# Maine Forest Products Council

*The voice of Maine's forest economy*

## Testimony in Support of LDs 1712, 1221, 1273, 1249 and in Opposition to LD 575

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Krysta West, Deputy Director

Senator Tipping, Representative Roeder, and members of the Labor Committee, my name is Krysta West. I am a resident of Readfield and am submitting testimony today on behalf of the Maine Forest Products Council in support of a number of bills seeking to address various issues pertaining to the new Paid Family and Medical Leave law, and in strong opposition to LD 575.

For 65 years, the Maine Forest Products Council has served as the voice of Maine's forest economy, representing more than 300 members from all facets of the forest products industry. Our members include pulp and paper mills, sawmills, secondary wood processors, foresters, loggers, and truckers. We also represent commercial landowners sustainably managing more than 8 million acres of forestland.

As this committee addresses numerous bills that impact the statutory provisions of the PFML program, the Maine Forest Products Council asks that members consider how we reviewed each proposal and what provisions are the most critical to our members. Our key objectives are as follows:

- Any effort to remove Maine's undue hardship provision must be rejected.
- The fund should be protected from being swept for other uses.
- Maine's employers already face workforce shortages so the program must provide flexibility to adequately and safely staff facilities.
- Maine's PFML program is the most benefit-rich program in the country. It should be made voluntary and brought more in line with other programs.
- Maine's program is ripe for abuse as it lacks necessary safeguards.

**Undue hardship**

We support the provision in LD 1712 that sets clear guidelines within the law in which leave may not automatically be granted. This change provides both employers and employees scenarios in which an employer may deny a leave request based on certain factors. For the forest products industry, the most important change is allowing businesses more flexibility in approving leave if they employee less than 15 people, generate 60 percent or more of their annual revenue during their busiest 5 month period, and if at least 25 percent of the employer's employees are already on leave or have requested and been approved for leave, regardless of the type of leave (vacation, medical, or family leave).

Even though we know our member businesses work as best they can to accommodate their employees' needs for self-care or for the care of a family member, there are times when leave is just not possible. We feel these determinations are best left with the employer. Providing clear situations within the law in which leave may not

automatically be granted gives both employers and employees guidelines around requesting leave when operational needs may be significantly impacted and finding a time that works best for everyone.

This is also why we oppose LD 575, as the legislation removes the provision in the PFML law that the leave must be scheduled to prevent undue hardship on the employer. Employers need to know when their employees are expected to be away from work for an extended period, particularly if someone else must pick up that workload. It takes time to make sure that either a current employee can cover those duties or if a temporary employee must be hired to make sure the work gets done. Removing the scheduling requirement for leave diminishes the ability of businesses to adequately and safely staff facilities.

**Constitutional protection of PFML fund**

All too often, we have seen policymakers look to other sources of funding when trying to pay for programs with no assurances that the monies will be replenished in future years. For any chance for the PFML fund to be and remain solvent, we must ensure that the Fund is protected. LD 1221 guarantees that contributions made to the PFML fund can only used for expenditures related to the program by Constitutionally protecting the Fund. This is a commonsense proposal that should be supported by the Committee.

**Benefit Amounts and Voluntary Programs**

The Council supports LD 1273 which makes Maine's PFML program voluntary for employers of 50 or more employees and allows individual employees whose employers do not participate in the program to voluntarily participate. Coverage must be available for purchase by January 1, 2027, and would provide up to six weeks of paid leave at 60 percent of their average weekly wage up to the social security benefits cap.

As of February, of this year, ten states have adopted voluntary paid family leave programs. Seven of those states have adopted a version of the National Council of Insurance Legislators (NCOIL) model, which permits the sale of paid family leave insurance. New Hampshire and Vermont also allow voluntary private plans but their states contract with one insurance carrier to provide a state base plan. Employers and employees have the option to purchase a plan for at least 6 weeks of paid coverage.

We support a program that is more in line with short term disability insurance programs that provide wage reimbursement at approximately 67 percent of one's weekly wages. Many states, including New York, Rhode Island, Vermont, and New Hampshire, are around this benefit amount. LD 1712 sets the benefit amount at 65 percent of the individual's average weekly wage. Decreasing the benefit amount will help ensure that the fund is solvent, particularly as it gets up and running, provides simplification in calculating benefits for employees, and encourages employees to take only the time that is necessary to care for themselves or a family member.

If the program stays as a mandatory program with the same wage replacement tiers, then we ask that the committee support pushing off the actuarial study by one year and delaying the payout of benefit claims by 18 months, as proposed in LD 1249. These two changes will make employers and employees more confident that there will be enough funds to pay for employee leave for the near future.

**Conclusion**

It is critical for Maine's PFML program to be implemented in a way to encourage employees and employers to work together to find alternative schedules that work for all parties involved, especially considering that employees will be allowed to utilize this program to care for individuals outside of their immediate family units.

While it is understandable that employees deserve the ability to deal with personal family and medical matters, this program goes well beyond maternity/paternity leave. Adequate guardrails must be included to provide accountability and flexibility for Maine workers and businesses. That is why it is critical for lawmakers to take the time that is necessary to address these concerns and make needed adjustments before the program goes live. Thank you for your consideration.