

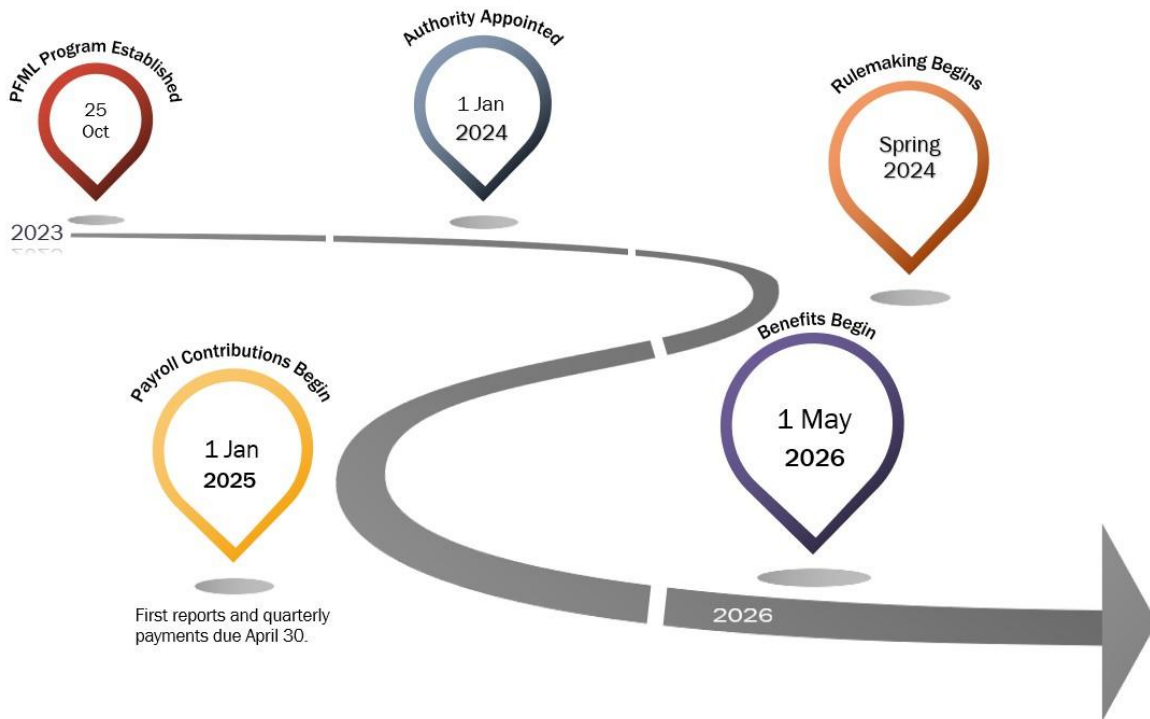
# Maine Paid Family and Medical Leave

Below is the lead paragraph and associated graphic on the MDOL website regarding this program.

*On July 11, 2023, Governor Mills signed an historic budget that includes the creation of a paid family and medical leave program, making Maine the 13<sup>th</sup> state to establish one. Beginning in 2026, eligible workers in the private and public sector will have 12 weeks of paid time off available to them for family or medical reasons including illness, to take for a relative, or for the birth of a child.*

Maine Paid Family & Medical Leave Timeline

October 2023



In many ways, the graphic says more about the state of this program than the lead paragraph, at least for employers attempting to budget for this law.

The current plan is for employers and employees to both start contributing up to .5% of their wages each towards the program, in anticipation of actual benefits being paid out beginning May 1, 2026, or 16 months later. However, the graphic also shows a critical step before those two final steps, and that is rulemaking scheduled to begin in the spring of 2024, with a completion deadline of 12/31/2024, or one day before deductions are scheduled to begin. Here are the things that will thus need to be decided and implemented before that time.

- **Exactly which wages are and are not included.** For example: Are extra stipends included? Is overtime included? Are seasonal and part-time wages included? Do J-1 Visa employees have to pay in?
- **What options exist for employers already offering similar programs?** What similar programs will and won't be allowed? For example, will employers who pay for IPP programs for their employees be able to use those amounts as an offset? Similarly, will employees who pay into IPP programs be able to reduce the amounts they are required to pay?
- **How will this program interact with federal FMLA laws?** It is already known that this act is far less restrictive than federal laws, but what will occur when an employee is eligible for Federal FMLA? Is eligibility concurrent, or does it stack?
- **What will the exact eligibility requirement be?** This is a huge one, as the current broad parameters of the statute give great latitude in the definitions of important areas such as what is considered family, and what is considered an eligible condition. Also, are seasonal and J-1 employees even eligible?
- **What will the actual percentage paid in be?** Another quite large open question. The current statute states "up to" 1% split between employees and employers, but proponents of this program are currently stating that the number could be .86% total based on their prior analysis.
- **How will this program be administered?** At present, this program appears to consist of a bare bones staff of a few people. In order to properly administer a program through which 1% of ALL wages (or however this is defined) paid within the State of Maine will pass, a very large and complex infrastructure will need to be created from scratch. It will then need to oversee and manage payments from all employers within the state, and also determine eligibility and payments amounts for any employee in the state who applies. This will become one of the larger and more complex agencies within the state almost immediately.
- **Will the state instead choose to outsource all administration to a private entity?** That will be greeted by employees throughout the state with glee, I'm sure.

Thus far, the new agency has conducted 3 "listening sessions" regarding all these topics. During the sessions, concerned parties are able to voice their suggestions and concerns, but no answers or responses were given at the time. The questions being asked at these sessions are pointed and somewhat disconcerting, to be honest. They speak to the massive decisions that will need to be made during rulemaking, and the enormous task of creating such a large agency from scratch. The questions also repeatedly refer to the 1 day gap between completion of rulemaking, and starting to take a percentage of employee wages. If a detailed plan to actually get this enormous program up and running exists at present, it has not been shared as of yet.

This all leaves employers throughout the state, and in particular governmental entities who budget well in advance, in something of a bind. After viewing the listening sessions thus far, knowing the immense task ahead of the rule-making committee, and knowing how extremely difficult it will be for the State of Maine to even find enough employees capable of staffing such a large program, it seems inconceivable that this program will be fully baked a little over 10 months from now, and that delayed implementation is absolutely necessary. However, only the deductions from wages actually begin January 1, 2025, and the state will then have another 16 months to presumably get up to speed. It is on this gap that the proponents of immediate implementation will likely hang their hats.

So, Counties and Municipalities have a difficult decision ahead of them during their budget process. Do they budget according to the letter of the new law as it currently stands, knowing that even the amounts to be deducted are likely to change following their budget process? Or, do they bank on the fact that this program will take far, far more time to get up to speed than currently projected, and hold off on adding to taxes for the 24-25 budget year?

Below is a chart of potential costs to both employees and employers assuming 1% total contributions.

Base Pay	Employee Portion	Employer Portion	Total	Per Week Employee
\$50,000	\$250	\$250	\$500	\$4.81
\$75,000	\$375	\$375	\$750	\$7.21
\$100,000	\$500	\$500	\$1,000	\$9.62