



Government Relations Committee Meeting

Cecil County Chamber of Commerce
Elkton, Maryland

House Bill 008

Labor and Employment – Family and Medical Leave Insurance Program – Establishment

LEGISLATIVE POSITION: *Refer for FURTHER STUDY*

Dear Chairman Wilson and Members of the House Economic Matters Committee:

On behalf of the four hundred and fifty Cecil County Chamber members who represent over fifteen thousand employees we are writing to express our concerns regarding **HB 8** which would establish a *Family & Medical Leave Insurance Program* that would require all employees and employers in the State of Maryland to contribute.

Our members understand the importance of having a high quality and committed workforce. We acknowledge that there our circumstances in employees' lives when certain personal matters dictate that their priorities be with their family resulting in them not being able to work for a defined period of time.

Having stated such, the language in **HB 8** will require the employer to be responsible for costs far above the individual employee formula (up to \$551 annually per employee) outlined in the drafted legislation with no alternative funding to offset such costs.

We ask that the Committee members consider the following prior to taking any action on **HB 8**.

- Assuming alignment with the definitions provided, is it the intent that all employees be eligible for up to 24 weeks of paid leave per year? (This equates to nearly six months off with pay.)

- All employers and employees of all businesses regardless of size are required to participate. The potential loss of employee hours has a much greater impact on a small business than a large business. Is there any consideration of changes that could avoid what could be a devastating burden to a small business? (E.g. businesses with five thousand employees in comparison with those with five employees) The fiscal note clearly identifies the increased financial burden on small business employers. This is not only a game changer, it may be a game breaker for many.

- An employer must find a way to cover the work of the employee who is on "leave." A large business may be able to handle the situation by re-assigning tasks and spreading overtime among other employees; however, in the case of a small business, it may well necessitate hiring an employee to fill the gap. In this labor market, when many jobs across all industries cannot be filled, where does the employer find the replacement? Especially if it is only for a temporary period of time.

- All employees are required to contribute. Why is there no provision for an employee opt out?

- Please clarify whether an employee must work for the employer for one year or just accumulate 680 hours within that one year to be eligible for leave? Meaning, can he/she apply for benefits after accumulating 680 years regardless of time with employer?

- Can two or more family members apply for leave under this legislation to attend to the qualifying scenario?

- Employers pay regardless of "plan" experience with no access to rebates or alternative fiscal assistance. With workers' compensation contributing employers who demonstrate excellent safety records, with little or no loss of employee time, receive a reduced rate for a stated time period. If an employer has no employees who use this family and medical leave program over a set period of time, why not reduce or eliminate employer contributions for a stated period of time?

- The bill states in certain situations that the employee should make "reasonable" efforts to minimize the impact of his/her time off by working with the employer to plan the leave. The definition of reasonableness is determined only by the employee. Why not make a reasonable effort regardless of the justification for missing work for an extended period of time? Does the employer have no say?

- Regardless of the organization or measure the state of Maryland is viewed as having an unfriendly business climate; therefore, some businesses investigate moves to more business friendly environments or new businesses do not select Maryland as a site for location. Will adding another payroll-tax provide more evidence supporting Maryland's *not-business-friendly label*?

Even though a fiscal analysis has been completed for this legislation, there remain many unclarified or unanswered questions regarding the projected impact of this legislation. No legislative action should be considered without a fully vetted analysis. The intent of this legislation is admirable, but the potential impact is very concerning. We respectfully request that the Committee members consider the answers to our questions and others created as further analysis of the impact is studied.

Given the complexities noted, we respectfully recommend that you **defer HB 8 for further study.**

Do not hesitate to contact us if we can be of further service to you on this critically important proposed legislation. Thank you for your attention and consideration.

Members of Cecil County Chamber Government Relations Committee

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