



**To:** Chair Stevens and members of the House Committee on General and Housing  
**From:** Michelle Fay, MPA | Executive Director (mfay@voicesforvtkids, 802-535-1463)  
**Re:** Testimony in support of H.66 – An Act Relating to Paid Family Leave  
**Date:** February 2, 2023

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Voices for Vermont's Children promotes public policy that enhances the lives of children and youth. We are particularly focused on improving equity in our economy and institutions, in order to ensure that every Vermont child has what they need to thrive. Today I'm also here in my coordination role with the Vermont paid family and medical leave coalition, a diverse group of advocacy organizations and business groups working to support the passage of a strong paid leave bill for Vermont. You will be hearing from other members of the coalition on the specific impacts for their constituents. I'll be providing an overview of our policy goals as well as some specific points relating to kids and families.

**What do we mean when we say "a strong bill?"** Based on the experiences of the states that have had paid leave programs in place and related research, experts have identified several essential elements that ensure that those who need access to paid leave the most will have it when they need it. To achieve health and economic policy goals, paid leave programs should contain these elements:

**Universal** – An all-in model ensures that everyone has access, and eligibility is tied to overall workforce participation, not to a particular employer. Opt-in or voluntary programs risk problems impacting both the cost/sustainability of the program and the likelihood that workers will have access when they need it:

- 1) adverse selection – the phenomenon seen in the health insurance market where those most likely to use a benefit enroll, which in turn pushes up costs and makes the program unaffordable or unsustainable;
- 2) [research](#) on long-term disability insurance found that many workers underestimate the likelihood of experiencing a covered medical condition so don't properly evaluate their need for coverage; and
- 3) Voluntary plans worsen disparities in access. Low wage workers, who are already less likely to have access to any kind of paid leave, will continue to be left out.

**Comprehensive Coverage** – Strong paid leave programs cover all of these leave types: parental, family caregiving, personal medical, military family, and safe leave. 12 weeks is a reasonable starting point for leaves, knowing that actual leave-taking varies widely by age, gender, and income level.

- 12 weeks is considered the minimum for parental bonding and recovery from childbirth, according to the American Academy of Pediatrics. The research could not be clearer about the [importance](#) of newborn attachment and bonding with a consistent, loving caregiver.

**Adequate Wage Replacement** - high enough to ensure all workers can afford to take the leave they need, including low-income workers who need as much of their income as possible to pay their bills.

- There are currently 11 states plus DC with comprehensive PFML programs. Eight of these provide for progressive wage replacement rates, where lower-income workers receive a higher percentage of their incomes.
- California lesson: started at 55% wage replacement, shifted to 60-70%, and after leave-taking data continued to show that low wage replacement levels were a primary barrier for low-income workers, they shifted the top end of the scale to 90% just last year.

**Inclusive Family Definition** – reflective of the modern workforce and family structures.

**Job Protection** – Ensure all workers have the right to return to work following leave and will not be punished or fired for taking leave.

**Accountable Public Administration** - Privatization of public goods and services has been shown to [worsen inequities](#). A strong paid leave program will be administered by the state so it is accountable to Vermonters.

*Note: I've also submitted a chart that compares the administration's plan and H. 66 against these essential elements. The summary is that H.66 is a strong proposal, while the administration's plan appears to fall short – many plan details have not been elaborated.*

## **The Vermont Landscape for Working Families**

76.1 % of children 0-5 have all available parents in the workforce. That number rises to over 80% for kids ages 6-17. Job security and consistent work-generated income matters, and the overwhelming majority of parents are working outside the home.

The Census Bureau conducted a “Household Pulse survey” during the pandemic to monitor a series of measures of family security and well-being. During 2022, 30% to 46% of households

with children indicated that they'd had difficulty paying for usual household expenses in the prior week.

This is the context in which we are operating. In previous years, during public hearings on paid leave, we heard from people who “made it work” when they experienced a serious illness or welcomed a new child without the benefit of paid leave. Backed into a corner with no good choices, they were forced to take steps that undermined their family’s financial security.

2012 FMLA survey data backs up their experiences: leave-takers without access to paid leave overwhelmingly reported that making ends meet was difficult. Most limit spending to bare necessities and many draw on or deplete savings. More than a third put off paying bills, and about 30% borrowed money. Fifteen percent signed up for public assistance.

Even those families who technically are able to arrange paid leave by using their accrued sick or vacation time are left with no cushion for routine and preventive health care appointments, or unexpected events like child care closures, school snow days or regular sick days.

### **Important Health Impacts of Paid Leave for Children and Families**

- Infants are more likely to be breastfed in the first year of life, more likely to have their full DPT/Polio vaccinations, and more likely to have regular checkups.
- According to the 2016 IMPAQ report, Vermont would experience savings due to an increased number of Vermont’s newborn infants that are healthy and have normal birthweights. Access to paid family leave has been correlated with 5% fewer low birthweight babies, 8% fewer preterm births, and 10% fewer child deaths.
- Mental health outcomes - parental mental health, baby stress, etc. are improved by parental leave.
- Partners’ early, shared involvement in the care of children is [linked](#) to reduced divorce rates as well as improved cognitive development and educational performance for their children.
- Studies show that children recover more quickly from illness when cared for by their parents. The presence of parents shortens children’s hospital stays by 31 percent, and active parental involvement in children’s hospital care may head off future health care needs.
- *Note: We are hoping to offer someone to testify in more depth about the health and economic impacts of personal medical leave. It is the most common form of leave; more likely to be taken by men.*

## **Family Economic Security is Fundamental**

Supporting parents in their dual roles as employees and caregivers yields economic benefits as well. Evidence from states with universal PFML show that these programs improve workforce attachment and support economic independence, **with the greatest effects seen among the most disadvantaged families.**

Welcoming a new child to the family, recovering from a serious illness or injury or supporting the recovery of a loved one are watershed moments that can set families on a path toward a healthy, secure future or turn them toward damaging hardship. The impacts of spending childhood in poverty are devastating to both children and our communities.

Children raised in poverty experience poor health outcomes in relation to their non-poor peers. They are twice as likely to repeat a grade or be expelled, and more than twice as likely to drop out of high school. Girls raised in poverty are more than three times as likely to have a child as a teen. And poor children are ten times as likely to have experienced food insecurity and hunger in the past year. **According to the 2016 Vermont feasibility study, an estimated 1,098 to 3,220 workers and their families will stay above the poverty level due to leave benefits.**

## **Social Insurance Addresses Inequitable Economic Impacts**

**Enacting a universal paid leave program will shift the distribution of the externalities of our current economic system.** You sometimes hear opponents of universal paid leave say they don't want to ask Vermonters to pay for a new program. This is an incredibly privileged perspective, ignoring the reality that these costs exist now, but in the absence of a universal, equitable program they are borne by individual workers and their families in ways that can be devastating. The findings of the 2012 FMLA survey support this. The goal of a universal paid leave program isn't to ensure that everyone gets a direct return on their premium payments, it's to ensure that every Vermont worker has the ability to prioritize their health and their family's well-being, not just highly paid workers.

### **Questions and considerations:**

1. Given that JFO staff reported that 96.3% of wages would be captured by the proposed wage base in H.66 as introduced, why not simplify it by eliminating the cap altogether. I would suggest that as a social insurance program, the goal is to create a progressive structure that levels out access to paid leave, with costs allocated according to ability to pay. We don't talk about other public goods – like education or road maintenance – in

terms of whether what we each individually receive back is directly proportionate to our contributions.

2. Whether there should be an opt-out for companies offering equivalent private coverage demands more deliberation. This [research paper](#) raises questions about potential impacts on the viability of the public program. At a minimum, we would suggest tightening up the parameters of an equivalent program so that less is left to the discretion of the Program Director.
3. We ran the draft by some national partners, and one suggested that bill language could be more explicit in stating that people who aren't currently working, but who meet the eligibility requirements of having worked in 2 of the last 4 quarters, can apply for benefits.