

February 26, 2020

Maryland General Assembly
Legislative Services Building
90 State Circle
Annapolis, MD 21401

Re: **SB 539**

Dear Sen. Malcolm Augustine, Del. Diana Fennell, and Del. Julian Ivey:

My name is Sarah Wilson and I am the Vice President of Human Resources for MOSAIC, a commercial printer, in Prince George's County. After reviewing SB 539, I have some concerns that I would like to present and ask for additional thoughts and details be put into the bill before moving forward.

- 1. Cost impact for small businesses.** MOSAIC is a small business with about 120 employees and implementing this bill would present a financial strain to our business. The Maryland Sick and Safe Leave Act has put a strain financially and operationally on our operation and adding the Family & Medical Leave Insurance Program would only add to this strain. When employees are on FMLA at MOSAIC, is not easy to bring temporary workers into our industry. Implementing this program would only increase the number of employees out of work and would affect the business. With programs such as Worker's Compensation and Unemployment Insurance, we can somewhat control those costs by implementing safety programs, making smarter hiring decisions, etc. but MOSAIC will have no control over the cost or use of this program. When an employee or an employee's family member gets sick is not something that can be planned or controlled. What cost control measures can MOSAIC put into place to ensure this program does not drastically, negatively affect our budget and profit?
- 2. Definitions of eligibility.** The language in the bill is broader than FMLA, and that causes concern for our business because it will increase the amounts of time employees will be away from their work, which will affect the operation. As an example, FMLA does not generally cover grandparents or grandchildren, but this bill allows for those groups to be covered. That will instantly increase the usage of the benefit, which will cause a burden to our business, but also drain the funds of the FMLI quickly.
- 3. Complex and challenging to administer.** There are many gray areas in the current bill, which leaves confusion for both MOSAIC and the employee. What happens if an employee leaves the employ of MOSAIC while using this benefit? If the program is being administered by Unemployment Insurance, I assume UI is cutting checks for employees? If so, will the contribution be required to be paid by the employee and employer if they are not receiving a paycheck from the employer but rather from Unemployment Insurance? If this benefit is for the employees, why should the employer have to share equally in the contribution?

Will there is a separate sign-off required approving UI to deduct the contribution from an employee? Who will gather and track that sign-off? What if the employee does not want to participate in the program? What if they refuse? The definition of wages – will that be clearer? Does an employee referral bonus count as “wages” in this program? If an employee is out on leave and using the program and a new application year starts, does the employee still need to satisfy 680 hours before the benefit starts again? Or can the employee receive another 12 weeks, since it is a new application year? Will the state be responsible for issuing W2s (or some other tax form) to these individuals? Or will the companies be responsible for inputting the amounts as 3rd party sick pay? Those are only a few of the questions that came up as I was reading the bill. As you can see, there are so many nuances to work out.

4. **Length of leave.** The bill does not clarify whether this program is meant to provide a wage replacement for leave to which an employee is already entitled, or is it meant to apply to a separate bank of leave, so it could potentially provide up to 24 weeks of paid leave. FMLA already presents a challenge for a company like MOSAIC because we have 1 and 2 people in departments so when one person goes out on FMLA, that presents many challenges on productivity, work getting out the door, and maintain customer satisfaction levels.
5. **Verification and abuse.** Verification and abuse of FMLA is a problem employers face and that is an unpaid benefit. By offering such a rich benefit and not giving companies full control over the process, the abuse of the program could be rampant. What infrastructure will need to be created for Unemployment Insurance to handle the volume of requests and management of this program? What measures will be taken to reduce abuse of this benefit? What infrastructure will be set up to have open and constant communication between the agency and the employer? This will be especially difficult to contain abuse if the employee is using the program intermittently.
6. **Implementation and administrative complexity.** MOSAIC offers FMLA to qualified employees, but this program would be run externally of the Company. There will be confusion with communication and coordination between the employer, employee and Unemployment Insurance. I will also ask the infrastructure questions that were asked in point number 5. This bill will require large-scale tracking and verification systems to ensure compliance. What part will MOSAIC need to play in also tracking this information. Will this cause our company to have to incur additional costs in either labor or systems? Allowing for intermittent use of this benefit would be a nightmare, especially on the communication part. As I have seen with intermittent FMLA, it can be difficult to track, and employees do not always communicate what absences are FMLA related and what are normal absences. What would the communication requirements be between the employees and UI and between UI and MOSAIC?

Here is a good example of what happens at MOSAIC for an employee on intermittent FMLA; how would the FMLI program handle this? An employee calls 5 minutes before their shift starts to say they are not coming into work and it's due to their chronic, serious medical condition. Who do they tell? What measures are in place to ensure the payroll records are correct for that employees? At a minimum, intermittent use of this program should be removed.

7. **Alternative planning.** While I think it is beneficial for employees to have protection and benefits while out of work due to a medical condition or a family's medical condition, many options already exist such as Worker's Compensation, Short-Term Disability, Aflac plans, etc. I do not believe that it should be on MOSAIC and other businesses to have to provide paid leave for as much compensation and as long as this bill is suggesting.
8. **Challenges with CBAs.** MOSAIC has 3 different collective bargaining agreements to contend with and adding a program like this will be difficult to implement in addition to the other benefits that the CBA provides to the employees.

Based on the above points, I would ask the Maryland General Assembly to reconsider SB 539 and take more time to redefine the bill to be fair to all businesses, including small businesses.

Sincerely,

A handwritten signature in blue ink that reads 'Sarah Wilson'.

Sarah Wilson
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