



H.187: Paid Sick Leave Testimony
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April 9, 2015

As economic growth remains slow and we continue to emerge from a recession, unfortunately the business climate has not improved enough for our members since the last legislative session when mandating earned time off was also discussed, to be able to absorb the proposals in H.187 now.

At that time, the Legislature recognized that the cumulative impact of mandating paid leave and increasing the minimum wage simultaneously would be too harmful to our businesses and our economy. While this may feel like a whole year ago, the minimum wage increase just went into effect on January 1st, with additional increases scheduled for each January for the next three years. Many of our members are still absorbing and adjusting to this change and will be each spring for the next three years.

In the past five years the Legislature has raised the cost of doing business by setting higher unemployment insurance rates – which were also just indexed this past January resulting in increased payments for our members, and the employer assessment was recently raised to \$564 per year per full-time employee. It is as if sometimes because we did something last year, or two years ago, it's not an issue anymore and everything is okay. But we often hear from many of our members that they are still working on implementing these changes.

Additionally, this year the cost of doing business is already in the process of rising in other new ways from work being done in other committee rooms. A \$2.8 million fee bill was passed by the House, containing fee increases for business across the board from restaurants, lodging facilities and bakeries to Act 250 permit application costs. For example, if passed by the Senate as the bill currently stands, the health inspection fees for restaurants and lodging facilities are poised to increase between 13 and 89 percent.

In the next week or so the House will likely take up the health care bill that imposes an excise tax on sugar added and diet beverages which will also affect our food retailers and restaurants.

While these are all noble causes, there are only so many added costs that our members are saying they can absorb in such a short timeframe. We are hearing that the cumulative burden of these policies is overwhelming and similar to death by a thousand cuts.

Specifically with regard to implementing a mandate for paid sick leave, we have spoken extensively with our members on this issue over the past four years through annual polling, traveling around the state in the fall and soliciting input and working with our Government Affairs Committee, and we repeatedly hear the same concerns:

- Mandating paid leave will harm the ability of a business to add jobs to their existing workforce;
- It could harm their ability to maintain or increase wages;

- It will lead to a reduction in other benefits to account for the increase in leaves; and
- Costs will have to be passed on to consumers by increasing the prices charged for good and services.

Vermont employers currently offer paid time off and/or paid sick leave policies at their own discretion should be able to continue to do so. They best understand the benefit preferences of their employees and have a long history of maintaining the flexibility needed to meet their employees' unique needs and situations. We hear from our members that don't have official paid sick leave or combined time off policies that they make every effort to accommodate their employees' needs. For example, if it is a restaurant or boutique, employees will often swap shifts. If it is an office environment, employees may be allowed to make up the hours when they return.

It was suggested in the Senate Economic Development Committee last week that the State should celebrate and create incentives for businesses that have these policies, instead of going after the ones that don't. We would agree with this approach, and whenever asked by a member for information on paid sick leave policies, we try to educate him or her about the benefits of offering paid leave and best practice models so that the member may consider and balance the costs and benefits for their own practices.

Given the diverse nature of our membership, the one size fits all approach of mandating three to five paid sick days does not work for everyone. In summary, we remain in support of allowing employers to offer paid sick leave and time off policies at their own discretion and that work for their business. Our members are engaged with our work on this issue and thank you for allowing our input.