

# Manufacturers Association of Maine

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Sen. Tipping, Rep Roeder, members of the Joint Standing Committee on Labor, my name is Peter Gore and I am with the firm of Maine Street Solutions, here today to speak in opposition to **LD 2018, An Act Amend the Requirements Governing Self-insurance Plans in the Paid Family and Medical Leave Benefits Program** on behalf of our client, the Manufacturers Association of Maine.

The Manufacturers Association of Maine (MAME) is a non-partisan 501(c)6 non-profit grounded in service to its membership, providing a network of resources designed to support the strategic business growth needs of Maine manufacturing entrepreneurs. Maine's manufacturing businesses are diverse, employing almost 60,000 individuals in military and defense, aerospace, metal fabrication, paper, boat building, semi-conductor, wood products, aquaculture and biotech, medical device, composites, and bioplastics, as well as the food and beverage industries. These businesses represent almost 10% of Maine's annual GDP and 14.5% of all the wages paid in the state on a weekly basis. MAME's mission is to help manufacturing grow and succeed and supports Maine's development of future manufacturing assets through a variety of programs.

In 2023, I was part of the negotiating team representing the concerns of the Maine business community as the legislature considered implementing paid family medical leave in Maine. In the time leading up to this committee's public hearing, the sponsors, Mills Administration, advocates, and employer representatives discussed numerous aspects of the contents, administration, funding, benefits and structure of the program. At no time during those discussions did the topic of a prohibition on small business to engage in aspects of pooled PFML self-insurance to reduce the cost on small business ever come up.

87 Winthrop Street.  
Augusta, ME 04330  
info@mainemfg.com  
P: 207-747-4406  
www.mainemfg.com

Satellite office: 2 Portland Fish Pier  
Maine International Trade Center  
Suite 211  
Portland, ME 04101



During the public hearing, sponsors, advocates and even members of this committee, joined with business representatives to indicate that any PFML program enacted into law should be affordable for *both* employees and employers, but especially for our small businesses. And again, at no time during this committee's deliberations, was the subject of small business self-insurance, or a prohibition on small businesses adopting aspects of pooled buying, debated or even discussed.

Today the DOL comes before this committee asking you to approve such a prohibition in the form of LD 2018 – not because it was ever envisioned during the law-making process, but simply because they are opposed to the option. We disagree with their approach.

The self-insurance pooling envisioned by small employers regarding PLFML insurance is vastly different from workers' compensation self-insurance. As someone who has spent their entire professional career working in the comp arena, comp and PFML are in no ways alike. A comp claim can have tail of more than 40-50 years, with different periods of benefits based on an individual's physical incapacity, tied to their capacity to work. A PFML claim is a defined benefit for a closed end period. It is also available to a worker once a year, whereas an injured worker can go in and out of the system multiple times in a 12 month period. It appears to us that if the department is concerned with the management of pooled self-insurance by small businesses, rather than simply outlawing it, a better solution would be to develop rules with the interested parties to address all stakeholder concerns.

Last session the business community submitted numerous pieces of legislation that they believed would better enable them to manage and meet the challenge of imposing paid family medical leave in the Maine workplace. Despite the efforts of the various business associations involved, and the pleas of numerous small businesses from around the state, all the proposed changes were rejected. While people in this room may disagree with the policy considerations behind each of the proposed changes, the overwhelming rationale behind rejecting each piece of legislation by committee members, legislators, and the Department of Labor, was that it was too soon to make changes in the program. That the statute and PFML program needed time to work before adopting programmatic legislative changes. If this is true, why then are we here today? If this public policy position is to be consistent, then the department's bill should be rejected on the same principles. Shouldn't the same yardstick be applied when making changes



to a law that may well negatively impact the business community, and leave small business with fewer options than other businesses?

Because there is no institutional/legislative history to support the policy change the department is seeking, because supporters of the bill, including the sponsors, committee members and representatives of the Mills Administration encouraged the application of a PFML program that was affordable for our small businesses, and because Maine small businesses deserve to be treated equitably when considering public policy changes to a law that legislators have already determined need no changes at this time, LD 2018 should be given a unanimous "ought not to pass" report from this committee.

Thank you and I would be pleased to answer any questions at this time.

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