

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

Senator Tipping, Representative Roeder, and Honorable Members of the Labor and Housing Committee,

My name is Alexander Price, and I am testifying in opposition to LD 1964 on behalf of the Maine Jobs Council, which is a statewide, nonpartisan, member-driven advocacy organization that advances public policies to support the creation and preservation of foundational jobs in Maine. While family and medical leave are admirable goals, this is the wrong way and the wrong time to require them in Maine.

Maine's economic and demographic rankings are consistently in the bottom ten in the U.S. Increasingly, Maine businesses are being sold out of state, which often results in the loss of executive positions, salaries, and taxes; career paths for young people; ancillary legal, accounting, and insurance services; spin-off income for airports, hotels, and restaurants from vendors who visit the new headquarters; and reduced connection to Maine communities, charities, and social services.

At last check, Maine receives \$1.62 in federal funds for every dollar it pays in federal taxes. Our economy and public policies are not self-supporting.

Most importantly, this proposal is just not good for employees.

- An employee making \$50,000 will be taxed an additional \$250. This is their "last" \$250 after all expenses are paid and essentials are covered. This is likely to be a significant percentage of the money that they can spend as they wish.
- Employees who do not take leave will be asked to do more and will be increasingly stressed.
- Employees at companies with 16 or 17 employees might be at risk of termination.
- Companies with less access to capital might not be able to upgrade or improve their equipment or work environments.
- More Maine companies may go out of business, shrink in size, or get sold out of state – all with negative impacts on employees.
- Workers will have less money for discretionary spending.
- Workers at the margins may be forced into painful financial choices.
- The resulting business contraction may lead to terminations. Unemployed workers will not qualify for family or medical leave.
- The proposal will increase the cost of labor and prices generally as supply is reduced. Price increases may disproportionately squeeze the finances of working people with lower incomes.
- With less production, Maine will be poorer and that will mean less for everyone.
- The loss of revenue covering fixed expenses will increase pressure on employers to cut wages and benefits and/or reduce or eliminate raises or benefit improvements.
- The proposal is effectively a wealth transfer from working people who do not claim family leave to those who do. There is a cost with no offsetting benefit to workers who do not claim leave.

Maine is already an outlier with numerous legal and regulatory requirements that make it uncompetitive with most U.S. states. Before any further requirements or costs are added, there should be a

comprehensive study of Maine's standing vis-à-vis other states, and goals with limits set to make Maine competitive. It is virtually certain that improving Maine's competitive standing and chances to attract foundational jobs and investment requires fewer mandates and requirements, not more.

The proposal would make Maine poorer in at least three significant ways:

- By paying people not to work, their production would be lost.
- By eliminating top line revenue from the lost production without reducing fixed costs, businesses would be less profitable, less able to service loans, less able to expand production, less able to grow, and more likely to cut costs particularly with respect to employees.
- Because they would be less productive, the intrinsic value of all businesses with people who take leave will be reduced.

Creating another state bureaucracy is inefficient and expensive. It makes little sense to charge employees and employers to be able to give money to employees. Moreover, companies that have great benefit plans and excellent benefit management will subsidize those that do not since it is more likely that companies with poorer plans will have a higher percentage of people taking leave.

For these and several other reasons, LD 1964 should be defeated. The entire concept needs a great deal more thought and research to see if it is viable and if there is an equitable, efficient mechanism for implementation.

The MJC thanks the committee for its time and consideration of this issue, and we would welcome any opportunity to discuss it with you.

Thank you,

Alexander Price, Pierce Atwood
On behalf of the Maine Jobs Council