



March 23, 2017

House Committee on Early Childhood and Family Supports
900 Court Street NE
Salem, OR 97301

RE: House Bill 3087: Expansion of Family Leave Policies.

Dear Chair Lively, Vice-Chair Hack, Vice-Chair Piluso, and members of the House Committee on Early Childhood and Family Supports,

The City of Beaverton appreciates the needs of working families, but must respectfully, oppose House Bill 3087. While generous in its intent, this bill imposes a significant financial burden on public employers, creates significant staffing challenges that may threaten our ability to provide timely, cost-effective service to citizens, and creates a substantial administrative burden for employers relative to reporting requirements, payroll administration, and managing discrepancies between current family leave laws and the bill.

Protection of job rights and pay do not currently co-exist within family leave laws. This has been a bright line that protects a person's employment without placing an added financial burden on employers. This bill blurs that bright line and places an unfunded financial liability on employers and employees alike.

While the City of Beaverton is not representative of all employers, the city provides generous amounts of accrued time off for employees to use for vacation, medical, and leaves of absence. In addition, a system exists for employees to request donated leave from co-workers. While there are occasions when employees run out of accrued time off and go into unpaid leave, generally speaking employees manage their accrued time off in ways that allow for their salary to continue during their absence.

For calendar years 2014, 2015, and 2016, the City of Beaverton has had between 72 and 79 employees per year on family medical leave (out of 520 to 539 total regular employees), either for blocks of continuous time or on an intermittent basis, which represents a range of 13.6 to 14.64 percent of our entire employee population. For calendar year 2016, the city paid out over \$350,000 in wages to employees who used accrued time off for family medical leave. HB 3087 allows for employees to recover a portion of their salary through the Family and Medical Leave Insurance Fund without having to use their accrued time off. If employees chose to save their accrued time for vacation and other purposes and just utilized the insurance fund as a means to partially pay for time they are not at work, the city's liability for all of those accrued, unused hours would remain. Using the 2016 figure above, that would have been a liability of approximately \$350,000 for one year.

Additionally, the bill calls for employees and employers to contribute a half of a percent of employees' wages to the insurance fund. For Beaverton, this would be approximately \$225,000 per year for the employer-portion based on current wages. This is a significant financial liability for the organization and all its employees, especially given that HB 3087 would only benefit

approximately 14% of employees, most of whom have accrued time from which they can draw to continue their salary during times of family medical leave.

Employers are already facing significant increases in PERS costs and this is yet another financial burden to fund. This bill takes away an employer's right to require employees use their accrued time off when out on family medical leave. Not only does this have a financial impact, it creates the potential for substantial staffing challenges that may impact the city's ability to provide timely, cost-effective service to the community.

Under current family leave laws, a full time employee may be eligible for 480 or more hours of protected time in a rolling 12 months, of which there are a potential of 2,080 total working hours. If employees choose to utilize the insurance fund and save their accrued leave, or only take a minimal amount of leave, the city has a legal obligation to allow those employees to take accrued time off outside of absences related to family medical leave unless the city can show a reason for denying the leave due to operational needs. That said, the potential exists for employees utilizing family medical leave to be gone for sizeable portions of the year (for FML and vacation combined), impacting the workload of other employees and the ability of the city to provide timely, cost-effective services to the community.

Lastly, this bill creates a substantial administrative burden for employers relative to reporting requirements, payroll administration, and managing discrepancies between current family leave laws and the bill. The city will likely encumber additional staffing costs or need to consider outsourcing family medical leave administration as a result of the added responsibilities and complexity of managing family medical leave given the provisions of this bill.

Of even more concern is that House Bill 3087 does not mirror current family leave laws. A distinct example of this is that the bill vastly expands the definition of a family member beyond that described in federal and Oregon family leave laws. By expanding the family member definition to include all family members related by blood, this change – in itself – will dramatically increase the amount of family leave taken by employees, impacting the city's finances and ability to maintain necessary staffing levels.

Thank you for the opportunity to comment and I urge you to oppose House Bill 3087.

Sincerely,

A handwritten signature in black ink that reads "Angela Moreschi". The signature is written in a cursive, flowing style.

Angela Moreschi
Human Resources Director