



**Date:** February 16, 2015

**To** Senate Workforce Committee Members  
House Business and Labor Committee Members

**From:** Bill Perry  
Oregon Restaurant & Lodging Association

**Subject:** Testimony on Mandatory Paid Sick Leave – SB 454 & HB 2005

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Chair Dembrow, Chair Holvey and Committee Members,

Not the right time or the right benefit. Even though we are starting to pull out of the recession, this is not the right time to propose additional requirements to businesses attempting to hire new employees, and paid sick leave is not the right benefit to offer. We are still lagging behind the country in employment rates. When asked, paid sick leave is not one of the top benefit choices requested by employees. Instead, employees prefer wage increases, health care, and paid vacation. Therefore, employers that have the ability to provide increased benefits consider these alternatives instead of paid sick leave. Unfortunately, many business owners are struggling to provide these benefits in this difficult transition in the economy.

Benefit package changes looming large. In addition, the biggest change to employee benefit plans is looming large. The Affordable Health Care Act requires employers to offer health care, and if they do not or if employees choose not to accept the benefit, employers will face fines. Group insurance rates are increasing and small employer plans are becoming less viable in the marketplace. No one can say for sure what the true impact of the AHCA will be on small businesses, many of which are fighting to stay afloat financially.

Shift trading is vital to our industry. The practice of shift trading is one of the most vital policies in the foodservice and hospitality industry. Shift trading allows employees to take days off, for illness or personal reasons, and still earn the tips they highly rely on. Shift trading is also key because the law does not allow sick employees to work in restaurants. If ill, employees stay home and make arrangements to trade shifts or pick up additional shifts when they are healthy again. This longstanding practice allows workers to retain their income and protects the public as well. As currently written, these bills allow a version of shift trading, but there are qualifiers on the language and it also can be seen as a conflict with the section that prevents employees from finding replacement workers.

ORLA requests revisions to the proposed bills. The recently-enacted sick leave ordinance in Seattle does not require benefits to be paid until 180 calendar days after employment begins. And while many employee benefit packages do not commence until a worker has been on the job for a year, we are not asking for such a lengthy waiting period. We request that if a paid sick leave bill moves, please consider the follow changes:

1. Not every worker works 8 hour shifts, so please change the section that discusses if the employee misses 24 hours of work to if the employee misses three shifts; or
2. Change the payment of benefits to **180** calendar days of employment, unless the employer allows use at an earlier time.
3. Take the pay period reference out of the shift trading portion of the bill.
4. Preempt local governments from creating uncertainty in the labor force; the processes in Portland and Eugene were not productive, in our opinion.

Again, our industry appreciates the inclusion of language in the ordinance that allows shift trading without qualifiers. We can't emphasize enough how critical this is to employees who gain a substantial portion of their income directly from the consumer through tips.

While we understand the overall intent of this proposal, many in our industry believe this ordinance will lead to a reduction in hours, and in the elimination of other benefits employees may actually desire more than paid sick leave. Let employers find solutions that work for their employees. I think you will hear from employers across the state and in all different industries that sick leave is the most abused benefit they have, which is why many employers have tried alternatives to sick leave policies. Oregon has a very diverse business culture, and this proposal affects so many in different ways. With health care mandates, automatically adjusted wage increases, and now paid sick leave, there will most certainly be job losses. The important question is how many hours will be lost?

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Bill Perry', written in a cursive style.

Bill Perry  
Oregon Restaurant & Lodging Association