



# Maine AFL-CIO

21 Gabriel Dr., Augusta, ME 04330

April 8, 2019

## **Testimony of Maine AFL-CIO Executive Director, Matt Schlobohm, in Support of LD 1204, *An Act to Eliminate the Cap on Weekly Benefits in Workers' Compensation Cases***

Good morning, Senator Bellows, Representative Sylvester and members of the Labor and Housing Committee, my name is Matt Schlobohm. I'm the Executive Director of the Maine AFL-CIO. We represent 40,000 working men and women in the state of Maine. We work to improve the lives and working conditions of our members and all working people. We testify in support of LD 1204.

As you have heard several times this session, the basic bargain of workers' compensation is that an employee who is injured at work is guaranteed replacement of his or her wages, in exchange for being denied the right to sue the employer for negligence. This principle was not conditional on the type of work or the wages of the employee. It is a deal that covers essentially all employees for all workplace injuries.

But, this is not what happens in practice. The more successful the employee in terms of earnings – which could mean he or she stays at a good job for many years, or benefits from a union contract, or even works in a more white collar field with higher salaries – the steeper the cut in pay when an injury occurs. This is because Maine imposes a cap on weekly benefits of 100% of the state average weekly wage of around \$820. Let's take an electrician who hustles a lot of overtime and makes \$90,000 per year: if that person is injured, he or she will take a near 50 percent pay cut because of a workplace injury that was no fault of their own. That person's average weekly wage is over \$1,700, but while they are injured and can't work, they will only receive \$820. The more successful you are in your earnings, the worse off you will be if you get hurt.

There is no justification for this type of cap – other than to create a windfall for Employers and Insurers. This type of burden should not be borne by successful Maine workers. The Maine AFL-CIO understands that the system needs to be affordable – but it also has to be fair. A person's mortgage doesn't get cut in half when they are injured. Their car payment doesn't get cut in half. The cost of sending kids to college doesn't get cut in half. A system that artificially creates a financial hardship for injured workers is a system that violates its core principles. The Maine AFL-CIO isn't looking for a windfall for either side of the equation – we believe the system needs rebalancing to make sure everyone gets the benefit of the grand bargain.

We urge you to vote ought to pass on LD 1204.