



Small Business
for
Paid Family & Medical Leave

SMALL BIZ ALREADY CARVED OUT OF PAID LEAVE BY STATUS QUO

UNIVERSAL PUBLIC PROGRAM
NEEDED & SUPPORTED BY SMALL
BUSINESS



*"The private temporary disability plans out there are **expensive, and peppered with harmful carve-outs, waiting periods, minimum hospital stays, and exclusions** (e.g. for cancer!). They fail to cover the situations I've already encountered as a small business owner. We urgently need a national public paid leave program."*

- SARAH PIEPENBURG, OWNER, VINAIGRETTE, MN

A SMALL BUSINESS PROBLEM:

- Small businesses and their employees are vulnerable when personal health or family care needs arise because only 14 percent of workers in private firms with 50 or fewer employees had access to employer-provided paid family leave, compared to 31 percent of workers in firms with 500 or more employees.
- The vast majority of small businesses lack the capital and the scale to provide paid leave, even when owners want to provide this benefit to their employees. Moreover, private insurers generally do not offer affordable, adequate paid medical leave policies to small businesses and do not offer paid family leave nationally at all.
- More than ever, small businesses need a program that allows owners and employees to take paid time from work for themselves or a loved one to welcome a new baby, address a serious illness such as cancer, or recover from COVID, while staying connected to the workforce.
- Universal paid leave programs reduce turnover and lead to higher employee morale and loyalty, contributing to productivity increases and significant cost savings for small businesses. The cost of replacing an employee can range from 16% to as much as 400% of their yearly salary.
- Small business owners and their employees already have the lowest access to paid leave in the absence of public policies. State programs have shown universal paid leave levels the playing field between them and large businesses, and delivers a program that works for small business owners and their employees.
- Workers of color have more limited access to paid leave while also being more likely to need leave to care for family members. Women also have higher unmet needs for paid care-giving. Universal paid leave is a matter of racial and gender equity.

UNIVERSAL PAID LEAVE IS THE POPULAR SOLUTION:

- In overwhelming proportions, small businesses identify a public paid leave program as the preferred option to provide paid leave (80%).
- While the temporary paid leave tax credit in the Families First Coronavirus Response Act and subsequent rescue legislation was an important emergency program to address COVID, it is less accessible for very small businesses without administrative staff. It should not be a model for a permanent paid leave solution. Moreover, just 7% of small business owners identify a tax credit as what would help them to offer paid leave.
- Small business owners - across all political parties - support a national public paid leave program. When informed about the pay-for being considered under the President and Congress' Build Back Better proposal, support rises even higher.
- State paid leave programs have universally shown that implementation is manageable for small businesses and support remains high after the program is up and running.



"The [Washington State Paid Leave] program rollout.....has been remarkable, and could not have been more timely. The administration has been smooth for our business, with access and use equally easy for our employees. Everyone in the country should be able to be covered by a similar social insurance family leave program."

- MOLLY MOON NEITZEL, OWNER, MOLLY MOON ICE CREAM WA



"I found out I was pregnant just as the pandemic was starting in 2020. As a sole proprietor, without any national paid leave program, that meant I had to plan for my business to take a hit for my maternity time - and then COVID happened. The confluence of a major economic downturn, with a new baby on the way, and no safety net, was incredibly stressful as a new mom and business owner. We need a national paid family and medical leave program to support self-employed job creators like me."

- JODI HOLLINGSHEAD, OWNER, AS YOU ARE BOUDOIR, WV



*"While Family First emergency paid leave was essential, it has challenges and should not be the model for a permanent paid leave solution. Tax credit programs rely on businesses applying for and administering the program. For willing, well-connected business owners with HR and payroll services, this can work. But a typical small business doesn't have these support systems. **Public programs are easier for both employees and small employers -- and should be the model for national paid leave.**"*

- MARCIA ST. HILAIRE-FINN, OWNER, BRIGHT START EARLY CARE AND PRESCHOOL D.C.

TAKING ON OPPOSITION TALKING POINTS

IF THEY SAY

HERE'S THE FACTS

- **SMALL BUSINESSES WON'T BE ABLE TO AFFORD IT.**

Currently, only corporations and wealthy small firms can afford paid leave. The lack of a national paid leave program puts most small businesses at a competitive disadvantage in terms of recruiting and retaining top talent. Congress and the President are proposing that public paid leave benefits will be paid for by a tax increase on the wealthy (e.g. folks who make more than \$400,000/yr) and large corporations. Small businesses won't foot the bill for paid leave, either individually or collectively. Let's level the playing field for Main Street.

- **SMALL BUSINESSES CAN'T AFFORD THE STATUS QUO BECAUSE WE LOSE TALENT AND MONEY.**

- **VOLUNTARY PROGRAMS ARE BETTER**

Overwhelmingly, small business owners identify a universal system covering all businesses as the paid leave solution that works best for them. Bringing everyone in is the most effective and secure way to ensure those who need paid leave the most are able to access the program.

- **A UNIVERSAL PROGRAM IS THE BEST OPTION.**

- **FOR SIMPLICITY, ANY EXPANSIONS SHOULD MIRROR FMLA ELIGIBILITY.**

FMLA was enacted nearly 30 years ago and only covers businesses with over 50 employees. The law excludes the majority of small businesses and 44% of the workforce. Small businesses need an approach that closes the FMLA's gaps to provide the security and predictability that employees in businesses of all sizes, the self-employed, and small business owners themselves need. Using FMLA thresholds in a national paid leave program would fall far short of that goal.

- **THE STATUS QUO EXCLUDES SMALL BUSINESSES.**

- **WITH SMALL BUSINESSES STILL IN RECOVERY FROM COVID -- NOW IS NOT THE TIME TO ADD THIS NEW PROGRAM.**

The pandemic revealed major gaps in our care infrastructure. The paid leave program currently being proposed -- a fully funded federal program -- will *lessen the load on small businesses*, not increase it, and prepare small businesses to weather a potential future pandemic. Momentum for real change comes along only so often. It's time we got it right so that we're not caught flat-footed and unprepared for the next crisis.

- **RECOVERY AND GROWTH AS WE CONTINUE TO CONFRONT COVID REQUIRES NEW INVESTMENTS.**