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POSITION: OPPOSE

Testimony Concerning SB539 Establishing a Family & Medical Leave Insurance Program
Submitted to the Senate on February 27, 2020

Burch Oil Co., Inc. and Burch Propane, LLC object to SB539, which would require employers and employees to contribute equally to a fund that would allow for paid time off for up to 12 weeks. This leave can be used 1) to care for a child during the first year after the child's birth or after the placement of the child through foster care or adoption; 2) to care for a family member with a serious health condition, 3) because the employee has a health condition that results in their being unable to perform the functions of their job, 4) to care for a service member who is the employee's next of kin, or 5) because the employee has an exigency arising out of the deployment of a service member who is a family member.

Burch Oil and Burch Propane's payroll and payroll tax expense has increased approximately \$20,000 with the implementation of the new hourly wage rate from 2018 to 2019. Burch has also incurred another \$85,000 in payroll expense from the sick and safe leave mandate requirement that went into effect February 18, 2018. The projected expense for the Family and Medical Leave Insurance Tax is \$25,000. There will also be a burden placed on the company to provide the reporting and administration necessary for this fund, which is another expense.

For employees who were just recently promised an increase of the minimum wage to \$15.00 an hour because it was determined that they did not make enough to support a decent living, this is an additional tax for them. This tax would reduce their take home pay which thus contradicts why the new minimum wage law was passed.

A recent BLS report based on the American Time Use Survey shows that of all workers who took paid or unpaid leave for any reason, less than 10% took the leave for family illness or childcare purposes. This represents approximately 2% of all wage and salary earners.

Data from the New Jersey Department of Labor and Workforce Development survey revealed that many employees do not take leave or did not take it for the full allowed time because the maximum reimbursement was not enough to meet their financial needs.

From the studies done above the Family & Medical Leave Insurance Program would be an added burden and expense on employers, but more importantly an added tax on employees who will more than likely never take advantage of the leave because the payout would not be enough to sustain their standard of living.

Sheryl B. Norris