



H.107: An Act Relating to Paid Family Leave
House Committee on Ways and Means
Charles Martin, Government Affairs Director
February 27, 2019

As Vermont's largest statewide business organization, the Vermont Chamber of Commerce represents 1,500 members distributed throughout the State, encompassing virtually every industry. The Chamber's mission is to grow our member's businesses, while contributing to the overall Vermont economy. It is because of this core mission that the Vermont Chamber of Commerce cannot support H.107 as written.

Vermont is already a high-cost state for employers in regard to unemployment insurance, development costs, taxes, health insurance premiums, energy costs, employee salaries and benefits, and now the potential for minimum wage increases beyond those already in statute. These mandates and their associated costs are reflected in the very apparent economic struggle of the small business sector over the past several years – a sector that has historically served as the State's job incubator.

We believe 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, rather than subjecting them to a one-size-fits-all mandate. It is also important to note that time-off for family issues is currently worked out, and should continue to be, every day in businesses around the State, without government intervention.

Small businesses are particularly impacted by this proposal. It tends to be easier for large businesses to absorb the costs of benefits mandates when risk is distributed over a larger pool of employees. This risk prospect becomes more difficult for a small business owner with ten employees who would see their workforce reduced by 10% if even one employee were to go on long-term leave.

It is also important that the structure of any future mandated program be sustainable, carefully balancing the immediate benefits to employees with the overall costs of the program, while mitigating potential long-term negative impacts on job growth. If the Legislature elects to move forward on this proposal, we offer the following suggestions:

-To reduce overall staffing and scheduling disruptions, amend the paid compensation period from 12 to six weeks

-Remove employers from additional tax obligation

-Preserve exemption for small businesses employing less than ten employees

-Reduce wage replacement from 100% to 60%, consistent with 2018 bill

In closing, I'd like to emphasize that Vermont's employers recognize the impact of paid leave on employee well-being and on an employer's ability to attract and retain talent. I would also like to emphasize that Chamber members are overwhelmingly committed to offering the greatest benefit level possible to their employees without jeopardizing their overall business model. With those realities in mind, we continue to believe it is important to allow employers the flexibility to fashion their leave policies based on their own circumstances and capabilities, within the context of company-specific compensation plans. The Vermont Chamber celebrates (Best Places to Work, Dean C. Davis Award) employers who provide comprehensive benefits, but we must also ensure we are encouraging an economic environment where private employers are incentivized to create jobs, without externally imposed mandates limiting growth. Doing so is essential to our competitive position in the region for employer location and investment.