



SB19-188 - FAMILI Family Medical Leave Insurance Program

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Denver Metro Chamber of Commerce

TESTIMONY

Thank you to Senators Winter and Williams for their ongoing work on this bill and thank you to the committee for having me today.

As you know, the Denver Metro Chamber of Commerce has been in business in Colorado for 152 years. We represent 3000 members and their 300,000 employees. Key to our success has been our commitment and discipline to develop public policy and economic strategies that serve our diverse membership and support the work of our public and nonprofit partners.

Our members care deeply about their employees and teams. We know it's our workforce that makes our companies and our region so successful and economically competitive. So, you can imagine that our companies do their best to provide competitive benefits and flexibility to their employees. As a matter of fact, we are hard-pressed to find a single member that doesn't provide some paid leave for their employees.

We know that many of our employers provide far richer benefits for their employees than SB 188 would provide. And with 90 percent of our members having less than 100 employees and not being provided an opt-out, their concerns focus on the fact they either can't afford to pay for both their current level of benefits and the mandates in SB 188 or they face the additional administrative burden of applying multiple leave programs that are inconsistent with each other. Rather than incenting companies to do more, this bill punishes companies that already offer generous leave programs, forcing them to administer multiple programs and weave together benefits. The reality is that many employees will never even realize the benefit of the taxes they pay into this almost \$1 billion program – either because they don't need to take leave or because they will only be paid a small portion of their salary when they do need the benefit.

In addition to there not being an opt-out for employers who already provide leave, we have additional concerns about the bill including the lack of alignment with FMLA, the lack of actuarial analysis, the cost of such a program and the scope – which is among



the broadest of any state-sponsored leave program in the country. Under Senate Bill 188, employees could be eligible for up to 16 weeks of leave after only 17 weeks of full-time employment, which concerns all businesses, but particularly organizations that employ seasonal and short-term workers. Additionally, the bill allows for leave in increments as low as one hour and for any individual with which employees have a “significant personal bond.” It’s unclear how the state, an employer, will determine what a “significant personal bond” actually is.

We are extremely concerned that this program won’t be fiscally sound, meaning the money won’t be there to pay benefits when employees need it. Other states have introduced or passed family leave bills. In Washington, the cost just to create the technology infrastructure and staffing was \$80 million and will continue to cost more than \$100 million each year, before any benefits are paid out. As we look at estimates here in Colorado, we’re deeply concerned that costs are being underestimated to start and maintain this program. Currently, legislators are setting aside just \$50 million to start this program half of what Washington set aside. But once it’s in its first full year of operations, the cost to run and pay benefits will approach \$1 billion. Meanwhile, Washington is allowing employers who already offer leave to opt out — something not provided to Colorado companies with the bill proposed here.

The effectiveness of the administration of the program is also a total unknown as it’s a new program with richer benefits that almost every other state-sponsored program in the country. We’re risking the fiscal health of our state and existing critical paid leave for our employees on a new, government-run program that in just four years will cost almost a billion dollars per year? Our employers can’t imagine risking the leave their employees deserve to be able to count on. As employers, we ensure our employees know how their wages will be covered and for how long. This bill won’t cover the full salary of employees, so many employees can’t count on this financially.

In the end, our request has been simple — allow employers to opt out if they currently provide paid leave to their employees — particularly supporting those that provide a richer benefit. Let’s incent employers to do more, rather than mandate a one-size-fits-all approach that punishes those that have already taken steps to provide leave to their employees. Colorado’s employees deserve to have confidence that their family medical leave will be there when they need it.