

Respectfully submitted to: All State of Vermont Representatives & Senators
From: Jeffrey Provost, President, The Dock Doctors LLC, Ferrisburgh VT

The intent of proposed Bill H.208 is with good intentions but is representative of other recently proposed and/or passed bills where as the negative impacts are not understood or thoroughly considered. Administering and the economic impact of this bill to businesses would be significant.

I started my business in 1984 as a young person with no financial means. The largest challenge that I faced at that time was obtaining a \$2000 credit card so that I could buy tooling to start my business. Today, that would certainly not be the biggest challenge a new entrepreneur would encounter in The State of Vermont. It needs to be easier, not harder to do business in Vermont. I work over (80) hours per week – not because I want to but because that is what is dictated in order to maintain my business. I am responsible for almost (50) other families to provide them with work and wages. We currently offer a very competitive benefits package inclusive of sick time, vacation time, 401k plan, disability and life insurance, health and dental insurance. If this legislation is passed, we will need to re-structure our current benefits package to compensate for the mandated sick time proposed in this bill.

I read that proponents of this bill say that it should only have a 2-3% impact on payroll costs. This statement solidifies the lack of understanding on the impacts of what 3% truly means to a small business – 3% is a huge number. My employees would much rather obtain a 3% raise. I have had to keep the same wage rates since 2007 due to the economy. The pie is the same size but the slices keep getting smaller and smaller and more of them.

This is similar to the health care law which is a good example of passing legislation without knowing the consequences and costs to all and the impacts to the people of the State. It is the responsibility of the House, Senate and Governor to understand and minimize these impacts and should be concerned with the costs that continue to go up without the economy or wages improving.

The cost of this bill would be much more than 3%. Most businesses will not be able to meet these regulations both financially and administratively. Some will close, many will not start and others will be forced to reduce other benefits and pay increases to comply.

The people who keep getting short-changed are the same people that you are trying to help. You continue to take their wage out of their pockets and put it where you think it should go which is ultimately hurting them, not helping them. It would be interesting for you to actually take a poll on this bill from the people of the State – 3% raise or this bill?

Vermont has become a very anti-business State and has a steady trend regard to work against instead of for the employers in the State. Why is Vermont rating at the top of the list for least friendly States to do business in? Like most regulations, the burden is placed on the small business owner. Vermont is made up of mostly small businesses with owners who cannot afford to take days off themselves. Small businesses cannot offer or afford the same benefits the State or large companies give. Ironically the State actually can't afford it either.

I have outlined some of the costs associated with the impacts of Bill H.208 that are not being considered:

- Administration – labor to physically track hours with regard to time on and time off. Wage at the time of accrual and then compounding over several years. *(Example: the year is 2014 and their wage is \$16/hr. then it rolls to 2018 when they go to use the time off and their wage is now \$20/hr. – they technically should be paid at the rate they were earning when the time accrued).*
- Allowing the time to roll from one year to the next. This is technically is a week and two days mandated time off. When an employee is out on vacation, sick, personal or for what ever reason most businesses are not over staffed. Therefore the work is either not performed or it is covered by another staff member so their role is not performed or done so at a reduced level or possibly the work is performed by other staff accruing overtime. What ever the remedy it costs the business one and a half times the persons pay on average in either lost productivity or higher costs.

As an example, for my company Bill H.208 means the following:

(50) employees @ (7) days per year = 350 days of mandated pay

Estimated administration time – (1) employee @ (2) hrs./week = 13 days

Lost productivity *(as described above)* = 87 days

Total: 450 days

That is equivalent to more than (2 ¼) full time positions – this would be a 5% cost for us.

The details in the proposed bill are contradictory with regard to the hours not used can roll from year to year but it also states there is a cap of 56 usable hours per year. If that indeed is the case why even have them roll? Furthermore, having these hours or days roll from one year to the next is impossible for a small business to financially sustain if they are allowed to accrue. As an example, based on our (50) employees, 50% of them uses an average of (3) sick days a year thus with Bill H.208 (4) days a year would roll. In five years I now have (25) employees that are due (27) days of pay that is 675 days of pay. One word... how?

As noted in the details on this Bill, 38% of businesses in Vermont are not able to afford sick time for their employees at present time.

If you are attempting to improve the current situation I would propose a more modest approach more fitting to the capabilities of the businesses in Vermont. Base this on 3-4 days per year. Include details that would discourage employees from using sick time for a “day off”. It is not a mystery that this happens and this Bill will only enhance their ability to do this. If they have less days available then they will be more likely to use them for their intent, not for just a day off. Do not apply the burden just to the employer. Also, the ability to roll over should be eliminated. As noted above on the transfer from year to year for businesses will be compounded over time.

Highly potential impacts if this Bill passes:

- will increase part time positions under (30) hours;
- will reduce wages and other benefits;
- will reduce new job growth
- reduce new start up success for small businesses;
- reinforce why companies should not come to Vermont;
- provide incentive for existing companies to leave Vermont

Our business will research moving our operation to Ticonderoga, New York. They are offering incentives and loosening regulations in an effort to make it easier and more desirable to start or move a business in their State. Vermont evidently has a completely opposite interest in attracting and/or keeping small businesses. We need to make Vermont a better place for attracting businesses – not push them out or even worse, discourage potential entrepreneurs from starting businesses.

The implementation of this Bill will be devastating to businesses and their employees in the long run. With an enduring downed economy, spiraling health care costs with high deductibles, shrinking population, higher education costs, high taxes and high housing costs this Bill adds to this list. Ultimately forcing our young population to leave the State for better wages and opportunities along with a manageable cost of living.

As a side comment, I also am a Vice President on the Board of a non-profit organization. This Bill would never be affordable for our budget and I would suspect that would be applicable for most non-profit organizations.