



Waterbury Regional Chamber
driving business to business

February 14, 2019

**STATEMENT OF THE WATERBURY REGIONAL CHAMBER TO THE
LABOR AND PUBLIC EMPLOYEES COMMITTEE OPPOSING SENATE BILL 001,
AN ACT CONCERNING EARNED FAMILY AND MEDICAL LEAVE, AND
HOUSE BILL 5003, AN ACT IMPLEMENTING PAID FAMILY AND MEDICAL LEAVE**

Senator Kushner, Representative Porter, and members of the Labor and Public Employees Committee, my name is David Krechevsky and I am the Director of Public Policy for the Waterbury Regional Chamber. Thank you for the opportunity to submit testimony on these bills.

The Chamber, which serves 14 communities in Greater Waterbury and represents the interests of more than 1,000 member businesses in matters of public policy, strongly opposes both Senate Bill 001 and House Bill 5003.

The Chamber and our members support employers who voluntarily adopt paid family and medical leave programs, but oppose the inflexible and unsustainable state mandate proposed in these two bills. Many state rankings repeatedly show that operating a business in Connecticut is costly, often much more so than conducting business elsewhere. Each additional workplace mandate approved by the state legislature increases the cost separation between Connecticut and other states and makes states that do not impose such mandates more attractive as places to conduct business.

Our Chamber is part of a coalition of more than 40 leading business organizations and chambers of commerce in Connecticut urging this committee to reject this concept. A one-size-fits-all paid-leave mandate is not practical in the modern workplace. Fewer and fewer employees work traditional workweeks, and many businesses already offer flexible work hours or options such as telecommuting. These are choices made by the individual business, rather than mandates imposed by the state.

The Chamber also opposes these bills because of the significant cost — to employees, to employers, and to taxpayers. Every version of this proposal has proven costly for employees, who are required to contribute a portion of their paycheck to this program. This year's bills appear to cap the mandatory contribution at 0.5%, which guarantees the program will be unsustainable: an employee earning \$52,000 a year would contribute just \$260 annually to the program, but could collect up to \$12,000 each year. At that rate the program will be grossly underfunded from the day it is implemented.

This program is costly for employers because it would require them to maintain a job for an employee who is absent up to 12 weeks each year, while continuing to pay for that employee's expensive nonwage benefits and while covering the cost of a temporary worker or for overtime to make up for the absent worker. For most small businesses, that it is financially impossible.

The program also will be extremely costly for taxpayers. The Connecticut General Assembly's Office of Fiscal Analysis estimates the paid leave proposal would incur startup costs of at least \$13 million, and ongoing costs of at least \$18 million. A study conducted by the Connecticut Institute for Women's Policy Research, a pro-paid-sick leave group, found this program also would require hiring at least 120 new state employees to administer it. A state facing a financial crisis and significant budget deficits cannot afford to create these significant additional expenditures.

The Department of Labor also admits it lacks the information technology infrastructure to run this program, which will need to access and protect every claimant's personal health information — opening the state up to additional liability for data breaches.

Finally, these bills are a massive expansion of the unpaid FMLA program. These two bills allow for leave to care for extended family members not currently covered under existing law. In addition to allowing leave for siblings, grandparents and grandchildren, these proposals extend leave rights for “any other individual related by blood or whose *close association with the employee is equivalent of a family member.*” (*Italics added for emphasis.*) This means an employee could take paid leave if just about any person they know is sick or injured.

While we list the reasons above for opposing these bills, the Chamber and its member businesses acknowledge that some form of paid family and medical leave is likely to be approved in this legislative session. We therefore urge the committee to consider the following recommendations:

- Ensure that employee funding meets the full benefit cost;
- Consider adopting a 60%-70% wage-replacement rate, similar to other states;
- Consider limiting use of leave to care for only parents, siblings, grandparents and grandchildren;
- Consider stronger provisions to discourage fraud;
- Consider treating all employers equally, whether a sole proprietor, the state, or other type of employer, and
- Consider not requiring employers who use independent contractors to pay this benefit to their contractors.

Connecticut citizens want lawmakers to focus on helping businesses in ways that will create jobs and improve the state's business climate. These bills would do exactly the opposite.

For these reasons, the Chamber asks the committee to reject SB 001 and HB 5003.

Thank you.

David Krechevsky
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Waterbury Regional Chamber