



**Testimony Re: HB 2069**

**Senate Commerce Committee**

**Presented by Hugh O'Reilly**

**On behalf of O'Reilly Management dba McDonald's &**

**Kansas Restaurant and Hospitality Association**

March 18, 2013

Madam Chairman & Members of the Committee:

My name is Hugh O'Reilly and I am a franchisee of McDonald's in Ottawa and Emporia. I am also Past Chair of the Kansas Restaurant & Hospitality Association. I am asking for your support for HB 2069. This bill would pre-empt efforts to promote paid leave at the city or county level. I am especially concerned about the effects of a paid leave mandate on my business.

First, it would be very unfair to the employees who show up every day to work. One of the things that really demoralize my team is co-workers who are consistently absent or tardy. It means that the workers that show up have to pick up the slack and work harder. It also means that my management team has to postpone crucial activities like scheduling or placing their orders. It would cause further upset for them to know that the absent people were home getting paid just like they are.

Second, it would also affect my operations in a negative way. In my business we schedule the exact amount of people to handle the sales and transactions for each hour of the day. If we are even one person short, it affects our ability to satisfy our customers. Less satisfied customers equal less sales and less opportunity for all employees.

Third, I am concerned about the possibility of fraud with a mandate like this. We all know that unfortunately, people take advantage of the system. You have to assume that everyone will take advantage of this at some point. What incentive does someone have to hustle back to work after a cold or other illness? A mandate like this would promote absenteeism. In our organization we have a program that awards an employee, with a paid day, for every 3 months of perfect attendance. This mandate would make that incentive moot. Paid sick leave would be very hard to enforce and could lead to people just adding to the list of benefits they perceive they deserve.

This leads us to my fourth concern, the cost. In addition to the intangible cost of lost sales due to understaffing, there is the real cost of wages paid to absent workers. A manager in our organization would be paid on average \$100 per day that includes each person from supervisor to swing. A crew person would be paid on average \$70 per day based on an average hourly rate of \$8.75. Assuming a business chooses not to operate understaffed, they would have to call in another person to cover the absent shift thereby doubling the cost of that position for that shift. You can see how this could add up weekly, monthly and annually. Small businesses are already stressed with higher costs in many areas; this would only add to those costs and only result in higher prices that will be passed on to the customers.

I know that people get sick and it is unfortunate if an illness causes an extended period without pay. I also know, as an employer, that if a person is important to the business most employers will work with that employee to help them through that period. Just recently, in both of my restaurants, we had key personnel require multiple days off. In both cases, I allowed them to tend to their issues while receiving pay based on their past dedication to our business. It was my call and I did not need a mandate to do the right thing. It is important that we continue to trust the business owners in Kansas to do the right thing for their business.

Thank you for allowing me to submit this written testimony, and I request your support for HB 2069.

Hugh O'Reilly Jr.,

Owner Operator

McDonald's of Ottawa and Emporia Kansas