



February 11, 2022

Senate Committee on Economic Development, Housing, and General Affairs  
Vermont State House  
115 State Street  
Montpelier, VT 05633-5301

Dear Senators,

On behalf of Main Street Alliance of Vermont and Vermont Businesses for Social Responsibility, thank you for the opportunity to offer testimony in support of a Vermont COVID Worker Relief Fund.

Main Street Alliance represents over 700 small businesses from throughout Vermont, fighting for policies that not only serve our small businesses, but our workers, our families, and our communities, because they know then our communities are doing well, our businesses can thrive.

VBSR is a statewide, nonprofit business association with a mission to leverage the power of business for positive social and environmental impact. Our members are primarily small employers with roughly 35% employing 10 Full time employees (FTEs) or less, 65% employing 50 FTEs or less, and only about 6% (or 40 companies) employing 300 or more FTEs.

We are here today, on behalf of our hundreds of member businesses across the state to call on the legislature to develop a program whereby employers can be reimbursed for paying an employee's lost wages in the event of absenteeism due to COVID-19— essentially a state based FFCRA. This initiative enjoys broad support from our networks, with 100 plus small businesses and over 120 workers endorsing the program so far.

*"At Vermont Glove, we have worked tirelessly to ensure that our valued employees have the ability to put health and safety first by supporting their wages when they need to be out for COVID-related reasons. This is not only the right thing to do but it's the right business decision because it provides security and consistency for our workforce. We also know that this might not be available for all employers and workers, so we strongly support the establishment of a COVID Worker Relief Fund - so that no one needs to choose between a paycheck and their health" Sam Hooper - Vermont Glove, Randolph*

The Families First Coronavirus Relief Act offered critical financial lifelines to families in need by requiring businesses to provide emergency paid sick leave and expanded family and medical leave for those impacted by COVID-19. In return, businesses received FFCRA payroll tax credits to cover the costs of providing this critical benefit. Later, after the mandate expired, the American Rescue Plan Act expanded these benefits to cover a wider range of COVID-19 related absences and extended FFCRA tax credits to businesses who voluntarily provided leave to their employees. More specifically, FFCRA offered:

- Up to two weeks (or 80 hours) of sick leave with full wage replacement for those who needed to quarantine due to a COVID-19 exposure and/or experienced COVID-19 symptoms and were seeking a medical diagnosis.
- Up to two weeks of paid sick leave at two-thirds wage replacement for those who could not work in order to care for someone in quarantine or to care for a child in the event their school or child care facility closed or was unavailable for COVID-19 related reasons OR if the employee was experiencing a substantially similar condition.
- Up to an additional 10 weeks of paid expanded family and medical leave at two-thirds wage replacement for employees, who had been employed for at least 30 days, to care for a child whose school or child care provider was closed or unavailable for COVID-19 related reasons.

Unfortunately, the FFCRA payroll tax credits expired September 30th of last year—leaving businesses to either pay for these benefits out of pocket or eliminate them all together. For context, according to VBSR’s 2021 membership survey, 50% of our members offer paid leave. As a business community committed to people-first workplaces and livable jobs, it is safe to say that the remaining half does not offer this benefit not due to a lack of will but a lack of resources.

*In a recent OPED, penned by our shared member, Eric Sorkin of Runamok, he shared: “Since the beginning of the pandemic, Runamok has done our best to position employee health and safety as a top priority. While we are in a much better place than we were in March of 2020, one of our most important tools has consistently been to try to exclude infectious people from our workplace.*

*On the ground, this comes down to asking employees to stay home if they test positive for covid, have had a meaningful exposure to someone who has tested positive for covid, or have symptoms of covid. Until this January, we were able to provide replacement pay to all impacted employees. Without replacement pay, the burden falls on employees to choose between lost wages, and potentially exposing others at work. That’s an unenviable position to be in.*

*The Families First Coronavirus Relief Act (FFCRA) helped us to do this by reimbursing our company for a sizable portion of this expense. With that in mind, when FFCRA funding ran out in September of 2021, we attempted to fund worker replacement pay on our own. With the recent increase in infections, we have had to change our policy as we are no longer able to manage the cost.” –Eric Sorkin, Runamok Maple, Fairfax, VT*

As you know, with the recent surge of COVID cases, workers are being forced to stay home to keep their communities and co-workers safe as they care for themselves and/or their loved ones. This loss of work is especially prevalent for parents, whose children have been exposed or are presenting with symptoms of COVID-19 and for our smallest businesses who are desperate to retain their workforce and are managing overall increased costs are running out of options. Additionally, mirroring trends throughout this pandemic, we continue to see that loss of child care or school disproportionately impacts women in the workforce—exacerbating long standing gender inequities.

*A Child Care Provider from Chittenden County - We are already a field with a high rate of burnout, we are understaffed, and underpaid. Our field will collapse if educators can't afford to care for themselves and their family due to prolonged and required absences.”*

Mainstreet Alliance **recently spoke to a woman from Rutland who had just started a new job. She loves her job and appreciates the incredible flexibility of her employers, but she shared that she had worked eleven days in eight weeks because her children had to be out of child care due to COVID symptoms and/or potential exposure and to add to this, has now actually just contracted COVI. These equate to weeks of unpaid time and also prevent her from gaining traction in her new role because she is the primary caregiver in her home.**

In connecting with our members, we know that while some businesses have been able to pay their workers for these lost days, other employers are asking their workers to dip into their earned time off, and there are many other small businesses and nonprofits that simply can't afford these costs at all. Similarly, while some families have the savings to remain resilient in these moments, our low-income and hourly wage earners are struggling to meet their financial obligations. This is having downstream effects on housing security, food security, household buying power, and mental health.

We know that across both chambers, lawmakers are working diligently to advance both near term and long-term solutions to our state's workforce development challenges, including critical investments in child care, housing, transportation and climate. We feel that this kind of program would provide timely, targeted support and financial security that will help keep workers in their jobs and create economic resilience during a turbulent moment in our state's history. In this kind of job market, if someone cannot count on their wages or afford their basic needs, they will go to a place where they can.

*"I am extremely grateful to work for a forward-thinking, people-centered food cooperative whose HR team made sure that staff members who needed to miss work for COVID-related reasons had access to a pool of PTO. Not having to worry about lost wages during those critical moments was a safety net that prevented me from having to choose between food, rent, or medical care during this extremely challenging time. I want everyone to have access to such a safety net." - Education and Outreach Coordinator, Weybridge*

**As you shape this program, we urge you to consider the following to ensure that this benefit is as robust, equitable, and accessible as possible:**

- Wage replacement that is commensurate with the need of every day Vermonters
- When we talk to this about any business, the first question that comes up is whether or not this will be retroactive... We support looking at how we could retroactively provide wage replacement to cover losses incurred at the height of the Omicron surge
- In light of the urgent needs of Vermonters, we urge the legislature to implement this program UPON Passage, or within 30 days, instead of starting at the beginning of the new fiscal year.
- MIRRORING the FFCRA program, we as that Wage replacement for workers who need to care for themselves or a family member or care for a child who has lost child care or school for COVID-related reasons
- We feel strongly that Monthly reimbursement to employers rather than quarterly reimbursement puts an undue burden on the employer and the employee
- Inclusive Family Definition to include one's chosen family
- Eligibility for sole-proprietors - With over 60,000 sole-proprietors in Vermont, we know that throughout the pandemic, this group of small business owners were often delayed or completely left out of receiving COVID relief. We must ensure that these business owners are included in this program.

When it comes to funding this program, as of August of 2021, the [data](#) indicates that Vermont employers received approximately \$45 million in FCCRA payroll tax credits. The final rule from the US Treasury detailing the allowable uses of ARPA dollars clarifies that said funds can be used for the purposes of creating, expanding, or funding paid sick and paid family and medical leave programs, as cited [here](#). While we do not expect to fully fund a program that is on par with the federal credits, robust investments can and must be made to keep Vermonters healthy and whole as we continue to navigate this pandemic.

*“As a small business with 7 employees, we are extremely dependent on our entire team's health and wellbeing. This fund would give our staff peace of mind that they would not miss out on much needed income due to COVID19. It would also keep our communities safe, since employees of all businesses would not feel the pressure of coming to work sick or staying home without pay. Our goal has always been to grow our small business large enough to afford paid sick leave, but that possibility is now more distant because of the pandemic financial struggles. This fund would ease many concerns for the workers of small businesses.”*

*- Justin Barrett - Piecemeal Pies, White River Junction*

Lastly, while we continue to be deeply committed to the development of a robust, equitable, public, and universal paid leave program, we ask that you address the more urgent need through the development of this COVID WORKER RELIEF FUND. As you all know, procedural equity is key in shaping legislation. The creation of this program would be an invaluable opportunity to examine the challenges and successes of administering such a benefit and would address the immediate needs of Vermonters while giving lawmakers, advocates, workers, and employees time to come together, justly engage in conversations about their needs, and hit the ground running in 2023.

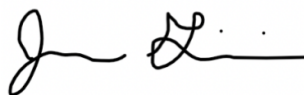
For these reasons, and so many more, we urge the legislature to advance a state level initiative to reimburse employers for covering their workers' lost wages due to COVID-related absences. This proven benefit will help to level the economic playing field and ensure that all workers and all small businesses have the financial resiliency to put health and safety first.

As always, thank you for your consideration. We are happy to provide additional testimony and answer questions as needed.

Sincerely,



Morgan Nichols  
New England Regional Manager  
Main Street Alliance



Jordan Giaconia  
Public Policy Manager  
Vermont Businesses for Social Responsibility

## **Small Business and Worker Testimony:**

OPED: Randy George, Red Hen - Middlesex: [https://www.rutlandherald.com/opinion/commentary/george-covid-related-lost-wages/article\\_e20d4da9-ae7c-5253-87bf-6e8d3a7830ce.html](https://www.rutlandherald.com/opinion/commentary/george-covid-related-lost-wages/article_e20d4da9-ae7c-5253-87bf-6e8d3a7830ce.html)

OPED: Eric Sorkin, Runamok - Fairfax: <https://vtdigger.org/2022/02/08/eric-sorkin-we-need-a-wage-replacement-plan-for-covid-absenteeism/>

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## **Small Business and Worker Sign On**

We reached out to our networks and to the networks of our organizational partners. Here is what we are hearing.

- We currently have 101 Small Businesses SIGN ONs with representation from 10 counties, and a wide variety of sectors, including restaurant, child care providers, hospitality, non-profits, sole proprietors, manufacturers, etc.
  - We saw a significant number of child care providers sign on
  - We are seeing that workers who have access to paid sick days, earned time off, and/or vacation days are exhausting their annual allotment of their days.
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### **Small Business Voices:**

*“As a small non-profit, we offer a summer camp and job training for children and youth who are underserved, migrant, homeless, LGBTQ, children with trauma, minority, etc. We provide an enriching camp experience while providing breakfast and lunch to our campers. We charge our families ZERO Dollars to attend. At the same time, the cost of the camp is very real! We fundraise all year long, year after year, to help the children and families of our community. When I have staff out sick with COVID - I pay them. They have families and expenses as well. This hits our organization hard. If I'm paying for wages for staff who are out sick, I also have to pay extra for their replacements. This takes away from programming from children. It's not good.”* **Susanne Parent - Our Community Cares Camp, Richmond**

*“My business doesn't can't function without me and my employee showing up everyday. But some days we get sick. Some days my kiddo's daycare closes. There's no safety net for us in this. We need help and we need help NOW. Please! We're really struggling to make it through this pandemic with a functioning and profitable business.”* **Emily Eley - Emily Eley Coaching, Burlington**

*“We are struggling to find and keep qualified teaching staff. Even though we offer paid sick and vacation time, we cannot afford to cover the amount of time employees need for all the time they are out with sick kids, covid symptoms, or quarantines. Offering paid sick time is the least we can do for the people who are providing direct care to children who are too young to be vaccinated. We know this paid time will also benefit parents who must keep their children at home when they have symptoms of illness or are awaiting COVID test results- right now there is so much tension between parents who cannot afford to stay home with their children and teachers who cannot afford to get sick!”* **Child Care Provider, Chittenden County**

*"At Vermont Glove, we have worked tirelessly to ensure that our valued employees have the ability to put health and safety first by supporting their wages when they need to be out for COVID-related reasons. This is not only the right thing to do but it's the right business decision because it provides security and consistency for our workforce. We also know that this might not be available for all employers and workers, so we strongly support the establishment of a COVID Worker Relief Fund - so that no one needs to choose between a paycheck and their health"* **Sam Hooper - Vermont Glove, Randolph**

*"This would help with worker retention for my underpaid overworked teachers who have hit stress levels unimaginable until this pandemic."* **Child Care Provider, Chittenden County**

*"We currently offer 5 days of Emergency Sick Leave to be used for Covid-related absences. We are unable to provide any additional time and more than half our staff used this emergency sick leave entirely in the first two weeks of January. This leave cannot be used in caring for a child who is quarantining and members of our staff have young children and are rapidly using up the little sick/vacation time they have available. We are already a field with a high rate of burnout, understaffed, and underpaid. Our field will collapse if educators can't afford to care for themselves and their family due to prolonged and required absences."* **Child Care Provider - Chittenden County**

*"It would alleviate a significant portion of stress on both the employers and the employees. It will keep the workplace safer, in that an employee will not be forced to work (when ill) on site in order to be paid enough to meet their most basic needs. It will also be a huge financial relief to employers who want to do the right thing but cannot afford to pay their workers when they are not working. Using Federal ARPA funds for this seems absolutely logical and as intended."* **Cynthia Thomayer - Sunrise Family Resource Center, Bennington**

*"We are struggling to keep our childcare program doors open due to so many absences. We cannot serve as many children as usual due to the number of staff out on a regular basis and yet as a conscientious employer we feel strongly about paying these people their time off so they are not put in an even more difficult position. However, this causes us to consistently run a deficit in our childcare program that we have been running now for 2 years. We are not able to sustain this any longer and need assistance now to continue providing care for dozens of children in a much-needed part of our state."* **Margot Holmes - Springfield Area Parent Child Center, North Springfield**

*"We have a number of employees who have missed work recently because they have had to isolate after a positive COVID test. We have a generous paid time off benefit, but for some of our staff, their need to miss work for COVID-related reasons has used up all of their PTO balance."* **Randy George - Red Hen Baking Co, Middlesex**

*"As a small business with 7 employees, we are extremely dependent on our entire team's health and wellbeing. This fund would give our staff peace of mind that they would not miss out on much needed income due to COVID19. It would also keep our communities safe, since employees of all businesses would not feel the pressure of coming to work sick or staying home without pay. Our goal has always been to grow our small business large enough to afford paid sick leave, but that possibility is now more distant because of the pandemic financial struggles. This fund would ease many concerns for the workers of small businesses."* **Justin Barrett - Piecemeal Pies, White River Junction**

*“Many of our staff are out of all of their paid time off due to COVID. Their annual time off started in September and most of them are out of their 3 weeks of time and now are going unpaid.”* **Sonja Raymond - Apple Tree Learning Center, Stowe**

*“This is something that would greatly benefit us. We are a mission driven staffing agency that places people into jobs with Vermont Employers and then we support them with recovery coaching. We work with those that have barriers to employment and generally have little to no resources. Covid has hit us hard and people have not been able to work as much as they can because of getting Covid or being exposed to Covid or their family members being exposed. We cannot pay them for the hours that they cannot work. The financial model of the business does not support this. If there were funds to make up these lost wages it would benefit the people that need it the most.”* **Mickey Wiles - Working Fields**

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## **WORKER VOICES**

Currently we have 122 workers that have signed onto our letter to the legislature. They are from throughout Vermont that represent a range of sectors, including retail, child care worker, restaurants, service sector, manufacturing,

- Parents are experiencing a compounded effect of this recent surge in Omicron. Between their own potential exposure and loss of school or child care, there are workers who have lost significant days and therefore, income, at work.

*“I am extremely grateful to work for a forward-thinking, people-centered food cooperative whose HR team made sure that staff members who needed to miss work for COVID-related reasons had access to a pool of PTO. Not having to worry about lost wages during those critical moments was a safety net that prevented me from having to choose between food, rent, or medical care during this extremely challenging time. I want everyone to have access to such a safety net.”* **Education and Outreach Coordinator, Weybridge**

*“I have been very fortunate to not have had covid yet, but I have seen many colleagues deplete all of their PTO because they contracted covid and needed to be responsible and stay home. I will not be an exception in the event that I contract covid and it will put my household under financial stress.”* **Early Educator/childcare provider, Fairfax**

*“I’m privileged to work for an employer that is able to support staff so we don’t incur a loss of pay or benefits due to the pandemic. However, my partner is not so lucky. His loss of wages has impacted our family dramatically. He had just started his own carpentry business when COVID first hit and that quickly went under due to the pandemic. Since then he has been looking for work but it is difficult. Due to our childcare needs he can only work part time or nights and finding that kind of flexibility, especially in the contracting industry, is nearly impossible. When he did land such a job, he lost it shortly thereafter when our daughter tested positive for COVID at school. She had to be home for a week and as a close contact he did too. I couldn’t care for our child as I also contracted COVID. We are all fully vaccinated and my partner and I are boosted! His employer had to let him go.*

*Families like ours are stuck. If my partner had access to a supportive family and medical leave policy, he’d probably still have that job and our family wouldn’t be struggling. Since then our family has either*

tested positive or been in close contact with others 3 times! It is impossible for both of us to engage in employment without the support of paid family and medical leave! Vermont needs this now more than ever.” **Worker, South Royalton**

“Our entire Child Care facility has been impacted by COVID. Staff absences. Low enrollment in child care and loss of income due to low enrollment. No COVID grants available to help our clients with necessary resources. At the beginning of the pandemic, we received COVID grants to help with these things. This has been a very difficult time for parents, children, childcare centers across the state. Parents impacted by quarantines and sickness. Their employment threatened because of the need to stay at home whenever a child in the center tests positive.” **Administrative Assistant/Benefits Coordinator, North Springfield**

“Between having to take time off because I get COVID and my daughter’s exposures, I no longer have any time off and we just started the year. I’m a single mom with no other income” **Daycare Teacher, Colchester**

“I have been out of work a lot in the last couple of months due to being sick and caring for my sick child. I have no more paid benefit time off and cannot afford to take any more time off.” **Teacher Associate, Jericho**

“Between business and daycare closures, my husband and I have lost almost \$2000 in lost wages and childcare payments in January alone. We are out of sick leave, vacation time and there hasn’t been a single week where my son has gone to a full week of school.” **Restaurant Worker, Stowe**

“My son has been exposed 6+ times at childcare just between the months of October-December 2021, meaning I had to miss at least a week’s worth of work during these exposures.” **Early Interventionist, Claremont**

“I had to take time off work when my daughter came down with COVID and then I came down with it after her. In total, I had to take 2 weeks off and nearly depleted my sick leave. I have to have surgery in March 2022 and now do not have the sick time needed to cover the time off I will need for this surgery. Of course, my employer will grant me the time off, but I will have to use some of my vacation time to be paid for it. Fortunately, I have enough between the two to be paid for this time off but having funding available to employers to pay employees when they are out due to COVID would be a huge help to families!” **Early Interventionist, Barre**

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## **For Reference: Family First Covid Relief Act - (FFCRA) Framework**

<https://www.dol.gov/agencies/whd/pandemic/ffcra-employee-paid-leave>

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. The Department of Labor’s (Department) Wage and Hour Division (WHD) administers and enforces the new law’s paid leave requirements. These provisions will apply from the effective date through December 31, 2020.

**Generally, the Act provides that employees of covered employers are eligible for:**



- *Two weeks (up to 80 hours) of paid sick leave at the employee's regular rate of pay where the employee is unable to work because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis; or*
- *Two weeks (up to 80 hours) of paid sick leave at two-thirds the employee's regular rate of pay because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or to care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services, in consultation with the Secretaries of the Treasury and Labor; and*
- *Up to an additional 10 weeks of paid expanded family and medical leave at two-thirds the employee's regular rate of pay where an employee, who has been employed for at least 30 calendar days, is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19.*

**Covered Employers:** The paid sick leave and expanded family and medical leave provisions of the FFCRA apply to certain public employers, and private employers with fewer than 500 employees.<sup>[1]</sup> Most employees of the federal government are covered by Title II of the Family and Medical Leave Act, which was not amended by this Act, and are therefore not covered by the expanded family and medical leave provisions of the FFCRA. However, federal employees covered by Title II of the Family and Medical Leave Act are covered by the paid sick leave provision.

Small businesses with fewer than 50 employees may qualify for exemption from the requirement to provide leave due to school closings or child care unavailability if the leave requirements would jeopardize the viability of the business as a going concern.

**Eligible Employees:** *All employees of covered employers are eligible for two weeks of paid sick time for specified reasons related to COVID-19. Employees employed for at least 30 days are eligible for up to an additional 10 weeks of paid family leave to care for a child under certain circumstances related to COVID-19.*<sup>[2]</sup>

**Notice:** Where leave is foreseeable, an employee should provide notice of leave to the employer as is practicable. After the first workday of paid sick time, an employer may require employees to follow reasonable notice procedures in order to continue receiving paid sick time.

#### **Qualifying Reasons for Leave:**

Under the FFCRA, an employee qualifies for paid sick time if the employee is unable to work (or unable to telework) due to a need for leave because the employee:

1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. has been advised by a health care provider to self-quarantine related to COVID-19;
3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. is caring for an individual subject to an order described in (1) or self-quarantine as described in

- (2);
5. is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19; or
  6. is experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.

Under the FFCRA, an employee qualifies for expanded family leave if the employee is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19.

**Duration of Leave:**

For reasons (1)-(4) and (6): A full-time employee is eligible for 80 hours of leave, and a part-time employee is eligible for the number of hours of leave that the employee works on average over a two-week period.

For reason (5): A full-time employee is eligible for up to 12 weeks of leave (two weeks of paid sick leave followed by up to 10 weeks of paid expanded family & medical leave) at 40 hours a week, and a part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

**Calculation of Pay:[3]**

For leave reasons (1), (2), or (3): employees taking leave are entitled to pay at either their regular rate or the applicable minimum wage, whichever is higher, up to \$511 per day and \$5,110 in the aggregate (over a 2-week period).

For leave reasons (4) or (6): employees taking leave are entitled to pay at 2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher, up to \$200 per day and \$2,000 in the aggregate (over a 2-week period)

For leave reason (5): employees taking leave are entitled to pay at 2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher, up to \$200 per day and \$12,000 in the aggregate (over a 12-week period). [4]

**Implementation** - This was the form that the business used to request reimbursement. FORM 7200 as used for FFCRA - <https://www.irs.gov/pub/irs-pdf/f7200.pdf>