

# Paid Leave

House General, Housing and Military Affairs Committee  
Re: H.208, An Act Relating to Absence from Work  
January 28, 2014

Testimony by Daniel Barlow, VBSR Public Policy Manager

Families have changed, the workforce and the economy have changed, but many of our labor and workforce policies have not. Problems in our labor and workforce policies contribute to instability in our economy. In the absence of paid leave, many families face the possibility of severe debt, bankruptcy or the need for public assistance programs when facing a personal or family health crisis when paid leave policies are not in place.

## The Vermont Business Landscape:

- 75% of private sector employees have some form of paid time off and 50% have some form of paid sick days.<sup>i</sup>
- State employees and those represented by unions already have this benefit, except for about 2,000 temporary state workers.<sup>ii</sup>
- 90% of Vermont businesses have fewer than 20 employees and 80% have less than 10.<sup>iii</sup>
- About three-quarters of VBSR members already offer paid sick days/paid time off to employees.<sup>iv</sup>

## What is the need?

- More than 57,000 working Vermonters lack any kind of paid time off.<sup>v</sup>
- Part-time employees are 50% less likely to have paid sick days. Low-wage workers are the least likely to have paid sick days.

## The experience in other states:

*Seattle (2012 ordinance):* “Preliminary data shows no evidence of widespread negative economic impacts.” Seattle experienced job growth in retail

and food service industry in first two quarters under the ordinance.<sup>vi</sup>

*Connecticut (2011 law):* About two-thirds of workers report using benefit; average paid time off was four days. 18% saw reduction in the number of sick employees coming to work; 14% saw increased productivity; 29% saw improved morale.<sup>vii</sup>

*San Francisco (2007 ordinance):* Survey of employers found that two-thirds now support the law with one-third identifying as “very supportive.” Six out of seven employers reported no negative impact on profitability due to the paid leave law. The typical worker only used three paid sick days each year.<sup>viii</sup>

Many VBSR businesses with employees offer some form of paid leave and understand that providing this benefit generally improves the health and well-being of its workforce, and, therefore, the financial bottom line of the business.

The impact and the gross cost to businesses not now meeting the minimum requirements in the bill is estimated to be a one-time payroll increase of between 1% (assuming an employee uses an average of three paid days off per year) and 2.7% (a scenario in which the business was not offering any form of paid time off and employees take the maximum time off allowed).

We support the development of a state strategy for all businesses that guarantees paid leave as a step toward creating a more stable workforce and stable families. These are essential components in a sustainable economic system. Allowing workers

to earn paid leave will benefit employees,  
employers and society.

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<sup>i</sup> Vermont Department of Labor Fringe Benefits Study,  
2011

<sup>ii</sup> State of Vermont Workforce Report, Fiscal Year 2012  
and Department of Human Resources Annual Report 2012

<sup>iii</sup> Vermont Department of Labor

<sup>iv</sup> VBSR Policy Survey, 2012

<sup>v</sup> Valuing Good Health in Vermont: The Costs and  
Benefits of Earned Health Care Time, IWPR, 2013

<sup>vi</sup> Paid Sick Days and the Seattle Economy, The Main  
Street Alliance, 2013

<sup>vii</sup> Good for Business? The Case for Paid Sick Leave in  
Connecticut, CEPR and CUNY, 2014

<sup>viii</sup> San Francisco's Paid Sick Leave Ordinance: Outcomes  
for Employers and Employees, IWPR, 2011.