



To: Chair Kornheiser and members of the House Committee on Ways & Means
From: Michelle Fay, MPA | Executive Director (mfay@voicesforvtkids, 802-535-1463)
Re: Testimony in support of H.66 – An Act Relating to Paid Family Leave
Date: February 23, 2023

Voices for Vermont's Children promotes public policy that enhances the lives of children and youth. We are particularly focused on improving equity in our economy and institutions, in order to ensure that every Vermont child has what they need to thrive. Today I'm also here in my coordination role with the [Vermont paid family and medical leave coalition](#), a diverse group of advocacy organizations and business groups working to support the passage of a strong paid leave bill for Vermont. **H.66 in its current form is a strong and equitable bill, and the coalition is pleased to support it.**

I'll be providing an overview the aspects of the bill that we feel are essential to meeting the policy goals of a paid leave program, making the case for why inaction is expensive and inequitable, as well as sharing my perspective as an employer that currently provides paid leave.

Elements of a Strong Bill

Based on the experiences of the states that have had paid leave programs in place and related research, experts have identified several essential elements that ensure that those who need access to paid leave the most will have it when they need it. To achieve health and economic policy goals, paid leave programs should contain these elements:

Universal – An all-in model ensures that everyone has access, and eligibility is tied to overall workforce participation, not to a particular employer. Opt-in or voluntary programs risk problems impacting both the cost/sustainability of the program and the likelihood that workers will have access when they need it:

- 1) adverse selection – the phenomenon seen in the health insurance market where those most likely to use a benefit enroll, which in turn pushes up costs and makes the program unaffordable or unsustainable;

2) [research](#) on long-term disability insurance found that many workers underestimate the likelihood of experiencing a covered medical condition so don't properly evaluate their need for coverage; and

3) Voluntary plans worsen disparities in access. Low wage workers, who are already less likely to have access to any kind of paid leave, will continue to be left out.

Comprehensive Coverage – Strong paid leave programs cover all of these leave types: parental, family caregiving, personal medical, military family, and safe leave. 12 weeks is a reasonable starting point for leaves, knowing that actual leave-taking varies widely by age, gender, and income level.

- 12 weeks is considered the minimum for parental bonding and recovery from childbirth, according to the American Academy of Pediatrics. The research could not be clearer about the [importance](#) of newborn attachment and bonding with a consistent, loving caregiver.

Adequate Wage Replacement - high enough to ensure all workers can afford to take the leave they need, including low-income workers who need as much of their income as possible to pay their bills.

- There are currently 11 states plus DC with comprehensive PFML programs. Eight of these provide for progressive wage replacement rates, where lower-income workers receive a higher percentage of their incomes.
- California lesson: started at 55% wage replacement, shifted to 60-70%, and after leave-taking data continued to show that low wage replacement levels were a primary barrier for low-income workers, they shifted the top end of the scale [to 90% just last year](#).

Inclusive Family Definition – reflective of the modern workforce and family structures.

Job Protection – Ensure all workers have the right to return to work following leave and will not be punished or fired for taking leave.

Accountable Public Administration - Privatization of public goods and services has been shown to [worsen inequities](#). A strong paid leave program will be administered by the state so it is accountable to Vermonters.

The Cost of Inaction

H. 66 is not creating a new cost; it will create an equitable system by which existing costs are shared in the form of social insurance. Many Vermonters are serving in informal, unpaid

caregiving roles in addition to their paid jobs, including raising children, coordinating care for aging parents, or supporting a family member with a disability. Informal caregivers experience increased negative health impacts and economic hardship. Women and Black people carry a disproportionate share of informal caregiving duties, likely due to a combination of social norms and existing wage gaps that are worsened and perpetuated by the lack of access to paid leave.

Unpaid Caregiving for Adult Family Members

According to an [issue brief](#) prepared by the Centers for Disease Control on caregiving as a public health issue, 22.3% of adults provided care or assistance to a friend or family member in the past 30 days. One in four (25.4%) women are caregivers compared to one in five (18.9%) men. The need for caregivers is expected to continue to grow with increases in the US older adult population. Currently, there are 7 potential family caregivers per older adult. By 2030, it is estimated there will be only 4 potential family caregivers per older adult.

Research conducted by the AARP Policy Institute found that 69% of working caregivers caring for a family member or friend report having to rearrange their work schedule, decrease their hours, or take an unpaid leave in order to meet their caregiving responsibilities. With the majority of the [estimated](#) 72,000 family caregivers in Vermont juggling caregiving and paid work, there is an urgent need to implement a universal paid leave insurance program to provide economic stability.

Families with children

Welcoming a new child to the family, recovering from a serious illness or injury or supporting the recovery of a loved one are watershed moments that can set families on a path toward a healthy, secure future or turn them toward damaging hardship.

76.1 % of children ages 0-5 have all available parents in the workforce. That number rises to over 80% for kids ages 6-17 ([Vermont Kids Count Data Center](#)). Job security and consistent income matters for family stability, and the overwhelming majority of parents are working outside the home. We know that material hardship is a source of toxic stress and can impact the wellbeing and development of children. Children raised in poverty experience poor health outcomes in relation to their more affluent peers. They are twice as likely to repeat a grade or be expelled, and more than twice as likely to drop out of high school. Girls raised in poverty are more than three times as likely to have a child as a teen. *According to the 2016 Vermont feasibility study, an estimated 1,098 to 3,220 workers and their families will stay above the poverty level due to leave benefits.*

The state has a public interest in supporting working families who struggle to stay solvent when faced with a health issue. Even families who plan and prepare can find themselves blindsided by unanticipated complications, as members of our coalition can attest.

[2018 FMLA survey data](#) found that leave-takers without access to paid leave overwhelmingly reported that making ends meet was difficult. Most limit spending to bare necessities and many draw on or deplete savings. More than a quarter put off paying bills, and about 31% borrowed money. More than a quarter of low-wage workers signed up for public assistance.

Even those families who technically are able to arrange paid leave by using their accrued sick or vacation time are left with no cushion for routine and preventive health care appointments, or unexpected events like child care closures, school snow days or regular sick days. Supporting parents in their dual roles as employees and caregivers yields broad economic benefits. Evidence from states with universal PFML show that these programs improve workforce attachment and support economic independence, **with the greatest effects seen among the most disadvantaged families.**

Important Health Impacts of Paid Leave for Children and Families

- Infants in families with access to paid leave are more likely to be breastfed, have their full course of recommended vaccinations, and have regular check-ups in the first year of life.
- According to the 2016 IMPAQ report, Vermont would experience savings due to an increased number of Vermont's newborn infants that are healthy and have normal birthweights. Access to paid family leave has been correlated with 5% fewer low birthweight babies, 8% fewer preterm births, and 10% fewer child deaths.
- Mental health outcomes - parental mental health, baby stress, etc. are improved by parental leave.
- Partners' early, shared involvement in the care of children is [linked](#) to reduced divorce rates as well as improved cognitive development and educational performance for their children.
- Studies show that children recover more quickly from illness when cared for by their parents. The presence of parents shortens children's hospital stays by 31 percent, and active parental involvement in children's hospital care may head off future health care needs.

Voices Case Study

Voices currently provides 6 weeks of paid family and medical leave at 100% of the staff member's pay, and a generous paid vacation and sick leave policy that can be combined to extend the leave. We generally have a staff of 5-7 people including both full- and part-time.

In the last 5 years we've authorized 2 paid leaves for six weeks each, and paid out approximately \$10,200 in wages. During those 5 years, our total payroll was 1.87 million, so the FMLI payroll tax would have been about \$10,300 (assuming Voices paid the full premium, which we would) and the employees would have qualified for twice as much leave. It's also worth noting that one of our (former) funders, ostensibly with an equity-focused mission, inquired about our paid leave policy and instructed us NOT to use their grant to pay wage replacement for the grant-funded employee's leave, but if the premium was built into our benefits package this wouldn't have been an issue.