



## SB19-188 FAMLI Family Medical Leave Insurance Program

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### Testimony

Thank you for the opportunity to provide testimony on this matter. We are forever grateful for the public service you provide, as we all engage in equitable, fair, and just solutions for the entire community of Colorado. It is important we tackle the tough and sticky issues in a way where all stakeholders have a voice in consideration of the final proposal. My name is Rob Smith and I'm the Executive Director of the Rocky Mountain MicroFinance Institute – RMMFI (a nonprofit with 11 employees). RMMFI provides business incubation and financing services to the region's low-income, disadvantaged, and often marginalized residents as a means to achieve economic and social mobility for themselves and the communities in which they reside.

**I applaud your willingness to place paid family leave as a priority for this session.** The individuals and households we support are either one paycheck away from financial disaster or have already experienced the pain of losing their financial security due to the loss of a paycheck. When considering the need for inclusive opportunities for our entire community, solutions helping people create more security in their professional pathways are essential.

**While I support the intention of paid family leave, I do not support the current design of SB19-188 for several reasons.** In a fair, open, and honest legislative process, my hope is that there is more time taken to engage stakeholders across aisles and from varying sectors of our economy to come up with a solution supporting the needs of our community, while also garnering support by most. The reasons below outline why I stand in opposition to this bill.

#### Payroll Tax Subsidy to Offset Public Sector Expenses

- As a nonprofit Executive Director, I face the issue of scarcity of resources. The average wage in my nonprofit hovers right above the region's self-sufficiency wage. I am constantly making choices on where to invest resources in support of our mission. A strong team is essential to creating strong outcomes for our community. **With this solution, I am forced to tax my employees on their paychecks at a cumulative rate equivalent to the amount required to fully support an individual's pathway through our programming.** This tax burden also limits my ability to pay my employees a fair wage for their work and one that is competitive within the region.
- Given the scarcity of resources, **any increase in personnel costs through additional payroll taxes will force my nonprofit to decrease costs elsewhere in the organization** and evaluate both existing and future personnel benefits we hold as essential to the well-being of our workforce (PTO, holiday leave, retirement benefits, professional development, etc.).

- This financial burden is also exaggerated by the current design of subsidizing the cost to public entities and their massive employee-base. **The public entity subsidy has the perception of a sneaky workaround to TABOR limitations and the need to engage the entire public on tax implications felt by all residents.** The redirection of the cost on the public entities to the private and non-profit sector seems like an additional tax on organizations rather than following the requirement to go to the polls to increase taxes for the necessary support public entities would require to support this program equitably.

I ask you explore different ideas to a more cost-effective solution. FAMI represents a near \$1 billion annual burden on both the for/non-profit business community and employee-base. Colorado represents a more progressive business community than most of its peers, and I would agree that voluntary engagement in paid family leave will not create the desired results. I have concerns about the government running a program where the open market has infrastructure already established. **My hope is that additional time is dedicated to exploring hybrid options serving the intention of bringing necessary paid family leave to our employees, while leveraging existing systems already established. Colorado is an incredibly innovative state, but a high-cost, high-administratively government run solution does not align to the innovative nature to how Colorado finds solutions.** Working in partnership with the business community will create a result where we all can get behind the solution, instead of alienating key stakeholders through a government mandated program with limited checks and balances on the cost and effectiveness of the program.