VanMouwerik Reid

From: Heather Tramp <heathert@klamath.org>
Sent: Monday, March 25, 2019 10:09 AM
To: HBL Exhibits; SWF Exhibits
Subject: Opposition to House Bill 3031

Chair Jeff Barker, House Business & Labor Committee and Chair Kathleen Taylor, Senate Workforce Committee,

I'm writing today to voice the Klamath County Chamber of Commerce's opposition of HB3031, likely the most aggressive paid family and medical leave legislation under consideration in the country. Our Chamber represents 517 businesses, 68% of whom are small businesses with less than 5 employees that would be directly and negatively affected by this bill.

This bill would fund up to 32 weeks of paid and protected leave for Oregon employees and in the process, would burden our state's employers – the small businesses. Our small businesses will be forced to look at this burden when deciding whether or not to hire employees.

Lowering the threshold to just ONE employee (much lower than the current 25 or more employees) will harm our smallest employers and could potentially stop them from hiring employees. As it stands now,
The new paycheck taxes aren't the only costs of administration. Unlike most other family leave programs in the country, HB 3031 saddles Oregon employers with 50% of the cost of the employee benefit program. It's important to note that both the employer and employee will be required to pay for the program regardless of existing benefits.

There also is price tag to pay for additional state employees, office space, and the data infrastructure that would be needed to administer a state-run family leave insurance program. Last year, a work group on paid family leave estimated that similar proposals would require an additional 242 state workers and extensive IT development process.

The job protection increases costs on Oregon employers as well. HB 3031 would more than double the amount of time that employers would have to find coverage for an absent employee! Many employers would turn to other employees and pay overtime, hire temporary employees, employ new technology, or simply lose productivity while the employee is out on leave. HB 3031 also doesn't require leave to be taken concurrently with OFLA, which means that employees still could qualify for unpaid leave after using up the 32 weeks of paid leave. This increases the uncertainty and risk for local businesses.

Requiring an employer to maintain a job for an employee who is absent up to 32 weeks each year also requires the employer to maintain that absent employee's non-wage benefits. Failing to continue to provide healthcare, vacation, and other non-wage benefits would be deemed discriminatory. It would be impossible for most small businesses to do what HB 3031 asks of them.

Expanded definition of 'family' increases the costs of the program. I question how the proposed family-leave insurance fund would sustain itself. It is unclear whether the proposed payroll tax rate would generate enough money to cover the long benefit period and expansion of eligible uses, which will undoubtedly result in wider use of the program. The expanded definition of 'family' in HB 3031 must be analyzed by an actuary to determine the real costs of the proposed benefit.

Employer contribution and benefit requirements burdens local governments. HB 3031 doesn't just apply to the private sector—the mandate extends to local governments and school districts who already are overly burdened by unsustainable PERS costs.

Please oppose HB3031 and protect our smallest employers and their employees.

Sincerely,

Heather Tramp
Executive Director
Klamath County Chamber of Commerce
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