NO ON 118

HIGHER TAXES
More Bureaucracy

A Lavish, New Program Destined for **Bankruptcy**

No On Prop 118: Paid Family Medical Leave
Why Should Employees Care?

Colorado's employers and business community care about its employees. Employers all across the state strive to provide their employees with good benefits and to remain competitive in the labor force. Employers across the state want to help their employees in times of need and when their loved-ones need them most. Business leaders are not opposed to the premise behind paid family medical leave…**they are opposed to the devil that is in the details of Proposition 118.**

- **The Cost**
  - A $1.3B tax increase split between employers and employees. Based on the number of Coloradans using the richest program in the nation, the cost will increase.

- **Funding**
  - Employees and employers split a new .90% income tax that will be deducted from the employees' paycheck.
  - The new income tax will grow to 1.2% by year 3 of the program.
  - The new **pollical appointee** overseeing the program will increase this tax without another vote of the people.
  - This new tax equates to an approximate employee income tax increase of 20%.
  - Employers who give annual wage increases to employees will have to stretch their budgets to give pay increases and fund their portion of the newly mandated income tax.
  - Employees will pay the full income tax, but depending on wage level, may not be eligible for the full amount of the benefit based on the sliding wage scale established by the initiative.
    - The program's wage replacement ranges from 90% to 50% wage replacement based on the employee's salary.
  - Employees pay into the program **regardless of whether the benefit is used or not**.

- **The Benefits Package**
  - The measure offers 12-16 weeks of leave to care for a person who is related by blood, marriage, domestic partnership, civil union, adoption or **any individual with whom the employee has a significant personal bond.**
  - In many instances, this one-size-fits all program ties the hands of employers who offer similar benefits or better because they are no longer able to work with employees on a case-by-case basis and cater to their specific needs.

- The benefits are mandated and must be payed for every employee, regardless of whether they use the benefit or not.
- Leave does not have to be used consecutively, meaning employees could take every Friday and Monday off for up to 12 weeks.
- Employees remaining on the job will have to pick up the additional workload of the employee who takes the leave because many employers will not be able to afford to train and fill a job for a short period of time.

- **Exemptions**
  - All employees must participate whether they use the benefits or not.
  - Exemptions include the employer's portion for local governments – cities, counties, school districts, special districts and other local government entities.
  - Exemptions include the employer portion for businesses under 10 employees.
  - Businesses that offer the **exact same benefit package** described in the initiative can apply for an exemption.

- **Administration**
  - The new employee income tax will pay for the creation of a new department within the Colorado Department of Labor to administer the program. **The new department is expected to grow to 200 employees** in the first few years of the program.

- **Solvency of the Program**
  - Based on the economic impact study recently completed by the Common Sense Institute, the program will be bankrupt in year 2 if only 6.2% of Coloradans use up to 9.5 weeks of leave.
  - As an employee, you will be paying an income tax into a program that may not have the money to cover the benefit should you ever need it.

- **Impacts to the Colorado Economy**
  - At a time when our economy has suffered an unprecedented blow in the form of COVID-19, unemployment is skyrocketing and so many Coloradans are struggling, a new tax that represents a 20% increase on income tax will be devastating to both individuals and small businesses.
  - Several studies have questioned the solvency of this new program based on the low utilization rates that were modeled. If the program becomes insolvent, **state lawmakers will be forced to fund the program from general fund dollars and that equates to cuts in education, transportation and other state needs.**

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