



Vermont Businesses
for Social Responsibility

Universal Paid Family Leave is Good for Business, Good for Workers presented by VBSR February 5, 19

Introduction

Vermont Businesses for Social Responsibility (VBSR) is a business association with over 700 members who advocate for policies which support workers, our communities and the environment. VBSR believes that the creation of a universal paid family leave system in Vermont would give financial security to workers who require time off to recover from an illness or welcome a new child. Paid Family Leave (PFL) at the state level is tried and true, and has been passed through legislation in California, New Jersey, New York, Rhode Island, Washington, and Washington, D.C. This is a common-sense business-friendly solution to strengthen our local labor force.

Universal Paid Family Medical Leave benefits employers by providing predictable employment conditions, and is a critical tool for recruiting and retaining prime-age high-quality workers.

VBSR supports a Paid Family Medical Leave benefit, as described in H.107, that would be funded through an affordable payroll tax, with the burden shared between the employer and the employee. The value of PFL for businesses is decreased employee turnover and improved productivity. “Using data on nearly all California employers that ever existed between January 2000 and December 2014, we find no evidence that firm turnover or wage costs rise when leave-taking rates rise. In fact, the average firm has a lower per worker wage bill and a lower turnover rate today than it did before PFL was introduced.” (Kelly Bedard, 2016)

Assuaging employers concerns that employees may overuse PFL benefits, a study of California benefit claims from 2004 -2014 proves that the vast majority of claimants only ever take a single leave, “80.4 percent of female bonding claimants, 83.1 percent of male bonding claimants, 91.7 percent of female caring claimants, and 92.8 percent of male caring claimants are observed having one claim, respectively between 2004 and 2014.” (Kelly Bedard, 2016)

VBSR fosters a vibrant network of engaged businesses, who look to each other to learn new policies and tools for managing their businesses in a way that supports their workers and protects our environment. We field a high number of inquiries from members looking to share and compare Leave Policies – our members recognize that adequate Paid Family Medical Leave benefits are essential to attracting and retaining high quality employees.

Universal access to PFL improves female labor force participation, “CAPFL increased the usual weekly work hours of employed mothers of one to three-year-old children by 10-17 percent. (Kelly Bedard, 2016) and “Cross-national analyses showed that increasing the duration and benefit level provided by paid leave policies increased rates of women’s labor force participation.” (Raub, 2018).

Universal Paid Family Medical Leave benefits all Vermont’s workers, by creating equal access to a key benefit, improving house-hold earnings, and increasing access to long-term employment.

“SunCommon's family leave helps our moms and dads be with their new kids, and then come back ready to work. We hear a lot from our young workforce how important this is to them. I'm sure that families across Vermont will be stronger when this is available to employees wherever they work.”
Duane Peterson, Co-Founder of VBSR Member Business SunCommon

It is important that any Paid Family Leave system be equitable and inclusive. PFL is an essential benefit for workers of all ages, every gender, and across every industry; “Women and men from all income and age

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groups, working in firms of all sizes and industries, make PFL claims for both bonding with a newborn or adopted child and caring for an ill family member.” (Kelly Bedard, 2016)

Unpaid leave from employment is one of the primary contributors to the gender wage-gap, today the commonly used figure to describe the gender wage ratio is that a woman earns 80 cents for every dollar earned by a man. A new study reveals that “43 percent of today’s women workers had at least one year with no earnings, nearly twice the rate of men,” and that “For those who took just one year off from work, women’s annual earnings were 39 percent lower than women who worked all 15 years between 2001 and 2015” (Hartmann, 2018).

Workers across every industry and earning group benefit from PFL, however, it is especially effective in retaining high earning workers in the local labor force, “High earners are more likely to be attached to the labor market after the claim, between 38 and 55 percent of high earning women are classified as always employed post-claim, between 49 and 64 percent of high earning men are classified as always employed post-claim.” (Bedard, 2016)

Universal Paid Family Medical Leave benefits Vermont by providing relief to state public benefit programs; improving capacity in the early childcare system and decreasing Medicaid spending on temporary residential care.

By making access to PFL universal, co-parenting partners can take consecutive benefit claims to welcome a new child through birth, adoption or foster. This generates critical capacity in Vermont’s early child care system. Let’s Grow Kids estimates that 80% of Vermont’s infants and toddlers likely to need care do not have access.

By making PFL accessible to workers required to care for an immediate family member experiencing a serious illness, the state can expect to see a decrease in Medicaid spending for residential and visiting care programs that currently fill the care-taker gap. After California expanded PFL to cover care claims, “The estimated effect of paid family and medical leave on nursing home utilization in California is a decline of more than 11 percent in the share of the elderly residing in nursing homes.” (Jacobs, 2018)

Vermont will not see the many benefits of Universal Paid Family Medical Leave to the potential outlined here, if the benefit program is not inclusive to all workers and if the benefits are not adequate in replacing lost wages.

“In Rhode Island, 80% of those surveyed who experienced a life event that would qualify them to take paid leave, but chose not to, cite unaffordability (60% of wages, up to \$795 per week) as a reason they didn’t take leave.” (Silver, 2016)

VBSR urges the legislature to pass H.107, establishing a universal system for paid family medical leave in Vermont – to the benefit of our businesses, workers and the communities in which they live and work.

Respectfully Submitted,

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