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TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
OPPOSING
SB-1, AAC PAID FAMILY MEDICAL LEAVE; &
HB-5003, AA IMPLEMENTING A PAID FAMILY AND MEDICAL LEAVE PROGRAM
BEFORE THE
LABOR & PUBLIC EMPLOYEES COMMITTEE
FEBRUARY 14, 2019

NFIB is the leading small business association in the nation with thousands of members in Connecticut representing a cross-section of the state's economy. For more than 75 years, NFIB has been advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. NFIB is nonprofit, nonpartisan, and member-driven. Since our founding in 1943, NFIB has been exclusively dedicated to small and independent businesses and remains so today. On behalf of those small- and independent- job-providers in Connecticut, NFIB offers the following comments:

NFIB has significant concerns with SB-1 and HB-5003 as currently drafted and therefore urges rejection. While no doubt well-intentioned, NFIB is very concerned that these proposals vastly expand eligibility (in terms of both employer size threshold and applicable relationships/conditions – See lines 471-475 & 562-563 “any other individual whose close association is the equivalent of a family member”) for Connecticut’s existing Family and Medical Leave provisions, which are already more generous than that of federal or other states’ laws. NFIB believes that such a change is unnecessary and will no-doubt have consequences and costs for small employers, difficulty staffing and lost productivity, among other issues.

Dramatically expanding Connecticut’s FMLA laws will create considerable burdens on impacted small businesses. Furthermore, 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 state needs to be emphasizing the importance of and ensuring predictability and sustainability for the business community, as well as the need to make state government leaner and more cost-effective due to our ongoing fiscal constraints, based on previous estimates and experiences in other states, these proposals could potentially necessitate the addition of many new state employees, result in significant capital expenditures, and cost taxpayers. In addition, the underlying funding premise contained in these proposals is essentially a new mandatory payroll tax on all employees in the state, including small business owners, for a program that many may never even utilize.

These proposals dramatically alter long-standing federal and state FMLA laws so that *all businesses with ONE 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 up to three months at a time? While the intent behind these proposals may attempt guarantee (up to 100%) wage replacement for covered employees out on leave, what assurances are there guaranteeing the continuity of operations for small businesses, particularly those with specialized staffing needs?



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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 voluntarily 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-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 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. The proposals intended by SB-1 and HB-5003 may also require a lot more administrative compliance and record keeping for small businesses, and it will inevitably reduce employers’ flexibility regarding general “paid time off”.

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 would impose 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.

Thank you for the opportunity to comment and for your consideration of NFIB’s concerns on behalf of small business. For any questions or additional information, please contact Andy Markowski, NFIB’s State Director in Connecticut, at 860-248-NFIB.

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