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**ON BEHALF OF THE
SOCIETY FOR HUMAN RESOURCE MANAGEMENT**

**SUBMITTED TO THE
U.S. SENATE COMMITTEE ON HEALTH, EDUCATION, LABOR AND
PENSIONS**

**ECONOMIC SECURITY FOR WORKING WOMEN: A ROUNDTABLE
DISCUSSION**

MAY 20, 2014

Introduction

Good afternoon Chairman Harkin, Ranking Member Alexander, and distinguished senators. My name is Gayle Troy, and I am the Human Resources Manager at Globe Manufacturing Company, LLC at our company headquarters in Pittsfield, New Hampshire. I am pleased to appear before you today on behalf of the Society for Human Resource Management (SHRM). Thank you for this opportunity to participate in this roundtable discussion.

SHRM is the world's largest association devoted to human resource (HR) management. Representing more than 275,000 members in over 160 countries, the Society serves the needs of HR professionals and advances the interests of the HR profession. Founded in 1948, SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China, India and United Arab Emirates.

By way of introduction, I have been a SHRM member for nearly 28 years, and have twice served in a volunteer leader role as President of the Human Resources Association of Greater Concord, my local chapter of SHRM. I have 32 years of experience as an HR professional, including 28 years working in human resources for Globe. With 424 employees across four states including Oklahoma, Virginia, and Maine, today Globe is the world's largest manufacturer of firefighters' protective clothing, producing over 100,000 garments (coats or pants) every year in more than 80 countries, including approximately one-third of all garments sold in the United States.

Globe opened in 1887 in Lynn, Massachusetts and was moved to Pittsfield, New Hampshire, in 1901. Business operations and manufacturing continue today from this small New Hampshire town and the business is currently owned and managed by the fourth generation of the Freese family. The owners live locally so they tend to meet our employees everywhere – at the grocery store, the movies, or the motorcycle rally. It is extremely important to the owners to know that they are offering their employees a quality place to work.

In order for my company to be an employer of choice, remain competitive and promote economic security, Globe actively works to create an environment that encourages employee development and retention. At Globe, we focus on employee retention by frequently connecting our employees to our mission. For example, firefighters will occasionally visit the company and share how their lives were saved by the gear produced by employees. During these visits, our team gathers in the cafeteria to meet these professionals, examines the remains of the garments, and asks questions. One firefighter brought a letter “written” by his toddler-aged daughter, thanking us for saving her Daddy so he could go in the pool with her – a moment none of us will ever forget.

In addition, we are diligent about promoting from within the organization. Our two most senior production managers (each with more than 40 years of service) both started as front-line workers. Each of them was eager to learn, and took the bold step of

asking for more responsibility. Neither has formal education beyond a high school diploma, but both are absolutely star performers for the company.

In my testimony, I will share with you how Globe's rich benefits and workplace flexibility practices promote economic security, describe the merits and challenges inherent in both current and proposed federal leave mandates, reveal recent SHRM research on employer practices, offer SHRM's workplace flexibility policy recommendations to Congress and discuss SHRM's effort to educate HR professionals about the importance of effective and flexible workplaces.

Promoting Economic Security Through Workplace Flexibility

The purpose of today's roundtable is to discuss ways to promote economic security for working women across our country. This topic is particularly relevant and important for Globe's workforce which is made up of 71 percent women.

As I mentioned earlier, ensuring Globe is a great place to work is very important to the owners. As such, we are a company that invests in our people, by focusing on recruiting, retaining, and advancing our skilled workforce. We have found that one of the best ways to retain talented and dedicated employees is to create an effective and flexible workplace, with generous benefits and innovative workplace flexibility policies. At Globe, our employees are treated like true professionals with more control over their work time and schedules, which helps improve engagement and morale, increases productivity, retains top performers, and, ultimately, improves business performance.

Our workplace flexibility practices help meet the work-life needs of our workforce while also ensuring business operations continue. In other words, our policies and programs work for both our employees and for our company. As a small company, Globe is creative in providing employee benefits and flexible work strategies. These employee benefits have contributed to our company's 93 percent employee retention rate. Higher employee retention leads to greater economic security and stability for our workforce. Organizations like ours want to be able to continue to manage our workplace in ways that work for our company culture and that help us meet our business objectives, including our financial sustainability.

Below I have outlined some of Globe's total rewards offerings that help ensure we are an employer of choice. These include:

Flexible Work Hours - Offering flexible work hours is one of the best ways we help employees meet their work and life obligations. Our Flexible Hours program allows most non-exempt employees to choose their start time between 6:00 and 8:00 am and correspondingly, to end their workday 8.5 hours later, between 2:30 and 4:30 pm. Employees may choose to change their start and end times at any time as long as they have their supervisor's approval. Interestingly, almost 80 percent of eligible employees have chosen the 6:00 am to 2:30 pm shift. I believe many employees choose this shift to maximize time with their families.

Globe Time Off (GTO) - Globe instituted a new approach to paid time off in reaction to high turnover rates, especially with our new employees. In order to keep the best talent, we developed a comprehensive package of benefits, which included a flexible approach to paid time off, that we termed, “Globe Time Off.” Under the Globe Time Off program, non-exempt employees (90 percent of our workforce) receive 12 days off per year to be used for any purpose. The time could be used to care for a sick child or for the employees themselves, to run errands, or as a vacation day. Six days are paid, and six days are unpaid. Any unused paid time is paid as a bonus at the end of the year.

Paid Vacation Days - In addition to GTO, Globe offers 10 to 20 paid vacation days, depending on length of service. Any unused vacation time is paid as a bonus at the end of the year.

Paid Leave Days - In addition to the GTO program and paid vacation days mentioned above, Globe offers additional paid-time-off policies important to our workforce. For example, we remove some of the disincentives associated with blood donation by ensuring workers continue to be paid while traveling to and from the donation site. As a manufacturer of firefighter suits, we believe it is important to offer Volunteer Firefighters Time, allowing for unlimited paid time off during working hours to respond to fires and other serious emergencies in our community. To further incentivize employee advancement and growth, we offer paid time (at half their regular rate) for employees to attend classes to become certified as a firefighter and we provide paid time provisionally for disaster relief in other areas of the country. Additionally, we provide unlimited time off at full pay for jury duty and for time spent in criminal cases where the employee is a crime victim or if the employee is a witness to a crime and is called upon to testify. All employees receive 10 paid holidays as well.

Disability - Our short-term disability program is paid 100 percent by the company and provides 70 percent of regular pay for up to 26 weeks in a two-year period. Our long-term disability program is also paid 100 percent by Globe; it begins after 26 weeks and continues as needed.

Equipping Our Workers - At Globe, we want to ensure that our employees have the tools needed to be safe and successful in the workplace. That is why we provide a shoe allowance of \$75 per year to spend on appropriate footwear for employees whose jobs require them to stand or walk for most of the day. In addition, the company provides all general safety equipment; however, if an employee prefers to purchase prescription safety glasses, the company will reimburse 50 percent of the cost, up to \$150, every two calendar years.

Employee Well-Being – Globe offers high-quality health care to our employees, contributing 87 percent towards the single health insurance plan and 81 percent of the family health insurance plan. In addition, we provide dental insurance and Flexible Spending Accounts (FSA), which allow employees the opportunity to set aside pre-tax dollars to pay for medical expenses not covered by their health insurance. In order to encourage participation and promote employee well-being, Globe contributes \$100 to the

FSA for each employee who participates. Another way Globe encourages employee health and well-being is through our smoking cessation program. When an employee is smoke-free for one year, our company pays half of the smoking cessation program and the employee is taken to a celebratory lunch by the three company owners.

Employee Financial Health - Promoting long-term economic security through competitive pay and a variety of retirement and profit-sharing tools is a major component of our compensation package. Globe provides an array of retirement tools to help our employees and their families prepare for the future. Through Globe's 401(k) plan, the company matches 50 percent of our employee's contributions up to 6 percent and offers a 3 percent company contribution.

Mr. Chairman, these offerings, whether employee benefits or workplace flexibility strategies, are intended to improve employee engagement and retention while improving business results. All of these practices I described are voluntary. We are not required to offer these benefits at Globe, but we do because they work well for our employees and help us attract and retain the best people. However, if Globe's benefits were forced onto another employer in New Hampshire, or across the state or the country, these benefits might not work as well in meeting the business needs of the organization and the personal needs of its employees. What works at one company may not be appropriate for another organization's culture, business structure or industry.

The Family and Medical Leave Act

To date, the Family and Medical Leave Act (FMLA) is the only federal statute that mandates employee leave. While SHRM supports the spirit and intent of the Act, it is an example of a well-intended federal employment law that has had unexpected consequences and burdensome administrative requirements.

As you know, Mr. Chairman, the FMLA provides unpaid leave for the birth, adoption or foster care placement of an employee's child, as well as for the "serious health condition" of a spouse, son, daughter, or parent, or for the employee's own medical condition. The Act also provides specific protections for employees who have family members that have been called up to serve on active duty in the military, and for employees to take care of a covered service member who has suffered an injury or illness incurred in the line of duty.

From the beginning, HR professionals have struggled to interpret various provisions of the FMLA. What began as a fairly simple 12-page document has become 200 pages of regulations governing how the law is to be implemented. This is the result of a well-intentioned, but counterproductive attempt to anticipate every situation in every workplace in every industry – without regard for the evolving and diverse needs of today's workforce or the new operations and technologies that organizations employ to stay competitive. For example, one of my human resources staff members has estimated that she spends up to 65 percent of her time on FMLA compliance work. In my office, there are only three of us, so that accounts for one-fifth of my team.

Vague FMLA rules mean that practically any ailment lasting three calendar days and including a doctor's visit now qualifies as a serious medical condition. Unfortunately, if the doctor has written the certification without great care, the employer has little to no recourse. Although Congress intended medical leave under the FMLA to be taken only for truly serious health conditions, sometimes I'm concerned that employees use this leave to avoid coming to work. This behavior is damaging to employers and fellow employees alike.

At Globe, our challenges with the FMLA center on the definitions of a serious health condition, intermittent leave, and medical certifications. In particular, Globe has struggled with intermittent leave for episodic conditions. Intermittent leave means that employees can basically be absent from work on any random day as long as it fits the parameters given by the medical provider. Currently, more than 10 percent of my workforce could be out on any given day. A few years ago, 25 percent of our workforce could be out on any given day. When large segments of your employee population can take this time off, without much advance notice, production and output is negatively impacted.

Proposed Leave Mandates

Congress's examination of proposals to help employees navigate their work-life needs should focus on encouraging or incentivizing employers to voluntarily adopt workplace flexibility offerings that work for the organization and the employees, not on additional, rigid mandates.

For example, the one-size-fits-all mandate contained in S. 631, the "Healthy Families Act" (HFA) raises serious concerns. The bill would require public and private employers with 15 or more employees to provide 56 hours – effectively seven days – of paid sick leave annually to each employee. Employees who work for 20 or more calendar workweeks in the current or preceding year would be eligible for HFA leave.

If organizations are required to offer paid sick leave as envisioned in the HFA, they will likely absorb this added cost by cutting back or eliminating other employee benefits, such as health or retirement benefits, or forgo wage increases. Keep in mind that many employees may prefer higher wages or other benefits over receiving more paid sick leave – yet another way the HFA's one-size-fits-all approach will not meet the needs of all employees.

SHRM believes the federal government should encourage paid leave – without creating new mandates on employers and employees. As has been our experience under the FMLA, proscriptive attempts to micromanage how, when and under what circumstances leave must be requested, granted, documented and used would be counterproductive to encouraging flexibility and innovation. If a paid sick leave mandate were enacted, an employer's focus would have to be on documentation of incremental leave and the reasons for the leave, rather than on seeking innovative ways to help employees to meet the demands of both their work and personal lives.

As mentioned, Globe provides over 20 days of paid leave, plus 10 paid holidays and other leave. It is unclear whether the HFA would require Globe to provide another seven days of leave in addition to our vacation and GTO. In this economy, many employers cannot afford that. Even those that can afford it will have to cut employee benefits somewhere else. At Globe, profits are shared with the employees through our 401(k) and profit sharing programs. The cost of adding seven additional days of paid leave, on top of our 30-plus days of leave, would have to come from somewhere and would therefore curtail or remove some other benefit, or would lessen our profit sharing.

We provide generous paid leave so that we can continue to be an employer of choice for employees and applicants in our area. What we do not want is a government-imposed paid-leave mandate to take away our competitive edge over other employers.

SHRM Research

Today's roundtable is well timed with the recent release of a new report by SHRM and the Families and Work Institute (FWI), the 2014 National Study of Employers, which looks at changes in the workplace since 2008. First conducted by FWI in 1998, the National Study of Employers is the most comprehensive and far-reaching study of the practices, policies, programs and benefits provided by U.S. employers to address the changing needs of today's workforce and workplace, including workplace flexibility, health care and benefits, caregiving leave and elder care assistance.

The study found that more employers are adopting flexibility policies over when and where full-time employees work. This includes options such as working remotely occasionally (telecommuting) and control over overtime. The most common forms of flexibility are control over taking breaks, time off for important family and personal needs, and flextime. Overall, from 2008 to 2014, the study found employers have continued to increase their provision of options that allow at least some employees to better manage the times and places in which they work. These include occasional flex place (67% in 2014 compared with 50% in 2008); control over breaks (92% in 2014 compared with 84% in 2008); control over overtime hours (45% in 2014 compared with 27% in 2008) and time off during the workday when important needs arise (82% in 2014 compared with 73% in 2008).

The data show that employers continue to find ways to offer flexibility to their employees, despite the economic challenges they face. Employers are dealing with lingering economic instability by trying to accomplish more with fewer employees. While it may have been expected that employers would cut back on flexibility entirely during the economic downturn, we are seeing employers leverage flexibility to remain competitive.

SHRM's Recommendations for a 21st Century Workplace Flexibility Policy

Because HR professionals are on the front lines of devising workplace strategies to create effective and flexible organizations, SHRM and its members have given careful

consideration to the role public policy can play in advancing the adoption of workplace flexibility. It is our strong belief that public policy must not hinder an employer's ability to provide flexible work options. Rather, public policy should incentivize and enhance the voluntary employer adoption of workplace flexibility programs.

SHRM and its members believe the United States must have a 21st century workplace flexibility policy that reflects the nature of today's workforce, and that meets the needs of *both* employees and employers. It should enable employees to navigate their work and personal needs while providing predictability and stability to employers. Most importantly, such an approach must encourage employers to offer greater flexibility, creativity and innovation to meet the needs of their employees' families.

In 2009, SHRM developed a set of five principles to help guide the creation of a new workplace flexibility public policy. In essence, SHRM believes that all employers should be encouraged to provide paid leave for illness, vacation and personal days to accommodate the needs of employees and their family members. In return for meeting a minimum eligibility requirement, employers that choose to provide paid leave would be considered to have satisfied federal, state and local requirements and would qualify for a statutorily defined "safe-harbor." The principles are as follows:

Shared Needs – SHRM envisions a "safe-harbor" standard where employers voluntarily provide a specified number of paid leave days for employees to use for any purpose, consistent with the employer's policies or collective bargaining agreements. A federal policy should:

- Provide certainty, predictability and accountability for employees and employers.
- Encourage employers to offer paid leave under a uniform and coordinated set of rules that would replace and simplify the confusing – and often conflicting – existing patchwork of regulations.
- Create administrative and compliance incentives for employers that offer paid leave by offering them a safe-harbor standard that would facilitate compliance and save on administrative costs.
- Allow for different work environments, union representation, industries and organizational size.
- Permit employers that voluntarily meet safe-harbor leave standards to satisfy federal, state and local leave requirements.

Employee Leave – Employers should be encouraged to voluntarily provide paid leave to help employees meet work and personal life obligations through the safe-harbor leave standard. A federal policy should:

- Encourage employers to offer employees some level of paid leave that meets minimum eligibility requirements as allowed under the employer's safe-harbor plan.
- Allow the employee to use the leave for illness, vacation, personal and family needs.
- Require employers to create a plan document, made available to all eligible employees, that fulfills the requirements of the safe-harbor.

- Require the employer to attest to the U.S. Department of Labor that the plan meets the safe-harbor requirements.

Flexibility – A federal workplace leave policy should encourage maximum flexibility for both employees and employers. A federal policy should:

- Permit the leave requirement to be satisfied by following the policies and parameters of an employer plan or collective bargaining agreement, where applicable, consistent with the safe-harbor provisions.
- Provide employers with predictability and stability in workforce operations.
- Provide employees with the predictability and stability necessary to meet personal needs.

Scalability – A federal workplace leave policy must avoid a mandated one-size-fits-all approach and instead recognize that paid leave offerings should accommodate the increasing diversity in workforce needs and environments. A federal policy should:

- Allow leave benefits to be scaled to the number of employees at an organization; the organization’s type of operations; talent and staffing availability, market and competitive forces, and collective bargaining arrangements.
- Provide pro-rated leave benefits to full- and part-time employees as applicable under the employer plan, which is tailored to the specific workforce needs and consistent with the safe-harbor.

Flexible Work Options – Employees and employers can benefit from a public policy that meets the diverse needs of the workplace in supporting and encouraging flexible work options such as telecommuting, flexible work arrangements, job sharing and compressed or reduced schedules. Federal statutes that impede these offerings should be updated to provide employers and employees with maximum flexibility to navigate work and personal needs. A federal policy should:

- Amend federal law to allow employees to manage work and family needs through flexible work options such as telecommuting, comp time, flextime, a part-time schedule, job sharing and compressed or reduced schedules.
- Permit employees to choose either earning compensatory time off for work hours beyond the established workweek, or overtime wages.
- Clarify federal law to strengthen existing leave statutes to ensure they work for both employees and employers.

One approach to providing additional workplace flexibility that works for both employers and employees and that meets the principles outlined above is legislation to allow for compensatory (comp) time off in the private sector. S. 1626, the Family Friendly and Workplace Flexibility Act of 2013, would allow more U.S. workers to access comp time. Specifically, the bill would modernize the application of the Fair Labor Standards Act to the private sector by permitting employers to offer employees the voluntary choice of taking overtime in cash payments, as they do today, or in the form of paid time off from work. Currently, federal employees are offered a similar benefit.

At Globe, we are in close proximity to our state capital of Concord. Many current Globe employees are former state employees and are often surprised when they learn that compensatory time is not available to private-sector employees. Since comp time has worked well within the public sector at the state and federal level for nearly three decades, I think it is disappointing that Congress has not extended this same benefit to private-sector employees.

Workplace Flexibility Educational Efforts

As SHRM continues to advocate for public policy proposals that encourage or incentivize employers to create effective and flexible workplaces, the Society has also formed a multi-year partnership with the FWI to educate HR professionals about the business benefits of workplace flexibility. The primary goal of the SHRM/FWI partnership is to transform the way employers view and adopt workplace flexibility by combining the research and expertise of a widely respected organization specializing in workplace effectiveness with the influence and reach of the world's largest association devoted to human resource management.

Although FWI is an independent non-advocacy organization that does not take positions on these matters, and the position of SHRM should not be considered reflective of any position or opinion of FWI, I'd like to mention one of the key elements of the SHRM/FWI partnership, *When Work Works*, a national initiative to bring research on workplace effectiveness and flexibility into community and business practice. *When Work Works* partners with communities and states around the country to:

- Share rigorous research and employer best practices on workplace effectiveness and flexibility.
- Recognize exemplary employers through the Sloan Award for Excellence in Workplace Effectiveness and Flexibility.
- Inspire positive change so that increasing numbers of employers understand how effective and flexible workplaces benefit both employers and employees, and use this information to make work "work" better.

Change is constant in business. We know that in order for organizations to remain competitive, they must employ strategies to respond to the changes in the economy, the workforce, and work itself. By highlighting strategies that enable people to do their best work, *When Work Works* promotes practical, research-based knowledge that helps employers create effective and flexible workplaces that fit the 21st century workforce and ensures a new competitive advantage for organizations.

Conclusion

In the global, 21st century economy, workplace flexibility policies help both multinational corporations and small businesses meet the needs of their employees. At its core, workplace flexibility is about improving business results by providing employees with more *control* over how, when and where work gets done. In order for workplace

flexibility strategies to be effective, however, they must work for both the employer and the employee.

SHRM remains committed to working with the Committee and Congress to ensure employers can continue to provide workplace flexibility to employees in a manner that does not threaten existing benefits or create unnecessary and counterproductive regulations. We believe it's time to pursue a new approach to this issue absent rigid, unworkable mandates.

Thank you. I am happy to answer any questions you may have.

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