

VT H.713: 32-HOUR WORK WEEK OVERVIEW

As Parkinson's law observes, "Work expands to fill the time available for its completion." Or as Asimov is quoted, "In ten hours a day you have time to fall twice as far behind your commitments as in five hours a day."

This bill aims to establish a more balanced and productive work-life environment by transitioning to a 32-hour workweek. By giving people back hours in their week, they can make more time for family, education, volunteerism, and frequenting local businesses.

This bill offers flexibility to businesses in implementing the 32-hour workweek. The 32 hours itself could mean 4 8-hour days, 5 6.4-hour days, or other innovative schedules, allowing companies to tailor their approach based on their unique operational needs.

The current standard of a 40-hour workweek is an artificial construct popularized by Henry Ford in 1922 and legally established in 1940, has been the norm for over a century.

Work time reduction (WTR), and the four day week more specifically, is considered a triple-dividend reform, with benefits in some of the following areas:

- **social** (improved work-life balance, reduced stress and burnout, greater inclusivity)
- **economic** (increased productivity, retention and recruitment, reduced absenteeism)
- **climate** (reduced commuting emissions, reduced energy use, promotion of sustainable lifestyles)

Adopting a 32-hour workweek encourages companies to streamline operations, leading to increased employee engagement, higher productivity, and improved profitability. With the advent of remote and flexible work arrangements, along with the advancements of artificial intelligence, the traditional 40-hour workweek is no longer a necessity for many sectors.

Just this week, in a Harvard Business Review article on January 23, 2024 titled *9 Trends That Will Shape Work in 2024 and Beyond*, the third trend titled, "Four-day workweeks will move from radical to routine" cited a 2023 Gartner survey which revealed that, "63% of candidates rated 'four-day workweek for the same pay' as the top new and innovative benefit that would attract them to a job."

Further, surveys by International Workplace Group Global and Henley Business School reveal compelling data: 98% of employees favor work-from-home options, 67% of younger workers are attracted to a 4-day workweek, and 63% of businesses report enhanced talent attraction with reduced work hours. In a competitive job market, a reduced-hour workweek is not just a

desirable perk for prospective employees, but a strategic advantage for companies in attracting and retaining top talent.

A 32-hour work week will incentivize companies to maximize their use of technology, modernize Vermont's workforce, and drive recruitment of workers. In a Vermont Digger article in June 2023, Governor Phil Scott was quoted citing the following state data in his 2023 inaugural address, "Unfortunately, our most recent data shows a gap of 22,500. That's right. The gap is nearly seven times what it was in 2019." We all sit in committees every day and hear from various agencies sharing the impact of worker vacancies and the need for in-migration of young, working families. If we are going to solve big problems, we need to start discussing creative solutions.

BENEFITS

- **Improved Work-Life Balance:** Employees have more time for personal activities, family, and rest. This balance can lead to improved mental health and overall well-being.
- **Increased Productivity:** Studies have shown that shorter workweeks can lead to increased productivity. Employees are more focused and efficient when they have a shorter period to complete their tasks.
- **Reduced Burnout:** With fewer hours spent at work, employees are less likely to experience burnout, a common problem in high-stress environments.
- **Attract and Retain Talent:** Companies offering a shorter workweek can attract talent looking for a better work-life balance. It also helps retain current employees who value the additional time off.
- **Enhanced Employee Health:** Less time at work can lead to reduced stress and better physical health, potentially decreasing healthcare costs for employers.
- **Environmental Benefits:** A shorter workweek could lead to fewer commutes, reducing carbon emissions and contributing to environmental sustainability.
- **Increased Engagement and Morale:** Employees who feel their company respects their time and well-being tend to be more engaged, motivated, and satisfied with their job.
- **Adaptability and Flexibility:** A 32-hour week could encourage companies to adopt more flexible working arrangements, such as remote work, which can be beneficial for both employers and employees.
- **Economic Benefits:** Some argue that spreading work hours among more employees can reduce unemployment and lead to a more equitable distribution of jobs.
- **Innovation Boost:** With more time to rest and pursue personal interests, employees might return to work more creative and open to innovative thinking.

CONCERNS

- **Cost Implications for Businesses:** Businesses may need to hire additional staff to cover the reduced hours, leading to increased labor costs.
- **Reduced Income for Hourly Workers:** Employees who are paid hourly may see a decrease in their overall income unless the company compensates by increasing the hourly rate.
- **Incompatibility with Certain Industries:** Some industries (like healthcare, law enforcement, etc.) might find it impractical to adopt a 32-hour workweek due to the nature of the work and the need for continuous operation.

SIMILAR PROPOSED LEGISLATION

- Missouri SB316 (2011)
- Hawaii SCR147 (2022)
- California AB2932 (2022)
- Federal HR1332 (2023)
- Maryland HB0181 (2023)
- New York S1287 (2023)
- Massachusetts H3849 (2023)
- Pennsylvania HB1065 (2023)
- Texas SB2368 (2023)
- New Hampshire HB1668 (2024)

ALTERNATIVES EXPLORED IN SIMILAR PROPOSED LEGISLATION

- Teacher-specific
- State Employee-specific
- Small Business Exemption
- Pilot Programs

PILOTS OF THE CONCEPT

- Iceland (2021)
- United Kingdom (2022)
- 4-Day Work Week Global 6-month study backed by researchers at Cambridge University, Boston College, and Oxford University - 969 people from 33 companies in the US, Australia, Ireland, UK, New Zealand, Canada (2022)
- San Juan County, WA (2023)
- Spain (2023)
- Scotland (2024)

PUBLIC SUPPORTERS OF THE OVERALL CONCEPT

- National Employment Law Project (NELP)
- Economic Policy Institute (EPI)
- American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
- Service Employees International Union (SEIU)
- United Food and Commercial Workers Union (UFCW)
- 4-Day Week Global
- Senator Bernie Sanders
- United Auto Workers

EXAMPLES OF COMPANIES THAT HAVE IMPLEMENTED THIS CONCEPT

- Shopify
- Kickstarter
- Basecamp
- NASA
- Microsoft Japan
- Unilever
- Shake Shack
- Panasonic
- Inventium

4-DAY WORK WEEK GLOBAL PILOT RESULTS (BUSINESS IMPACT)

- Overall revenue rose 8.14% (weighted by company size) in the six-month period.
- Revenue across the board was up 37.55% compared to the previous six-month period.
- 63% of businesses found it easier to attract and retain talent with a 4-day week.
- Companies saw a 12.16% increase in the number of employees over the course of the trial.

4-DAY WORK WEEK GLOBAL PILOT RESULTS (EMPLOYEES IMPACT)

- 67% of employees reportedly felt less burned-out
- Fatigue levels decreased from 66% to 57%
- Sleep problems reduced from 59% to 51%
- Anxiety and negative affect also both fell substantially
- Employees with 4-day weeks are happier (78%) and less stressed (96.7%)

POSSIBLE SCENARIOS ([See Spreadsheet](#))

When it comes to hour + pay scenarios, here are a few examples of how this could play out:

- Employers could choose to have employees continue working 40 hours per week, 32 of which would be at base rate and 8 of which would be at time-and-a-half. This would result in an increase in weekly pay.
- Employers could drop people down to 37.33 hours a week for the exact same weekly pay that they are currently making (at 40 hours per week).
- Employers could drop employees down to 32 hours and increase the hourly rate by 25% for the same weekly pay that they are currently making (at 40 hours per week).
- Employers could drop employees down to 32 hours and cut weekly employee pay, but offer other incentives such as increased number of days off.
- Employers could drop employees down to 32 hours and cut weekly employee pay without offering additional incentives.

RECENT PRESS & REACTIONS

- Vermont Reddit: https://www.reddit.com/r/vermont/comments/19dssib/32_hour_work_week
- WCAX: <https://www.wcax.com/2024/01/22/vt-lawmakers-push-32-hour-work-week> (Reshared through a variety of media including outlets such as WDEV, VT Public, and Seven Days)

Scenario	\$/Hr	Weekly Hrs	Base Hrs	Overtime Hrs	Overtime Rate	Weekly Hrs	Weekly Pay	Raise/Hr	@ 52 Weeks	Change
40 Hours = Current Pay	\$ 13.67	40	40	0.00	150%	40.00	\$ 546.80	0.00%	\$ 28,433.60	0%
32 Hours + 8 Hours Overtime = Pay Increase	\$ 13.67	32	32	8.00	150%	40.00	\$ 601.48	0.00%	\$ 31,276.96	10%
32 Hours + 5.33 Hours Overtime = Current Pay	\$ 13.67	32	32	5.33	150%	37.33	\$ 546.73	0.00%	\$ 28,430.05	0%
32 Hours + Pay Raise = Current Pay	\$ 17.09	32	32	0.00	150%	32.00	\$ 546.80	25.00%	\$ 28,433.60	0%
32 Hours = Cut in Pay	\$ 13.67	32	32	0.00	150%	32.00	\$ 437.44	0.00%	\$ 22,746.88	-20%
Scenario	\$/Hr	Weekly Hrs	Base Hrs	Overtime Hrs	Overtime Rate	Weekly Hrs	Weekly Pay	Raise/Hr	@ 52 Weeks	Change
40 Hours = Current Pay	\$ 15.00	40	40	0.00	150%	40.00	\$ 600.00	0.00%	\$ 31,200.00	0%
32 Hours + 8 Hours Overtime = Pay Increase	\$ 15.00	32	32	8.00	150%	40.00	\$ 660.00	0.00%	\$ 34,320.00	10%
32 Hours + 5.33 Hours Overtime = Current Pay	\$ 15.00	32	32	5.33	150%	37.33	\$ 599.93	0.00%	\$ 31,196.10	0%
32 Hours + Pay Raise = Current Pay	\$ 18.75	32	32	0.00	150%	32.00	\$ 600.00	25.00%	\$ 31,200.00	0%
32 Hours = Cut in Pay	\$ 15.00	32	32	0.00	150%	32.00	\$ 480.00	0.00%	\$ 24,960.00	-20%
Scenario	\$/Hr	Weekly Hrs	Base Hrs	Overtime Hrs	Overtime Rate	Weekly Hrs	Weekly Pay	Raise/Hr	@ 52 Weeks	Change
40 Hours = Current Pay	\$ 20.00	40	40	0.00	150%	40.00	\$ 800.00	0.00%	\$ 41,600.00	0%
32 Hours + 8 Hours Overtime = Pay Increase	\$ 20.00	32	32	8.00	150%	40.00	\$ 880.00	0.00%	\$ 45,760.00	10%
32 Hours + 5.33 Hours Overtime = Current Pay	\$ 20.00	32	32	5.34	150%	37.34	\$ 800.20	0.00%	\$ 41,610.40	0%
32 Hours + Pay Raise = Current Pay	\$ 25.00	32	32	0.00	150%	32.00	\$ 800.00	25.00%	\$ 41,600.00	0%
32 Hours = Cut in Pay	\$ 20.00	32	32	0.00	150%	32.00	\$ 640.00	0.00%	\$ 33,280.00	-20%
Scenario	\$/Hr	Weekly Hrs	Base Hrs	Overtime Hrs	Overtime Rate	Weekly Hrs	Weekly Pay	Raise/Hr	@ 52 Weeks	Change
40 Hours = Current Pay	\$ 35.00	40	40	0.00	150%	40.00	\$ 1,400.00	0.00%	\$ 72,800.00	0%
32 Hours + 8 Hours Overtime = Pay Increase	\$ 35.00	32	32	8.00	150%	40.00	\$ 1,540.00	0.00%	\$ 80,080.00	10%
32 Hours + 5.33 Hours Overtime = Current Pay	\$ 35.00	32	32	5.33	150%	37.33	\$ 1,399.83	0.00%	\$ 72,790.90	0%
32 Hours + Pay Raise = Current Pay	\$ 43.75	32	32	0.00	150%	32.00	\$ 1,400.00	25.00%	\$ 72,800.00	0%
32 Hours = Cut in Pay	\$ 35.00	32	32	0.00	150%	32.00	\$ 1,120.00	0.00%	\$ 58,240.00	-20%