

**Testimony in Support of LD 1559, “Resolve, to Create the Commission to Develop a Paid Family and Medical Leave Benefits Program”**

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Good morning Senator Hickman, Representative Sylvester, and members of the Joint Standing Committee on Labor and Housing. My name is James Myall, and I am a policy analyst at the Maine Center for Economic Policy. I’m here today to testify in support of LD 1559, “Resolve, to Create the Commission to Develop a Paid Family and Medical Leave Benefits Program.”

Today, too many Mainers face a steep loss in income when they are presented with life’s unpredictable but inevitable occurrences such as births, illness, injury, and bereavement.

All of us experience these moments in our lives, but only some of us have the financial security required to deal with them. Paid Family Medical Leave will give all working Mainers the peace of mind and ensure no one has to choose between a paycheck and their own health or that of their family members.

LD 1559 would take a first step toward creating a paid family and medical leave system for Maine. The bill creates a commission that would be charged with studying the issue and recommending legislation in 2022 to establish a statewide PFML system. Part of the commission’s work will be conduct an actuarial study to examine the costs of a program and the funding necessary contribution levels to fund it.

Paid Family and Medical Leave helps people and societies in many ways, including by improving public and individual health. However, in my testimony this morning, I want to focus on the economic benefits to individuals and communities.

Paid family and medical leave will bring far-reaching and long-lasting economic benefits. Americans are estimated to suffer nearly \$21 billion in lost wages because they lack access to paid family and medical leave programs.<sup>1</sup> And that’s just the tip of the iceberg. In addition to lost wages, the economy suffers through increased rates of drop-out from the labor force, especially by women.

Paid family and medical leave is one of the most effective policies to improve labor force participation for women. When women are able to fully take part in the economy, our economy grows faster, and women have more financial independence. International researchers cite lack of access to paid leave as the primary reason labor force participation is low among American women.<sup>2</sup> Studies show that paid family and medical leave programs allow women worldwide<sup>3</sup> — as well as in New Jersey,<sup>4</sup> California,<sup>5</sup> and Rhode Island<sup>6</sup> — to remain more attached to the workforce.

Paid family and medical leave also will help narrow unfair wage disparities between men and women in our state. Maine women, like women across this country, earn less than their male peers doing similar jobs. The median wage for Maine women who work full-time, year-round, is just 83 percent of what men make. That penalty is even larger for full-time working mothers, who earn 74

percent of what full-time working fathers make.<sup>7</sup> A robust paid family and medical leave can help close this gap, both by raising long-term wages for mothers,<sup>8</sup> and encouraging fathers to take leave.<sup>9</sup>

Paid family and medical leave shouldn't be a problem for businesses. Research shows that existing programs decrease employee turnover without increasing total wage costs.<sup>10</sup> Surveys of businesses in states with existing paid family and medical leave programs show small impacts on employers, and general satisfaction with the laws:

- In Rhode Island, most employers, including small employers, support the law;<sup>11</sup>
- In New Jersey, employers did not report any abuse of the system;<sup>12</sup>
- Employers mostly respond to employees out on leave by assigning their work to others, meaning there was no extra cost for hiring a replacement.<sup>13</sup>
- 91 percent of California businesses, including small businesses, report no decrease in profitability as a result of the state's paid family and medical leave law;<sup>14</sup>
- The Society for Human Resource Management noted that the fears raised by opponents of California's law had been unfounded, noting that "more than five years later, employers' concerns have so far not been realized"<sup>15</sup>

Paid family and medical leave is idea commonsense way to improve economic stability and quality of life while boosting our economy. That's why it has been adopted in nine<sup>16</sup> states.<sup>17</sup> Bringing this commonsense policy to our state would help working Mainers meet their commitments to their employer and their families. We urge you to support LD 1559.

Thank you. I'll be happy to answer any questions.

## Notes

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<sup>1</sup> Sarah Jane Glynn & Danielle Corey, "The Cost of Work-Family Policy Inaction," *Center for American Progress*, Sept 22, 2016. Web. Available at <https://www.americanprogress.org/issues/women/reports/2016/09/22/143877/the-cost-of-inaction/>

<sup>2</sup> Francine Blau & Lawrence Kahn, "Female Labor Supply: Why is the US Falling Behind?" *Institut zur Zukunft der Arbeit (IZA)*, Discussion Paper 7140., Jan 2013. Available at <http://ftp.iza.org/dp7140.pdf>

<sup>3</sup> Ann Winkler, "Women's Labor Force Participation: Family-Friendly Policies Increase Women's Labor Force Participation, Benefiting Them, Their Families, And Society At Large," *IZA*, Aug 2016. Available at <https://wol.iza.org/uploads/articles/289/pdfs/womens-labor-force-participation.pdf>

<sup>4</sup> Suma Setty et al, Protecting Workers, Nurturing Families: Building an Inclusive Family Leave Insurance Program," *National Center for Children in Poverty*, Mar 2016. Available at [http://nccp.org/publications/pub\\_1152.html](http://nccp.org/publications/pub_1152.html)

<sup>5</sup> Charles Baum & Christopher Ruhm, "The Effects of Paid Family Leave in California on Labor Market Outcomes," *IZA* Discussion Paper 8390, Aug 2014. Available at <http://ftp.iza.org/dp8390.pdf> and Maya Rossin-Slater et al, "The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes," *Journal of Policy Analysis and Management* 2013; 32(2): 224-245. Available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3701456/>

<sup>6</sup> Zackary Campbell et al., "The Impact of Paid Leave: Evidence from Temporary Disability Insurance in Rhode Island," July 24, 2017. Available at <https://www.mathematica-mpr.com/-/media/internet/conferences/2017/drc-annual-meeting-2017/summaries/hastings.pdf?la=en>

<sup>7</sup> MECEP analysis of US Census Bureau, American Community Survey, 2017 data using the Integrated Public Use Microdata System. Median wage income for Mainers working 35 or more hours per week, 50 or more weeks per year.

<sup>8</sup> Maria Tito, "Maternity Leave and the Gender Wage Gap: An Analysis of New Jersey Family Leave Insurance," *FEDS Notes*, US Federal Reserve, Aug 17 2016. Web. Available at <https://www.federalreserve.gov/econresdata/notes/feds-notes/2016/maternity-leave-and-the-gender-wage-gap-an-analysis-of-new-jersey-family-leave-insurance-20160817.html>

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- <sup>9</sup> "Paternity Leave Why Parental Leave For Fathers Is So Important For Working Families," *US Department of Labor*, nd. Web. Available at <https://www.dol.gov/asp/policy-development/PaternityBrief.pdf>
- <sup>10</sup> Kelly Bedard & Maya Rossin-Slater, "The Economic and Social Impacts of Paid Family Leave in California: Report for the California Employment Development Department," Oct 13, 2016. Available at [https://www.dol.gov/wb/media/CA\\_Final\\_Report\\_2015\\_Final\\_Report.pdf](https://www.dol.gov/wb/media/CA_Final_Report_2015_Final_Report.pdf)
- <sup>11</sup> Ann Bartel et al., "Assessing Rhode Island's Temporary Caregiver Insurance Act: Insights from a Survey of Employers," *US Department of Labor*, Jan 2016. Available at [https://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct\\_InsightsFromSurveyOfEmployers.pdf](https://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct_InsightsFromSurveyOfEmployers.pdf)
- <sup>12</sup> Sharon Lerner & Eileen Appelbaum, "Business As Usual: New Jersey Employers' Experiences with Family Leave Insurance," *Center for Economic and Policy Research*, June 2014. Available at <http://cepr.net/documents/nj-fli-2014-06.pdf>
- <sup>13</sup> Miriam Ramirez, "The Impact of Paid Family Leave on New Jersey Businesses," Fall 2012. Web. Available at <https://bloustein.rutgers.edu/wp-content/uploads/2012/03/Ramirez.pdf>
- <sup>14</sup> Eileen Appelbaum & Ruth Milkman, "Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California," *Center for Economic and Policy Research*, 2011. Available at <http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>
- <sup>15</sup> Jennifer Redmond and Evgenia Fkiaras, "California's Paid Family Leave Act Is Less Onerous Than Predicted," *Society for Human Resource Management*, Jan 2010. Available at [https://www.sheppardmullin.com/media/article/809\\_CA%20Paid%20Family%20Leave%20Act%20Is%20Less%20Onerous%20han%20Predicted.pdf](https://www.sheppardmullin.com/media/article/809_CA%20Paid%20Family%20Leave%20Act%20Is%20Less%20Onerous%20han%20Predicted.pdf)
- <sup>16</sup> For an overview, see "Comparative Chart of Paid Family and Medical Leave Laws in the United States," *A Better Balance*, Feb 2021. Web. Available at <https://www.abetterbalance.org/resources/paid-family-leave-laws-chart/>
- <sup>17</sup> Laura Addati et al, "Maternity and paternity at work: Law and practice across the world," *International Labor Organization*, 13 May 2014. Available at [https://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS\\_242615/lang-en/index.htm](https://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_242615/lang-en/index.htm)

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Please find attached testimony in support of LD 1559 on behalf of the Maine Center  
for Economic Policy