



June 11th, 2019

To: House Rules

Re: Support for HB 2005-1

Dear Chair Holvey, Vice-Chairs Williamson and Wilson and Members of the Committee,

The Main Street Alliance of Oregon, a coalition of over 4000 small businesses across Oregon, supports the HB 2005-3. We applaud the efforts by the legislature to pass an inclusive Paid Family and Medical Leave bill.

At some point, nearly everyone needs time away from work to recover from a serious illness or care for a sick loved one or new child. **Yet only 17 percent of the U.S. workforce have paid family leave through their employers, and less than 40 percent have personal medical leave through an employer-provided temporary disability program.**¹ Unequal access to paid leave reflects structural inequality, with lower-paid employees² and employees of color less likely to have access.³ Lack of paid leave forces working people to make the impossible choice between their paychecks and their families.

In Oregon, over 368,000 small businesses employ over 823,000 people, that's 55 percent of the state's workforce.⁴ These firms generally **lack the capital and the scale to provide earned benefits like paid family and medical leave** (this includes 85 percent of businesses surveyed by Main Street Alliance, as seen in our [2019 PFML Report](#)), even when business owners want to provide those benefits.⁵ Moreover, many small businesses are losing talented employees to large corporations, which wield the market power to give good benefits to top managers but are squeezing everyone else with low-wage, uncertain jobs.

Paid family and medical leave laws make paid leave affordable and accessible to small businesses, both leveling the playing field between small businesses and large corporations and increasing economic security for small business owners and their employees. States and municipalities across the country – California, New Jersey, Rhode Island, New York, Hawaii, Washington state, Massachusetts, and Washington, DC – are showing these laws help create a more equitable Main Street. Now it's time for Congress to make paid family and medical leave a reality for everyone in the country.

¹ <https://www.bls.gov/ncs/ebs/benefits/2018/employee-benefits-in-the-united-states-march-2018.pdf>

² <http://cepr.net/documents/nj-fli-2014-06.pdf>

³ <http://www.nationalpartnership.org/our-work/resources/workplace/paid-leave/paid-family-and-medical-leave-racial-justice-issue-and-opportunity.pdf>

⁴ <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-OR.pdf>

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https://d3n8a8pro7vmtx.cloudfront.net/mainstreetallianceoregon/pages/42/attachments/original/1552498890/MSAOR_PFML_Report_-_finalv7_print.pdf?1552498890

The HB 2005-3 would help strengthen small business bottom lines.

Paid leave contributes to reduced turnover and higher employee morale and loyalty, leading to productivity increases and significant cost savings for small businesses.⁸ Replacing employees is expensive: turnover costs are estimated to average one-fifth of an employee's annual salary.⁹ Paid leave increases employee retention by encouraging employees to stay in the labor force and with the same employer, leading to significant employer cost savings through reduced turnover expenses.

In California, where a family leave insurance program has existed for more than a decade, most employers report positive or neutral effects of the program on productivity (89 percent), profitability/performance (91 percent), turnover (96 percent), and employee morale (99 percent); with small businesses reporting more positive outcomes than large businesses (those with more than 100 employees).¹⁰

A recent EY survey found that more than 80 percent of businesses that offer paid family leave report it has a positive impact on employee morale, and more than 70 percent report an increase in employee productivity.¹¹ According to

⁸ <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>

⁹ <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>

¹⁰ <http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>

¹¹ [http://www.ey.com/Publication/vwLUAssets/EY-viewpoints-on-paid-family-and-medical-leave/\\$FILE/EY-viewpoints-on-paid-family-and-medical-leave.pdf](http://www.ey.com/Publication/vwLUAssets/EY-viewpoints-on-paid-family-and-medical-leave/$FILE/EY-viewpoints-on-paid-family-and-medical-leave.pdf)

Harvard Business Review, a majority of the most successful companies report that exemplary benefit programs strengthen employee loyalty and morale, increasing worker productivity.¹² These factors correlate with a better bottom line.

Evaluations of existing state Paid Family Medical Leave programs demonstrate that it doesn't increase costs for small businesses and is feasible to implement. A survey of California employers revealed that 87 percent confirmed that the state program had not resulted in any increased costs, and 60 percent reported coordinating their benefits with the state's paid family leave insurance system – likely resulting in ongoing cost savings.¹³

The New Jersey Business and Industry Association found that businesses large and small have adjusted easily to the state's paid leave law. And nearly two thirds of small businesses (65 percent) reported no increases in overtime pay costs because of the law.¹⁴ In Rhode Island, a study of small- and medium sized employers conducted after the state's program came into effect found no negative effects on employee workflow, productivity or attendance; the majority of employers surveyed said they were in favor of the new program.¹⁵

Paid family and medical leave laws help level the playing field between small businesses and large corporations, allowing small businesses to compete on more equal footing.

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With modest bottom lines small businesses often have trouble matching more generous paid leave benefits offered by larger employers (including 84 percent of businesses surveyed by Main Street Alliance) – resulting in a hiring disadvantage.¹⁶ In the current labor market, that means losing talented employees to larger employers, which wield the market power to provide paid leave to top managers but are squeezing everyone else with low-wage, uncertain jobs.

Paid Family and Medical Leave provides critical financial security for small business owners themselves.

Small business owners themselves need paid family and medical leave. They, too, have new babies and ailing partners or parents, and often cannot afford to take unpaid leave. Their cushion maybe razor thin, and a single accident or a medical emergency could jeopardize the health of a small business and throw a business owner into financial ruin. Under the HB 2005-3, small business owners would have a guaranteed revenue source while out on leave allowing them to take care of themselves and their family without risking their business.

Paid Family and Medical Leave goes right back into the local economy, boosting consumer demand at small businesses, as working people spend their increased earnings to cover the basics.

When individuals do not have access to paid leave it impacts their spending and consumption patterns. People lose \$20.6 billion annually in lost wages because of lack of paid leave.¹⁷ When they take unpaid leave, employees give up income they need to pay bills, buy groceries and support their families. Those who take unpaid or partially paid leave reported putting off spending, resulting in hardship for families and lost income to small businesses. Business owners cite weak sales as the biggest problem for their business and the economy, and ensuring that employees have their consistent wages means that consumer demand won't go lax with each illness or family event or emergency.¹⁸

Main Street Alliance surveyed business owners about best practices to better support their workforce, improve the economy and reduce inequality. The results showed overwhelming support for family-friendly workplace policies. The widespread support for a solution to the lack of access to paid family and medical leave in Oregon and nationally, particularly among those that do not currently offer these policies, indicates an important role for public policy.

¹² <https://secure02.principal.com/publicvsupply/GetFile?fm=VF1040&ty=VOP&EXT=.VOP>

¹³ <http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>

¹⁴ <http://policy.rutgers.edu/academics/projects/presentations/AFE2012/Ramirez.pdf>

¹⁵ https://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct_InsightsFromSurveyOfEmployers.pdf

¹⁶ https://d3n8a8pro7vhmx.cloudfront.net/mainstreetallianceoregon/pages/42/attachments/original/1552498890/MSAO_R_PFML_Report_-_finalv7_print.pdf?1552498890

¹⁷ <https://www.americanprogress.org/issues/women/reports/2016/09/22/143877/the-cost-of-inaction/>

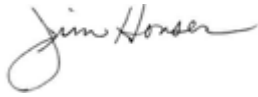
¹⁸ http://asbcouncil.org/sites/default/files/files/Regulations_Poll_Report_FINAL.pdf

These findings suggest that, with the successful adoption of thoughtful paid family and medical leave policies, the number of businesses able to implement these programs would greatly expand.

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We respectfully urge you to pass HB 2005-3 to help working families in Oregon.

Sincerely,

Handwritten signature of Jim Houser in blue ink.Handwritten signature of Mark S. Kellenbeck in blue ink.

Jim Houser, co-chair

Mark Kellenbeck, co-chair

Hawthorne Auto Clinic, Portland

Storage at Exit 24, Medford