefit to be able to afford to take leave, but also reduces the overall cost of the program to keep it affordable for employees and employers.
- ❖ **Broad definition of family:** families come in all shapes and sizes. The number of people we consider close family doesn't vary a great deal, so it's important that we provide people with flexibility to care for the people they consider their closest family, by law, by blood or by choice. Evidence is clear that a flexible definition doesn't increase the usage of paid leave.

Overall, we support the bill and the sponsor amendment before the committee. We are deeply grateful for all the work that has gone into the commission and the drafting of the legislation.

I do however, want to flag that we are concerned about two specific areas:

**Small business exemptions:**

The bill exempts small businesses from certain parts of the law relating to job protections. I want to thank the sponsors for adding the specific hardship requirements that must be proven in order to qualify for the exemption and make sure the committee understands: **Many Mainers work for small businesses. If they can't take leave without the fear of losing their jobs, they cannot access the program.** *Any exemption must be narrow, with clear definitions and the decision-making process must be laid out for everyone involved.*

***Without job protection, workers will not take leave, even when they need it, and denying job protection worsens income, race, and gender disparities.***

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<sup>5</sup> <https://legislature.maine.gov/doc/9065>



## Maine People's Alliance

- In California, some workers who knew about the policy feared employer punishment, or said that the replacement rate was too low.
- A 2012 U.S. Department of Labor survey found that among employees needing leave for a qualified family and medical reason but not taking it, the fear of losing their job was the second most commonly cited reason (17 percent), behind unaffordability.

There are multiple options for helping small businesses and organizations navigate the challenges of having employees on leave. This includes:

- Employees are not entitled to benefits that they would not otherwise have if they had not taken leave. For example, if someone is working a seasonal job and the season ends before their leave ends, they would not be entitled to being reinstated.
- Not having to pay the wages of the employee on leave means the employer has flexibility to hire temps (if that's possible for a specific type of work), cover overtime for other staff, shift work plans for various staff to cover the gap, or contract out a subset of the work.

If small employers aren't offering the same job protections as larger employers, they won't reap the benefits of a universal program. There will still be a bias towards large employers because there will be more options for taking paid leave.

### **Privatization:**

The bill allows the state to privatize the benefits administration to a third party. In the one state that has used this model, *privatization led to higher costs and less effective program delivery. We strongly urge the committee to pass this program as a public insurance plan, administered by and for the public, with strong oversight and clear metrics for what is considered successful administration.*

- Overall states' experiences administering the programs have been very effective. The administrative costs have remained low and program outcomes have been high.
  - Administrative costs of state PFML programs are quite low. In 2020, administrative costs for California's disability and paid family leave program were 4.3%. Administrative costs in the private sector run much higher. For example, according to the Congressional Budget Office, profits plus administration account for 13% to 19% of health care costs in private plans. The Kaiser Family Foundation reports privately administered Medicare Advantage plans average 14% administrative costs, compared to about 2% for the public Medicare program.
- For-profit businesses are organized to make profits, not to serve people. Insurance providers business models are built on the foundation of denying claims. Having a



built-in profit margin to the program administration will raise costs for employers and employees.

That is the experience in Connecticut. Their contractor failed to meet performance standards, had higher erroneous claim denial rates than other PFML programs, and overall the administrative cost has been nearly twice that of other states.<sup>1 2</sup>

- More than 75% of claim application denials were due to incomplete applications or not receiving required documents.<sup>[3]</sup> Numerous reports—see the worker quotes in this CT Mirror article, for example—attribute the high rate of denials for incomplete applications to the program's confusing application process.

With robust oversight from the Paid Leave Authority to establish program rules and process for implementation, we can assess the best opportunities to contract out aspects of implementation while preserving strong public oversight and clear metrics for success.

### **Strong, Broad Support**

In addition to my testimony today, I have shared two sets of documents with you. The first is a memo on the recent polling on paid family and medical leave in Maine. In addition to other findings, you can see that after having heard the description of the program and its related costs for employees and employers, 95% of Democrats, 85% of Republicans and 90% of Independents support the creation of paid family and medical leave. Business owners and managers also broadly support creating such a program, and that support remains strong after hearing additional arguments for and against paid leave (80% support).

These findings are not new. They align with the feedback received by the Commission, with polls done in previous years, and with the experience MPA and our partners had when collecting signatures to put a very similar policy proposal on the ballot.

To help make that support feel tangible, contained in this packet, you will also find a sample of the signatures of your constituents who support putting paid family and medical leave on the ballot. Overall, Maine People's Alliance, Maine Women's Lobby, allies and volunteers collected over 78,000 signatures across the state, including this set of signatures from the communities you represent.

Paid leave is critically important for all Mainers. Most of us, at some point in our lives, will need to take time to care for ourselves or a family member. This program would allow people to care for themselves and loved ones when they are ill, injured, or dealing with a disability, and helps



them to stay financially afloat. It allows more people to stay in the workforce<sup>6</sup> and avoid difficult choices between work and family while reducing costs and increasing productivity for businesses.<sup>7</sup>

We urge you to support the passage of LD 1964 and create paid family and medical leave in Maine.

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<sup>6</sup> <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/paid-family-leave-helps-women-stay-in-the-workforce.aspx>;  
<https://www.cbpp.org/research/economy/a-national-paid-leave-program-would-help-workers-families>

<sup>7</sup> <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report>