



Connecticut **Business & Industry Association**

Testimony of Kia D. Floyd
Assistant Counsel, Labor and Employment
Before the Committee on Labor and Public Employees
March 8, 2007

H.B. 7317 AA Allowing Retention of Paid Vacation Days (Opposed)

Good Morning Senator Prague, Representative Ryan and other members of the Committee. My name is Kia Floyd and I am an Assistant Counsel for Labor & Employment matters for the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, ranging from large corporations to small businesses. The vast majority of our companies employ fifty (50) or fewer employees, many of whom make up Connecticut's workforce. I am here today to speak on behalf of all of our member companies. CBIA generally supports any labor and employment related legislation that does not increase the costs of doing business in the state or unreasonably increase administrative burdens on employers in dealing with employment and workplace issues. Unfortunately, H.B. 7317 is not such a measure, therefore we must oppose this bill.

H.B. 7317 would amend the general statutes to allow employees who receive paid vacation days to have an additional year to use them or be reimbursed for unused days. Most employers recognize the value of paid time off for their employees, including an extended period of time where the employee is away from the demands of work. It has been repeatedly found that vacation time not only benefits the health and well-being of the employee, but also the employer because healthy and rested employees are typically more productive than those who do not take time off from work.

Although both employees and companies benefit from employee vacation time, many companies incorporate vacation pay as part of a total compensation package in a particular calendar year. Therefore its expected that an employee will take time off from work in the same calendar year in which the time is earned. To allow otherwise, as **H.B. 7317** does, may upset the payroll formulas and systems that many companies use to calculate employee total compensation. For instance, *if an employee was given a set amount of paid vacation time in 2006 but did not take any time off and then later received a raise, bonus or promotion in 2007, the company may be forced to pay the employee a higher rate of vacation pay even though the vacation time earned was based on the employee's 2006 salary.* In cases where entire classes or divisions of employees receive raises or some other increase in total compensation, the cumulative effect of allowing employees to bank or accumulate vacation time over an additional year could be very costly to employers. This is especially true when employees under a collective bargaining or similar agreement have their compensation packages indexed for inflation or receive incremental increases in pay over time.

In recognizing the fact that a company's workload may sometimes prevent an employee from taking their vacation time in a particular calendar year, many companies permit employees, under limited circumstances to carry over vacation days into the following year. However, **H.B. 7317** would go beyond those limited occasions and permit any employee who have not used their vacation time within a specified year to carry the time over into the next year or otherwise be reimbursed for it. For Connecticut businesses, providing paid time off requires a balancing of workload, employee needs and payroll costs. Requiring an employee to take vacation in the

calendar year in which it is earned fosters all three goals, but this legislation would frustrate these goals. For these reasons, CBIA opposes this legislation and respectfully urges the Committee not to enact it.

Thank you for the opportunity to testify.