

Some caution about paid family and medical leave proposal

May 16, 2019

The idea of paid family and medical leave is a popular one, as it should be. Providing workers with extended paid time off to welcome the birth of a child or deal with a family medical situation is good for employees and, as many businesses already offering these types of benefits have found, can be good for employers as well.

According to the conservative-leaning Cato Institute, 74 percent of Americans support the creation of a federal paid leave program. That's a significant number, but it comes with a caveat: support drops when potential costs or decreases in existing benefits are considered.

We have a similar concern as we assess the state paid family and medical leave proposal from Maine Speaker of the House Sara Gideon. While we applaud the work Gideon has done to jumpstart a necessary conversation, we're not yet sold on all the details of her bill.

Six other states and the District of Columbia have or are working to implement paid leave. Gideon's proposal would add Maine to that list by creating a state insurance fund to provide up to 20 weeks of paid medical leave and 12 weeks of paid family leave to take care of a family member. This initiative would be paid for by a payroll tax of up to 0.75 percent on all workers' earnings above \$12,000 a year.

"This is based on a hopeful premise, which is the idea that Maine and all of us as community members succeed when our women and children and families succeed — and that we have to figure out the ways in which we make it easier for that to happen," Gideon, D-Freeport, told the BDN in an interview. That is a good place to start rhetorically, and as the Cato poll indicates, an overwhelming majority of Americans would probably agree.

Like many in that same poll, however, we have concerns about the cost to workers and the potential impact on existing benefits that some employees already receive from their employers.

A study commissioned by paid leave supporters finds that 565,000 Maine workers would potentially qualify for benefits under Gideon's proposal. But while the speaker's office points to national data from 2016 showing that only 14 percent of American workers had access to paid family leave, they aren't sure how many employees in the state already have access to these paid leave benefits, or how many workers could see a decrease in their current benefits if their employers drop existing support in lieu of potentially less-substantial state-provided benefits.

For example, by basing paid family and medical leave benefits on the employee's weekly earnings, but capping them at the state's average weekly wage, Gideon's bill could essentially set an arbitrary floor and potentially diminish privately-provided paid leave.

Gideon recognized in her interview with the BDN that Maine businesses who already provide this leave to their employees could cease to do so if the state steps up with its own program. For employees who make more than the average state weekly wage, that could mean a dip in wage reimbursement. Businesses could continue to provide their own coverage or pay the difference between the state plan and their more generous plan, but that's not guaranteed. While we admire the hopeful nature of her overall push on the paid leave issue, hope isn't enough to eliminate this concern.

We recognize that statewide data concerning existing private leave benefits is difficult to track down, but we must urge caution when this effort is proceeding without full information — not only in terms of how many people could gain access to new benefits under this proposal, but also how many people could potentially see existing benefits diminished. And we're not alone.

A representative from Sun Life Financial testified at a hearing before the Legislature's Labor and Housing Committee that the insurance provider "is concerned that employers may choose to drop their enhanced private benefits and simply default to the state program if there is no option to administer the statutory benefits together with enhanced benefits in a private plan."

The Maine AFL-CIO, which urged legislators to "support and strengthen" Gideon's bill in testimony, feels strongly "that the public system should not hurt other entities which have better plans and collectively bargained plans."

It's important to note that while this type of leave is different from the more short-term paid leave proposal already nearing the finish line in Augusta, both bills would impose new mandates — and potentially present new staffing challenges — for Maine businesses. The Legislature needs to be careful in considering the cumulative effect on the business community, even when individual proposals are based on good ideas and good intentions.

Maine should continue to explore paid family and medical leave. But we're not convinced that this is the right proposal. And despite their solid majority in Augusta, we hope Maine's legislative Democrats will be similarly cautious.