

Senator Tipping, Representative Roeder, members of the Committee

My name is Joe Edwards I am here to oppose LD 2018 on behalf of several Maine employers who have chosen to provide PFML benefits through the self-insured private plan option.

At the outset, I want to emphasize this discussion is limited to program administration. The employers I represent are fully committed to providing every benefit required under the statute. They choose, however, to control the costs of administration to maximize the money available for employee wages, salaries, and benefits—including those mandated by the PFML statute. This is an outcome I believe we all share an interest in supporting.

I have practiced law for over 50 years and am quite certain that a, if not the, fundamental principle of American jurisprudence is: Obey the law. As no one knows better than you, laws are developed through a complex process that produces specific legislative language that means something. Last year, when multiple proposals were offered to amend the PFML law, the DOL advised this committee not to make any changes and to allow the program to operate as enacted.

Nothing has happened to change that applicability of that advice.

The law as written has two and only two requirements for self-insuring: DOL approval of an equivalent plan and provide a surety bond. Notwithstanding that, last year DOL ruled that obtaining a quantity discount for surety bonds was prohibited by the law. From the employers' perspective this conclusion was reached without discussion, cooperation, or a statutory justification.

There is no language to that effect in the law, and LD 2018 appears to acknowledge that DOL's actions exceeded its statutory authority and seeks, after the fact, to provide legal justification for those actions. The April, 2025 effective date underscores that the bill is intended to address this issue retroactively, rather than reflect authority that already exists under the law.

If DOL's ruling is allowed to stand, there are significant negative impacts on employees. Money is wasted and sent out of state that should be used for jobs, wages, raises, bonuses, and benefits and the statutorily mandated self-insurance option will be complicated and impaired.

And then last month DOL issued its actuarial report describing the state of the fund and projecting results for the next 10 years. Our members have no wish to adversely impact the state program. On the contrary, and based on DOL's actuarial report, it becomes clear that leaving the self-insurers alone to operate as they see fit in compliance with the two existing statutory requirements presents virtually no threat to any aspect of the state fund's operations.

With that in mind, I have distributed a handout that outlines some of the financial information which I believe is the basis for a constructive resolution. I would be glad to walk through that information and answer any questions the committee may have.

Thank you for your time and consideration.