



H.196 Family Leave Testimony

*Betsy Bishop, President, Vermont Chamber of Commerce
Senate Economic Development, Housing and General Affairs Committee
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As the largest statewide business organization, the Vermont Chamber of Commerce represents about 1,500 members covering all industries and sectors from tourism to manufacturing, retail to health care and construction to technology. Our mission is to help our members grow their businesses *and* the Vermont economy. Thank you for the opportunity to testify today.

The Vermont Chamber is pleased to see the changes from the original proposal to its current form, recognizing that this is more of a societal, than a business, problem to be resolved. However, we still have concerns about the effect this legislation will have, especially to jobs that are not your typical 9-to-5 industries.

While we understand that the proposal in its current form does not place direct costs on businesses by way of monetary contributions to this new insurance pool, we offer our concern in light of the indirect costs and practical burdens to many small and mid-sized businesses and impact their ability to succeed. Vermont businesses already shoulder the cumulative impact of high health insurance premiums, energy costs, and benefits, including mandated sick leave and now the potential for minimum wage increases. With this bill, employers will face the task of locating and temporarily replacing the employee on leave within an already tight labor market. We are pleased that the current proposal does not tax the employer, but it does impose that possibility given the legislature may annually reassess the program's structure upon review of its solvency.

We believe that it is important to allow employers the flexibility to fashion their overall leave policies based on their own circumstances and capabilities, within the context of company-specific compensation plans, and not be subject to a one-size-fits-all mandate. There are many examples of companies who either have this as a benefit or allow for time off for family issues and they are currently worked out every day without government intervention. Vermont employers understand the benefit preferences of their employees and have a long history of maintaining the flexibility needed to meet their employee's unique needs and situations. Employers' flexibility and ability to design their benefits that meet their business' needs and workforce should not be infringed.

By definition, paid leave creates a strong market bias toward full-time work since those are the only workers eligible for the benefit. But there is plenty of evidence that flexible work arrangements and the availability of part-time work are highly successful at returning mothers to the workforce. Many employers work to meet the goal of this legislation and sometime that

is flexibility in work schedules. Keeping good employees and having them return from family leave is ever more important as the labor market constricts.

I want to emphasize that employers recognize the importance of paid leave to their employee's well-being, and to an employer's ability to attract and retain talent. We believe it is important to allow employers to fashion their overall leave policies based on their own circumstances and capabilities, and within company-specific compensation plans.

The Vermont Chamber is concerned with the adoption of a new employer mandate for family leave. While we support the principles of a paid leave benefit, it is important that the structure of the program be sustainable and carefully balances the immediate benefits to employees with the overall costs of the program and mitigate the potential long-term negative impact on job growth and retention.

We posed several questions for consideration in the House and many of them have been addressed. The only remaining one is about the process to grant leave if there is disagreement. While the Commissioner of Labor has the authority to grant leave, what role will the employer play in the approval process for these benefits if there is a dispute? Will this result in another hearing process like unemployment compensation?

If the legislature elects to move forward on this proposal, we offer the following suggestions:

- Maintain the unemployment insurance exemption so the employer will not be penalized when filling a position for an employee taking leave.
- Maintain a small-business exemption.
- Include a hardship exemption for employers which would give the Administration rulemaking authority to exempt employers from the bill's requirements if they can prove financial or operational hardship and could not feasibly provide the requisite leave under the bill, as established by rule.
- Establish a multi-sector working group, consisting of both employer and employee stakeholders, to perform a joint, in-depth analysis of the impacts of a paid leave program and develop legislative recommendations that benefits employees, does not unduly burden employers, imposes a limited financial impact on the government, does not discourage companies from creating jobs in Vermont, and is sustainable. The group could also examine recently approved and pending wage and benefit legislation to determine how those bills interact with each other and existing law so as to provide options for a path forward that is meaningful for employees and is balanced with options for employers to absorb these costs over time rather than all at once.

Thank you for the opportunity to submit testimony.