



FAMILY FORWARD OREGON

Smart policies for today's families.

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Opposition to HB 3336: Tax Credits Won't Increase Access to Paid Leave
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Thank you for the opportunity to testify today in opposition to HB 3336. While we appreciate the growing interest in expanding access to paid family and medical leave, we are concerned that paid family and medical leave savings accounts and tax credits just won't work for many families and will do little to increase access to paid leave in Oregon for the families who need it the most. In fact, this proposal will exacerbate the existing inequity in access to paid leave. We do not favor using tax credits as a mechanism to increase access to paid leave because, unlike a paid family and medical leave insurance program, tax credits will not produce paid leave for low-wage workers, who are disproportionately women and people of color and who are the least likely to have savings to fall back on to cover unpaid time away from work. Any effective paid family and medical leave proposal should cover all workers, be affordable, accessible, comprehensive and inclusive.

As you know, Family Forward Oregon has been working with the Time for Oregon coalition, a diverse group of community organizations, labor unions, small businesses, racial justice organizations, public health entities, and advocates for women, seniors and children, to create a paid family and medical leave insurance program in Oregon.

Before we began drafting our paid family and medical leave insurance proposal, we sat down as a coalition to identify a set of values in the paid family and medical leave program we would propose this session. These shared values guided our drafting of HB 3087 and are the values by which we evaluate other paid family and medical leave proposals. Core among these values are to ensure that:

- All workers are able to access paid family and medical leave when they or a loved one are facing a serious medical condition or welcoming a new child;
- An expansive definition of "family member" is included to recognize the diverse families and care responsibilities that exist today and includes non-traditional family structures and chosen families;
- Paid family and medical leave is available to all workers, regardless of the size or sector of their employer and whether they work full-time or part-time;
- Paid family and medical leave is available without any adverse employment consequences and that workers are protected against discrimination or retaliation for needing or taking leave;
- Paid family and medical leave provides sufficient income replacement to allow workers the time they need without jeopardizing their ability to afford basic living necessities, like housing and food; and

- Benefits provided by a paid family and medical leave program are progressive and have a sliding scale that provides low-income workers with a higher percentage of wage replacement, ensuring they can access the program.

On several fronts, tax credits and a savings account fail to meet these core values: they will not ensure equal access to paid family and medical leave, they will not guarantee that all workers have access to paid family and medical leave and they do not guarantee employment protections for employees needing to take family leave.

With an individual tax credit, families living paycheck to paycheck will not suddenly be able to afford to make contributions to a savings account that they cannot do today. This is like asking car owners to set up their own personal fund to pay for repairs and/or medical expenses if they're in an accident. These kinds of savings accounts are an expensive proposition that only the richest among us could afford — even if a tax credit is provided for the contributions. Likewise, there is no evidence that providing a tax credit for employers will incentivize employer contributions into an employee's account. There's a long line of employer tax credits failing to work: hiring unemployed workers, hiring workers with a disability or to provide child care. These are not effective incentives and may simply subsidize employers who are already doing the right thing by providing paid leave to their employees. This will only increase disparities in access to paid leave while doing nothing to provide access to people who work for employers who are unwilling to make those changes voluntarily — primarily those employers who have large and lower-paid workforces. There's also no guarantee, without critical employment protections, that even if an individual is able to save, they will actually be able to take the time they need when dealing with their own or a loved one's serious illness or to welcome a new child without being penalized or fired.

In fact, creating savings accounts provides little more to Oregon families than what they can already do with personal savings accounts now. This is an inadequate solution, largely providing just lip service to a problem that the majority of Oregon families now experience.

Last and perhaps most importantly, tax credits are not free. Ultimately somebody has to pay for the lost revenues. The average worker will either lose more income to offset the tax credits or will find basic government services at risk. In either case, working people are the ones who will pay the price for such tax credits, even if they aren't able to benefit from the credit themselves. We have serious concerns about asking low-income workers to, essentially, subsidize the paid leave of higher income individuals.

A better approach to ensuring that all workers have access to paid family and medical leave would be a social insurance program as proposed in HB 3087- much like the effective programs being used in four states and across the world — in nearly every country but the United States. This will pool small contributions from employers and employees to provide wage replacement when an employee is out on leave. HB 3087 also includes protections for employees taking paid leave so they cannot be fired or retaliated against for taking needed leave that they have earned. Only a small fraction of the Oregon's workforce needs a family or medical leave in any given year, but all working families are likely to experience the need for such a leave at some point in their working lives. A paid family and medical leave insurance program would cover all Oregon's workforce and would be affordable for both employers and employees.