

LEGISLATIVE POSITION:

UNFAVORABLE

**Senate Bill 539-Labor and Employment-Family and
Medical Leave Insurance Program-Establishment
Senate Finance Committee**

Thursday, February 27, 2020

Dear Chairman and Members of the Committee:

My name is Michele Wilson and I am the Director of Human Resources for Culinary Services Group, we are a multi-state employer and a Top 50 food service management company specializing in senior living, hospitals, and behavioral health care and our mission is to improve the lives of those we serve. Most of our clients receive their funding from Medicaid and Medicare so unless their funding is increased this cost is not something that we can pass on to our clients. In Maryland we have employees in the following counties, Carroll, Montgomery, Baltimore, St. Mary's and Prince Georges.

We share many of the concerns already expressed by the Maryland Chamber of Commerce and Maryland SHRM State Council, Inc. Specific to our company, we currently offer our employees the benefit of an extended leave bank aka "PBT." Employees may donate some of their unused, paid leave into a bank that may be used by an employee facing a family or medical leave need.

We currently carry a total of 13,225 hours, which is the equivalent of approximately \$343,850 in PBT accounts payable liability. We estimate our tax liability under SB 539 would be \$26,000.00 if SB39 passes and we are required to pay an additional tax on each employee's wage, we will likely do away with this *voluntary* program and explain to our employees that they will now be subject to a *mandatory* deduction to serve the same purpose.

For paid leave benefits, we offer PBT or Paid Benefit Time, which is leave an employee may use for any reason. Last year, our employees left 12,642 hours of unused, paid leave in their banks. And, only 1% of extended leave hours were used. We believe we are already offering more than enough paid leave to cover our employees' needs. Subjecting them and us to a tax to cover a need that many of them will never have is not the best way to go about this. We do not believe the proposed funding level will be sufficient to cover the claims that would be submitted to the plan. Our further concern is that the proposed tax would only increase substantially in the future to provide the funds the program would require to be solvent.

SB 539 will also reduce our competitive edge. We are proud of this and many other benefits we offer that our competitors don't. Every mandate flattens the market. With increases in minimum wage, mandatory paid sick leave, this proposal and more, it will be harder and harder to set ourselves apart when we are required to offer more and more benefits, and of the same kind already provided.

We also require all employees to exhaust all accrued paid leave before being absent without pay. SB 539 provides that an employer may "permit" an employee to use accrued paid leave but not require it. We believe requiring all employees to first exhaust their accrued paid leave is an equitable approach. For these reasons and more, we respectfully request your unfavorable report on SB 539.

Benefits Offered

Health, Dental & Vision Insurance

Short Term Disability

Long Term Disability

Company paid life insurance \$50,000 exempt \$20,000 hourly

PBT accrual

PBT/Extended Illness – Donating time to another employee

Tuition Reimbursement

Voluntary Life and AD&D for employee, spouse and children

Employee Assistance Program

Life Keys Program provides access to a wide array of services

Travel Connect Caring support and assistance when you travel

Accident Indemnity Insurance

Critical Illness Insurance

Hospital Indemnity Insurance

Group Whole Life Insurance

Flexible Spending Account

Dependent Care FSA

HSA

HRA

401K with a company match