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Main Street Alliance of Vermont



### **MSA-VT Mission & Vision**

Main Street Alliance of Vermont is a statewide network of over 700 small, locally-owned Vermont businesses. Our mission is to elevate the voices of small business owners on important public policy issues in Vermont. We are committed to bringing business owners to the table to engage in and develop policies that reflect the interconnected nature of small businesses and the communities they serve.

Vermont businesses are small and employ a significant percentage of the workforce: 90% of businesses in Vermont have fewer than 20 employees, and employ 28% of the workforce, while 98.5% of businesses in Vermont have fewer than 100 employees, and employ 62% of the workforce.<sup>1</sup> As a small business state, we believe we have an opportunity to pass policies that not only support the success of our workforce *or* the success of business but policies that - in tandem - support both.

### **Why Family & Medical Leave Insurance?**

We believe the creation of a universal family and medical leave insurance program will help level the playing field for small businesses and help foster a strong workforce and healthy economy. Most MSA-VT members - and most small business owners we've spoken with statewide - do not provide a paid parental or medical leave benefit. Not because they don't want to, or don't believe it's an essential benefit, but because they're not able to on their own. Yet these are the very businesses that are often competing with larger in-state and out-of-state companies for top talent.

### **Vermont Business Outreach**

MSA-VT conducts an ongoing statewide survey of small business owners (members and non-members) across the state to better understand perspectives on important policies in Vermont. We asked small business owners across the state to weigh in on this issue to measure general support or opposition to the idea and collect recommendations for how such a program should be designed and financed. We've compiled data from our 2016, 2017, and 2018 surveys. Here are some findings:

- 620 businesses in all 14 counties were surveyed
- 85% of those surveyed had fewer than 10 employees
- The majority of those surveyed (46%) owned a retail business

We found strong support from small business owners throughout the state:

- 70% indicated they would support efforts to establish a state-run, public paid family and medical leave insurance program (up to 12 weeks) in Vermont
- In terms of the funding structure:

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<sup>1</sup> Vermont Department of Labor. ELMW Wages and Income. 2017

- 45% responded that they would recommend a combination of employee and employer funding
- 18.5% responded that they would recommend employee-only funding
- 1.3% responded that they would recommend employer-only funding
- 27.2% responded that they “don’t know” or chose not to respond
- 7.9% responded that they don’t support a payroll deduction as a funding source

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### **Policy Recommendations**

Last year, we worked with MSA-VT members and VT FaMLI Coalition members to identify the components of an ideal state paid family and medical leave insurance program. We developed the following recommendations:

#### **◆ Minimum of 12 Weeks**

Experts including the American Academy of Pediatrics recommend that healthy full-term infants should not be enrolled in child care until they are at least 12 weeks old due to rapid developmental changes and the risk of quickly developing severe undetected illness.<sup>2</sup> Also, research shows that children whose mothers do not return to work full time in the first 12 weeks are more likely to receive medical checkups and critical vaccinations.<sup>3</sup>

#### **◆ Allowable Uses: Parental, Medical, and Caregiving Leave**

This program is designed to provide essential support to Vermont workers during a variety of planned or unexpected challenging personal and family life events. We strongly believe in maintaining all allowable uses as outline in the current draft.

#### **◆ High Wage Replacement**

If we want these programs to be available to workers of all incomes, and particularly lower-wage workers, the most important thing we can do is ensure high wage replacement levels. We recommend keeping wage replacement levels high to ensure accessibility.

#### **◆ Self-Employed Access**

As the nature of employment continues to change in Vermont across the nation, it’s important we consider how we can ensure workers of all types have access to important support systems like family and medical leave insurance. We believe portable benefits, such as how this program is structured, are a component of what could help encourage entrepreneurs to start and grow their businesses in Vermont, and are part of what keeps self-employed Vermonters afloat in challenging times.

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<sup>2</sup>American Academy of Pediatrics, American Public Health Association, and National Resource Center for Health and Safety in Child Care and Early Education, *Caring for Our Children: National Health and Safety Performance Standards*, Third Edition (2011).

<sup>3</sup> Lawrence M. Berger, Jennifer Lynn Hill, and Jane Waldfogel, “Maternity Leave, Early Maternal Employment and Child Health and Development in the US,” *The Economic Journal* 115, no. 501 (2005).

### **Conclusion:**

We want to make Vermont the best place to own a small business and work for a small business by creating the conditions in this state where small businesses, their employees, and their communities can thrive. State policy has an important role to play in ensuring we can achieve this habitat. Paid family and medical leave insurance is an important step forward in achieving this goal.

Thank you for the opportunity to testify on behalf of MSA-VT. Please see comments from members below. We are excited about the opportunity for Vermont to create this program which will provide needed support to small businesses and the workforce in Vermont. We look forward to continuing to work with you on this issue.

### **Comments from MSA-VT Members:**

**Eric Sorkin, Runamok Maple in Cambridge:** “The paid family and medical leave bill is, in my opinion, an incredible no-brainer. We have about 35 employees, and in the past year have worked with roughly six different people to manage absences due to family deaths, medical emergencies, mental health issues and births. In every situation, our employees were concerned about wage replacement and job security. In each case we were able to meet these needs, but for a business our size, it is a struggle, and the costs are felt directly and invariably impact our growth. Put simply: passing this bill would fix this significant issue at nominal cost, and put Vermont in the vanguard with respect to competing for employees.”

**Kim Crady-Smith, Green Mountain Books & Prints and the Grindstone Cafe in Lyndonville:** “As a business owner, I support a paid family and medical leave program for Vermont. I know that businesses want to offer this to their employees and it’s a very difficult thing to offer if you’re a small business. Having a system in place would certainly benefit businesses that are already here and be very attractive to businesses that are looking to move to the state or open another branch. I think it’s an excellent benefit for any business and it’s a huge benefit for workers as well. I think it’s really important to create an atmosphere where we have young people coming in who want to work here, who want to live here, and I think that paid family and medical leave is an important component of attracting young workers to the state.”

**Randy George, Red Hen Baking Company in Middlesex:** “Although many larger companies can afford to offer this benefit to their employees, it would be far too expensive for most small businesses to afford to pay people for up to 12 weeks while they are not working. Despite how much we would like to offer paid family leave to people in these positions, it is impossible for a service industry business of our size to even consider funding our own paid family leave plan. Yet, aside from health insurance, paid family leave is probably of more importance and value than any of the benefits that we currently offer at our business. In just the last five years, six of our employees have had babies. Each time, these new parents dealt not only with the strain of having a new baby in the house, but they were also faced with the dilemma of how to maintain their income. Fortunately, a solution to this problem has been proposed.”

**Sivan Cotel, Stonecutter Spirits in Middlebury:** “At Stonecutter Spirits in Middlebury, we’ve offered paid family leave since day one. Paid family leave has been a differentiator that helped us hire great people, including recent graduates from Champlain College, St. Mike’s College, and Middlebury College — all of whom chose to stay here in Vermont after graduating in order to join our team. By passing the paid family leave bill, we can make this a statewide differentiator that helps us grow Vermont in thoughtful and meaningful ways.”

**Michael Desanto, Phoenix Books in Burlington, Essex, Rutland, Woodstock, Chester:** “I’ve been in business selling books for over 20 years. Family is the keystone of the community. Having a paid family and medical leave program would enhance our ability to retain our employees. Paid family and medical leave would in fact play big time in building the Vermont brand that allows people to answer the call of obligation in the family whenever issues come up.”

**Angela Earle-Gray, Chroma Technology in Bellows Falls:** “As Vermont attempts to attract employees, it is important that we retain and strengthen our reputation as a legislative leader in supporting family-friendly workplaces to draw the talent we need to our state.”

**Ricky Klein, Groennfell Meadery in Colchester:** “Everyone, regardless of political leaning, claims to want to protect the most vulnerable. There is no individual more vulnerable than the one that just arrived on this earth, and there is no time more crucial to support them than those first few weeks and months.”

**Melinda Moulton, Main Street Landing in Burlington:** “This is an important bill - and it will also help bring young people back to our state to fill the jobs we need to fill to have a strong economy. This bill will make Vermont stronger on so many levels. Please support this bill. It is time.”