

**The Maine Heritage Policy Center
Testimony Against LD 69
“An Act To Provide Economic Security to Maine Families through the
Creation of a Paid Family Medical Leave System”**

Senator Bellows, Representative Sylvester, and members of the Committee on Labor and Housing, my name is Jacob Posik and I serve as Director of Communications at the Maine Heritage Policy Center. Thank you for the opportunity to speak in opposition to LD 69.

The Maine Heritage Policy Center is concerned that this proposal will increase the tax burden on Maine workers, provide minimal benefits, impose costs on our business community, and may backfire on exactly the people it is intended to help.

The payroll tax of 0.5 percent used to fund a paid family leave program may not seem like much, but it would make Maine’s tax climate even more uncompetitive relative to other states. It would also hurt low-income Mainers most, forcing a full-time worker making minimum wage to contribute \$120 a year.

We are also concerned that this legislation would be vulnerable to fraud and abuse. It is well-established that the federal Family Medical Leave Act, whatever its merits, has encouraged some workers to misrepresent their family obligations and exaggerate the severity of health issues in order to take unpaid leave.¹ Under a paid leave program, it is safe to assume that this abuse would be even more widespread.

Today you are likely to hear advocates of this legislation argue that it is good for business, boosting productivity and profits. But if that were the case, why would you need to enact a law to provide this benefit? Businesses, recognizing its value to their bottom line, would be offering it already.

In reality, a paid family leave program would be burdensome to businesses. It’s easy to see how losing an employee, especially one with supervisory responsibilities, for up to 8 weeks can disrupt business operations. The need to re-allocate personnel, hire temporary workers, train existing staff, or make other changes to fill the void is time-consuming and expensive. While this

¹ Heritage Foundation <https://www.heritage.org/jobs-and-labor/report/use-and-abuse-the-family-and-medical-leave-act-what-workers-and-employers-say>

bill does exempt employers with fewer than 15 employees, more than 3,000 companies with 20 to 49 employees² would struggle to cope with these mandates.

Not only would the upfront costs of this program be substantial, but its unintended effects could hurt those it seeks to help. Given the inconvenience of losing a worker on family leave, employers would be incentivized to avoid hiring individuals, such as women of child-bearing age, who are more likely to use paid family leave benefits than others. Economist Jonathan Gruber found that programs similar to the one proposed shifted nearly the full cost of these mandates to the wages of the targeted group, undermining any benefits received.³

For these reasons, I urge you to reject this proposal. Thank you.

² U.S. Census Bureau

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=BP_2016_00A3&prodType=table

³ https://www.ssc.wisc.edu/~scholz/Teaching_742/Gruber_Maternity.pdf