VERMONT CHAMBER of Commerce

H.107: An Act Relating to Paid Family Leave
Senate Committee on Economic Development, Housing and General Affairs
Charles Martin, Government Affairs Director
April 25, 2019

As Vermont's largest statewide business organization, the Vermont Chamber of Commerce represents 1,500 members distributed throughout the State in every county, encompassing virtually every industry. The Vermont 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 is not supportive of H.107 as written.

Vermont is already known as a demanding and 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 administrative and financial burdens are reflected in the very apparent economic struggle of the small business sector over the past several years.

To avoid perpetuating and increasing these difficulties, we believe it is important to allow employers maximum 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.

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 costs of the program, while accounting for the potential long-term negative impacts on job growth. If the Legislature elects to move forward on this proposal, we offer the following suggestions:

-To address overall staffing and scheduling disruptions, amend the paid compensation period from 12 weeks to a duration closer to that passed by the Legislature in the 2018 paid leave bill (six weeks).

-Amend wage replacement from 90 percent to an amount closer to that passed in the Legislature's in 2018 bill (70 percent).

-Offer the ability to opt out of the program. The rate of expected participation is assessed by proponents at 70% (227,500). An opt out option would offer greater flexibility (including for the 60,000 Vermont workers who would never be able to use to program) while still assuring solvency.

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 Vermont Chamber members are overwhelmingly committed to offering the greatest benefit level possible to their employees, without jeopardizing their individual business models. 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. 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.