



Testimony in Support of LD 1221:

“RESOLUTION, Proposing an Amendment to the Constitution of Maine to Prohibit the Legislature from Using Paid Family and Medical Leave Program Funds for Any Other Purpose”

Senator Tipping, Representative Roeder, and the distinguished members of the Committee on Labor, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony supporting LD 1221, a resolution proposing a constitutional amendment to ensure that funds collected through Maine’s Paid Family and Medical Leave (PFML) program are used solely for their intended purpose.

While Maine Policy Institute has consistently opposed the establishment of the PFML program due to its high cost, bureaucratic complexity, and economic consequences, we recognize the importance of safeguarding taxpayer dollars and maintaining fiscal integrity, particularly when a government-managed fund is involved.

Preventing Budgetary Sleight of Hand

LD 1221 addresses a very real and well-documented problem: the Legislature’s historical willingness to raid designated funds and use them for other purposes. From the Highway Fund to tobacco settlement funds and pension reserves, Maine’s fiscal history is riddled with instances where earmarked revenues have been siphoned for general spending.

Given the scale of PFML contributions—estimated to reach over \$230 million per year—it is entirely plausible that future Legislatures will be tempted to dip into these funds when revenues tighten, like they have before with the Highway Fund.^{1 2} Without a constitutional guardrail like the one proposed in LD 1221, there is nothing to prevent lawmakers from diverting PFML funds for other uses, undermining both the program’s solvency and public trust.

¹ Two years of inflation applied to \$218.4 million in 2023 dollars.

<https://www.dol.gov/sites/dolgov/files/WB/paid-leave/Simulation-Model-Estimates-Maine-June.pdf>

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<https://mainemorningstar.com/2024/04/08/after-late-night-weekend-vote-maine-poised-to-combine-highway-and-general-fund-budgets/>



Fiscal Transparency and Accountability

LD 1221 is fundamentally about transparency and accountability. Whether or not one supports the PFML program, every Mainer should expect that payroll taxes collected for a specific purpose are used exclusively for that purpose. Embedding this restriction in the Constitution of Maine ensures that future legislatures, regardless of political control, cannot treat PFML premiums as a slush fund.

This is especially critical given the program's scale and risk of future cost overruns. Guaranteeing that all PFML revenues remain in the fund is the minimum necessary step to ensure stability, prevent mismanagement, and restore some level of public confidence in the system.

A Step Toward Reform, Not Endorsement

To be clear, our support for LD 1221 does not imply endorsement of the PFML program. MPI supports efforts to repeal or significantly restructure the program to protect workers, small businesses, and taxpayers. However, while the program exists, it must be governed with fiscal discipline and structural safeguards.

LD 1221 provides that discipline and allows Maine voters to enshrine this principle in our state constitution. Doing so would align with best practices for managing dedicated revenue streams, especially in programs that function as de facto entitlement systems.

Conclusion

Maine workers and employers deserve assurance that the money they are compelled to contribute to the PFML program will not be misused or redirected. LD 1221 provides that assurance. It is a commonsense measure that transcends partisan lines and should earn broad support from lawmakers and the public.

Maine Policy Institute urges this committee to vote "Ought to Pass" on LD 1221 and send this important resolution to the people for approval. Thank you for your time and thoughtful consideration.