

February 20, 2020

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, Maryland 21401

The Honorable Delegate Derek E. Davis
Chair, Economic Matters Committee
Room 231
House Office Building
Annapolis, Maryland 21401

Re: **HB 539 / SB 539 - Paid Family and Medical Leave Legislation**

Dear Senator Kelley and Delegate Davis:

The Howard County Chamber of Commerce ("Chamber") is a business organization comprised of small business, corporations, non-profits, and governmental agencies all working together for the betterment of the Howard County business community. Our mission is to provide advocacy, connections, and access to timely information to advance the growth and success of the Howard County business community. I write to you at this moment on behalf of our 700 plus member companies out of concerns relative to paid family and medical leave legislation.

As demonstrated in other states, Paid Family and Medical Leave insurance places a significant cost on both employers and employees. If implemented, employees may end up with a less generous benefit than employers already pay. We ask the Committee to consider the following concerns experienced in other states as you discuss possible paid family and medical leave legislation.

- Cost** - The Chamber is particularly concerned with the additional financial and administrative costs to employers and employees that would result from passage of this proposal. In Massachusetts, a recent study estimated the total annual cost of paid family and medical leave insurance, excluding the state's administrative costs, to be \$442.2 million or roughly \$200 per worker each year, shared by the employer and employee. In addition, the Massachusetts bill proposal included approximately \$74 million in administrative fees for the operations of a new state agency to administer the program. Importantly, we study showed that the legislation added a \$55 million cost to the already strained state budget to provide the benefit to the state's workforce. Not to mention, employees that participate in the state program and maintain a stand-alone paid leave program would likely see increased costs due to a greater cost of administration under the state program.

Similarly, all employees in a similar program would be subject to new administrative and reporting requirements. This, in addition to the already numerous and burdensome administrative costs associated with the Maryland Healthy Working Families Act, Maryland Parental Leave Act and Maryland Flexible Leave Act.

- Opt-out Clause or Waiver** - Proposals in other states have required virtually all employers to take part in the state's paid family and medical leave program. Many of our members already provide employees with the ability to access paid leave benefits. Any legislation should at least provide an option for employers to opt-out of the state program in favor of administering a private program with more-generous benefits. Without an opt-out clause, required legislation is an added expense for employers already providing generous paid leave benefits. To facilitate compliance and administration of the program, employers may opt to use the state system instead of more generous offerings.
- Employee Eligibility** - Any proposed legislation should align the eligibility requirements with FMLA thus mitigating this issue and provide employers predictability around when their employees will return to work. States that have required paid leave to be taken concurrently with leave under the Family and Medical Leave Act (FMLA) or under the State Parental Leave have created eligibility discrepancies. Employees can become eligible for the paid family and medical leave programs prior to reaching eligibility for FMLA. This makes it impossible for the two programs to run concurrently in some situations, may allow for leave stacking, and would result in numerous administration issues for employers.

The Chamber would be willing to work with the bill proponents to establish a more flexible family and medical leave insurance program and propose the following amendments:

- Reduce the time frames** - The bill poses significant challenges to small employers by providing up to 24 weeks of leave in one calendar year, mandating that an employee hold the job open. Align time frames with existing federal or DC laws.
- Increase implementation time period** - As we have seen in other jurisdictions it takes longer than 6 months to implement a family and medical leave insurance program.
- Align definitions with FMLA** - Any proposed legislation should align the definitions of "Covered Employer" and "Eligible Employee" to align with those of FMLA.
- Revise oversight structure** - Remove oversight of funds from Unemployment Insurance Division to its own department within the State of Maryland.

Thank you for taking into consideration the Chamber's concerns. Know that the Howard County Chamber remains supportive of the paid family and medical leave concept. However, we believe that one-sided drafted legislation could have several negative and unforeseen consequences for employees and employers. Meetings were held with the legislation's proponents only to find proponents had no interest in finding common ground. Consequently, we have no alternative but to request an unfavorable vote.

For questions on the Chamber's concerns, I can be reached directly at 443-878-1234.

Respectfully,

Leonards McClarty
President, Howard County Chamber of Commerce

CC: Howard County General Assembly Delegation
Howard County Chamber Board of Directors
Howard County Legislative Affairs Committee Members