



Testimony to the Joint Standing Committee on Labor and Housing
in support

LD 1964, *An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program*

May 25, 2023

Senator Tipping, Representative Roeder, and Members of the Committee on Labor and Housing: My name is Amy Winston and I live in Edgecomb. I am testifying in support of LD 1964 on behalf of [Coastal Enterprises, Inc. \(CEI\)](#), a community development corporation (CDC) and community development financial institution (CDFI) based in Brunswick. Founded in 1977, CEI's mission is to build just, vibrant, and climate-resilient futures for people and communities in Maine and rural regions. We do this by integrating finance, business expertise and policy solutions in ways that make the economy work more equitably.

CEI embraces a seven-part *Good Jobs Framework* as a benchmark that we use to inform our investment decisions, advise employers, and establish our policy priorities. Good Jobs are quality jobs that provide living wages and basic benefits, including paid time off, that provide economic stability, a fair and engaging workplace, and opportunities to advance in a career and build wealth. Companies that met these metrics were associated with a 47% increase in revenue in 2018 and 2019, illustrating economic value beyond staff loyalty for employers that create quality jobs.¹ Establishing a PFML system in Maine aligns with a good jobs strategy. Creating good jobs requires good public policy.

PFML is a necessary and fundamental benefit that improves workforce stability for employers and economic stability for workers. Maine is currently the only state in New England without a paid family/medical leave policy.² With this bill, Maine would join 11 other states, including our New England neighbors, in providing employees an option to take paid leave in the event of a qualifying circumstance – welcoming a new child, recovering from an illness or caretaking a family member. As it stands now, many Maine workers must choose between their job and family or even their own wellbeing when faced with a significant family or medical event. A national study found that the two-thirds of workers who did not take needed family and medical leave reported that they could not afford to take unpaid leave.³ The US is the only developed nation without paid family and medical leave.⁴ Without a federal paid family and medical leave program, state level involvement is needed.

PFML is especially valuable in helping low-income workers and women stay in the workforce. PFML programs have been shown to significantly reduce the rate at which people leave the workforce, particularly women. It is estimated that nationally, 30% of working women quit their jobs after giving birth.⁵ Allowing for paid leave, without fear of reprisal, would help prevent this same exodus of working

¹ Betsy Biemann, *Good Jobs as a Stepping Stone to an Equitable Economic Future*, Impact Entrepreneur (Oct. 2, 2021) <https://impactentrepreneur.com/good-jobs-as-a-stepping-stone-to-an-equitable-economic-future/>. Data from CEI Ventures, Inc. (CVI), CEI's venture capital investment subsidiary.

² Sierra Whaley, *Sen. Mattie Daughtry Talks Paid Family and Medical Leave at Bangor Conference*, WABI 5 (Apr. 10, 2023), <https://www.wabi.tv/2023/04/10/sen-mattie-daughtry-talks-paid-family-medical-leave-bangorconference/>

³ Kathleen Romig and Kathleen Bryant, *A National Paid Leave Program Would Help Workers, Families*, Center on Budget and Policy Priorities (Apr. 27, 2021), <https://www.cbpp.org/research/economy/a-national-paid-leave-program-would-help-workers-families>

⁴ Antonia DeBianchi, *What Other Countries Offer Workers that the US Just Doesn't*, Today (Mar. 31, 2021).

⁵ Romig, *supra* note 1.



mothers from Maine's labor force. Continued workforce participation increases the lifetime earnings and savings of women while also reducing the male-female pay gap.⁶

Workers earning minimum wage are far less likely to have access to private PFML insurance through their employer; and they are more likely to lose pay or employment as a result of taking unpaid leave.⁷ As such, it is a way to attract and retain workforce. Improving the ability of employees to take paid family or medical leave, when necessary, benefits businesses as well as employees.⁸ CEI's workforce solutions team has observed that businesses we have worked with appreciate the tangible benefits that earned paid time off has brought to their businesses. With thoughtful design and careful implementation, broadening access to paid family and medical leave can benefit businesses and their employees, increase workforce participation, worker productivity, and foster business and economic growth.

Business owners are concerned about the added expense of a PFML program and the impact this will have on their bottom line. For small businesses operating on thin margins, Maine's proposed PFML program caps the employer's share of the cost at 1.0% of employee wages to ensure that it is affordable. Research shows that businesses in states with PFML programs spend less to recruit, hire, and train new staff than they do to support this benefit as a result of the increase in employee retention that is associated with state PFML programs.⁹ Additionally, this proposal provides a carve-out exemption making the program voluntary for businesses with fewer than 15 employees.

This is not to say that even seamless implementation of a carefully designed PFML policy will be simple or straightforward for Maine's small businesses. In advance of this hearing, CEI heard concerns from several businesses related to the expense and impact that PFML is likely to have on their operations., including the costs to establish and maintain a solvent program and staff reliability being the key themes. In addition, there are philosophical arguments related to perverse incentives in distributing a statewide benefit that not everyone will need to use. The commission has carefully researched the economic challenges and opportunities associated with this bill and determined that it represents a step forward for our state. A robust PFML program in Maine would help the state reach its target of growing Maine's workforce by 75,000 workers by 2030.¹⁰ PFML may incentivize workers who already live in Maine and have stepped out of the labor force for social and medical reasons and at the same time, attract new workers with their families from out of state.

Lastly, we feel that it is important that this committee and Maine carefully consider a uniform threshold, across state policy, for exemptions that apply to small businesses, to help businesses more easily adjust and manage as new regulations take effect. Perhaps this could be the work of a future commission or the

⁶ Heather Boushey, Ann O'Leary, & Alexandra Mitukiewicz, *The Economic Benefits of Family and Medical Leave Insurance*, Center for American Progress (December 12, 2013), <http://www.americanprogress.org/issues/economy/report/2013/12/12/81036/the-economic-benefits-of-family-andmedical-leave-insurance/>

⁷ Scott Brown, et al., *Employee and Worksite Perspectives of the Family and Medical Leave Act: Results from the 2018 Surveys*, Abt Associates (Jul. 2020), https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WHD_FMLA2018SurveyResults_FinalReport_Aug2020.pdf

⁸ Elizabeth L. Aguilera, *The Best Interests of Families and Employers: The Best Interests of Families and Employers: Why the Family and Medical Insurance Leave Act is the Best Hope for Easing Work-Family Tension for American Parents and Children*, 84 UMKC L. Rev. 155, 166 (2015).

⁹ Romig, *supra* note 1.

¹⁰ Maine Department of Economic and Community Development, *Maine Economic Development Strategy 2020-2029: A Focus on Talent and Innovation*. (Nov. 15, 2019), https://www.maine.gov/decd/sites/maine.gov/decd/files/inlinefiles/DECD_120919_sm.pdf



IDEA committee. For these reasons we encourage the committee to support the amended version of LD 1964. Thank you for considering our testimony.