



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
OPPOSING
SB-221, AAC PAID FAMILY AND MEDICAL LEAVE
BEFORE THE
LABOR & PUBLIC EMPLOYEES COMMITTEE
MARCH 8, 2016**

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent-job-providers in Connecticut, NFIB/Connecticut offers the following comments:

NFIB/Connecticut has significant concerns with SB-221, and urges rejection. While no doubt well-intentioned, vastly expanding eligibility for Connecticut's existing Family and Medical Leave provisions, which are already more generous than that of federal or other states' laws, is unnecessary and will no-doubt have unintended consequences and costs for employers, both in terms of staffing and productivity, among other issues. Dramatically expanding Connecticut's FMLA laws will create considerable burdens on impacted small businesses. Creating a new state run program to offer and administer paid benefits when there is no infrastructure in place will be a significant cost burden on the state and taxpayers alike. At a time when the Governor is calling on lawmakers to recognize the new economic reality that the state is facing and our budget deficits are growing beyond control, this proposal could add hundreds of new state employees, result in significant capital expenditures, and cost taxpayers at least tens of millions of dollars annually. In addition, the concepts contained in this proposal embody a mandatory payroll tax on all employees in the state, including small business owners, for a program that many may never even utilize.

This proposal is premised upon dramatically altering long-standing federal and state FMLA laws so that all businesses with two or more employees would be subjected to its mandates. How is a small business supposed to stay in business when it is possible for nearly its entire workforce to be out on leave for months at a time? While this proposal may attempt to guarantee wage replacement for employees out on leave, it does nothing to guarantee continuity of operations for our small businesses.

Not only is the idea of a new state paid FMLA program untenable due to cost, it is also unnecessary. Small businesses already treat their most valued asset - their employees - like family, and provide them with paid time off and flexible work environments, so the last thing they need is to worry about complying with more costs and mandates. Most small-



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business owners already provide a great amount of flexibility and generosity in allowing their employees to take time off for family or medical purposes. NFIB surveys have indicated that 96 percent of small-business owners provide flexible hours when personal situations arise, regardless of the firm's size.

In a recent survey published in January 2016 by the NFIB Research Foundation (“Employee Compensation and Small Business”)¹, the survey found, on paid leave, for example, 73 percent of all small firms offered paid time off to their full-time workers. Among them, 67 percent offer two weeks or more. Ninety percent of small firms that offer paid sick leave allow workers to use personal sick days to take care of a child or relative. Only 27 percent require a doctor’s note. Roughly eight percent, have a formal policy regarding employees who request time off for a serious illness in the family. Eighty-six percent handle such requests on a case-by-case basis. What this means is that small employers are not as regimented in their leave policies as larger firms. This is because small business owners know their employees on a more personal level so there is often a lot less formality involved. NFIB/Connecticut must caution that proposals to mandate certain benefits, like paid family leave for all small businesses, could complicate life for small employers and backfire on the employees. This proposals contained in SB-221 will certainly require a lot more record keeping for small businesses, which they are not doing now in this regard, and it will place restrictions on paid time off that do not exist now in many cases.

Government mandates take away small employers' and employees' freedom to negotiate the benefits package that best meets their mutual needs. Expanding FMLA coverage provisions and creating a new paid leave program for employees could drastically increase the amount of paperwork and money spent complying as well. Increasing the number of circumstances and employees covered by FMLA imposes a significant new mandate on small business, and also ignores the question of whether or not a small employer can actually afford to keep a position open until an employee returns from leave. It is a burden for most small-business owners to keep a job open for even the most valued employee, and larger businesses are better able to absorb the costs forced on a business by government mandates. Small businesses know what to expect and how to comply with Connecticut's existing FMLA laws and discourage changes that would expand the law as well as make Connecticut appear even more uncompetitive with other states. Finally, NFIB has concerns about the costs not only to employers but also to the state to implement and administer the employee paid leave provisions of the bill. Experiences in other states have shown that these types of programs are not only costly to all, but also underutilized. Thank you for the opportunity to comment, and NFIB urges lawmakers to take no action on SB-221.

¹ Available online at: <http://www.nfib.com/assets/NFIB-Employee-Compensation-and-Small-Business.pdf>