



January 10, 2025

Chrissy Houlahan
U.S. Representative
1727 Longworth House Office Building
Washington, DC 20515

Stephanie Bice
U.S. Representative
24 Rayburn House Office Building
Washington, DC 20515

RE: Request for feedback on the Paid Family Leave Public-Private Partnerships Act and the Interstate Paid Leave Action Network Act (I-PLAN Act)

Dear Representative Houlahan, Representative Bice and members of the House Paid Leave Working Group:

As a leading representative and advocate of America's 34 million small businesses, Small Business Majority writes to provide comments to the House Paid Leave Working Group on the recent discussion drafts, the Paid Family Leave Public-Private Partnerships Act and the Interstate Paid Leave Action Network Act (I-PLAN Act), which aim to provide more small businesses, employees, and families with increased access to paid family and medical leave. Small Business Majority previously submitted a response to the Working Group's initial Request for Information in January 2024 and we appreciate lawmakers taking our comments into consideration as you work to develop a comprehensive paid leave framework that reflects the needs of America's small businesses and their employees.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. From our 12 offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public-policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enable us to educate stakeholders about key issues impacting America's entrepreneurs, with a special focus on the smallest businesses and those facing systemic inequities.

Small business owners broadly support implementing a national paid family and medical leave program

Like many other important workplace benefits, including healthcare and retirement, access to paid family and medical leave is crucial to the success and economic well-being of small businesses nationwide. However, due to the cost of implementing these programs coupled with the absence of a federal paid family and medical leave policy, millions of small businesses are unable to offer robust benefits that larger companies can provide. This access gap forces small business owners and their employees to make unimaginable decisions between caring for a family member or recovering from an illness, all while keeping their jobs or their businesses afloat. As the next generation of American workers expect more and more benefits to support a sustainable workplace, expanding paid family and medical leave programs will make an incredible difference in the competitiveness of Main Street workplaces across the nation.

While several states have implemented their own paid family and medical leave programs, small business owners have made clear that enacting a *national* paid family and medical leave policy is still the best path forward. In a recent national poll conducted by Small Business Majority and the National Partnership for Women & Families, 79% of small business owners support the creation of a national paid family and medical leave program that would guarantee employees wage replacement for up to 12 weeks, funded by 0.5% contribution by both the employee and employer.¹ Furthermore, while only about half of small businesses

¹ "Small businesses support a national paid family & medical leave program." Small Business Majority. October 24, 2024. <https://smallbusinessmajority.org/our-research/workforce/small-businesses-support-national-paid-family-medical-leave-program>

can offer some form of paid family and medical leave to their employees, 80% of small business owners would like to offer more paid leave than they can currently afford.²

As Congress continues to consider proposals for a national paid family and medical leave framework, Small Business Majority appreciates the opportunity to provide feedback on how both the Paid Family Leave Public-Private Partnerships Act and the Interstate Paid Leave Action Network Act (I-PLAN Act) can best serve America's small business community.

Paid Family Leave Public-Private Partnerships Act

More than 20 states have recognized the need for increased access to paid family and medical leave and have either implemented or passed a state-wide paid family and medical leave program – whether that be a mandatory or voluntary program. Most of these programs fund the paid leave benefit through pooled payroll taxes on employees and/or employers, while others are designed to provide the benefit through the private insurance market. While a variety of approaches have been adopted by different states, the most successful programs are those that are publicly-run, required programs. Such programs have not only proven to help millions of workers and families access the paid leave necessary to tend to personal medical or family caregiving needs, but they have also allowed small business owners themselves to take paid leave when needed and have enhanced the productivity and morale of their workforce. In California, which has the longest-running state program in the nation, small businesses have reported more positive outcomes than large businesses in profitability, productivity, and employee retention and morale.³

Small Business Majority has seen the impact of these programs firsthand as we have worked on the ground in a wide variety of states with differing approaches, including California, whose program has been around for more than 20 years and Colorado, the first program to be created by a ballot initiative, whose program launched in 2024.⁴ We have also studied programs like Virginia which has a voluntary private insurance option. What we have seen in Virginia is a reluctance of private insurers to actually offer a paid leave product, primarily due to the voluntary nature of Virginia's law. We also have followed New York's paid leave model which requires employers to purchase a private paid leave plan. While the New York model is more successful than the Virginia model, it places a timely and costly burden on small business owners to research their own insurance options, take out a policy and pay monthly premiums on their own. Based on our experience of tracking small business owners' experience with these variety of paid leave approaches, we feel strongly that a publicly-run, required paid leave program, paid through payroll deductions is the easiest and most affordable for small business owners, and is the most successful in allowing workers and business owners to actually take paid leave when they need it.

We appreciate that the Paid Family Leave Public-Private Partnerships Act considers the success of existing state paid leave programs. While the most successful models we've seen do not use a public-private partnership, we ultimately want access to paid leave to be expanded in as many states as possible. We are open to considering differing models so long as the programs are just as affordable and simple for small businesses, and so long as workers can access paid leave benefits as easily as they do in publicly-run programs. We appreciate the Working Group's commitment to ensuring state programs meet minimum requirements related to time off and wage replacement levels. To ensure that the legislation effectively serves small businesses and entrepreneurs while avoiding additional financial and administrative burdens, Small Business Majority recommends the Working Group consider placing additional requirements for grant recipients to ensure programs are workable for small businesses. Specifically, we recommend the following:

- **Ensure self-employed entrepreneurs can participate seamlessly:** While employer firms and employees are often the intended beneficiaries of paid leave programs, it is important to include clear guidance for the millions of self-employed entrepreneurs who cannot rely on an employer to

² Ibid.

³ "Paid Leave Works: Evidence from State Programs." National Partnership for Women & Families. November 2023. <https://nationalpartnership.org/wp-content/uploads/2023/02/paid-leave-works-evidence-from-state-programs.pdf>

⁴ Colorado's 2020 Paid Family and Medical Leave Initiative (Proposition 118) passed with 57.75% of the vote. [https://ballotpedia.org/Colorado_Proposition_118,_Paid_Medical_and_Family_Leave_Initiative_\(2020\)](https://ballotpedia.org/Colorado_Proposition_118,_Paid_Medical_and_Family_Leave_Initiative_(2020))

enroll them in the program or cover a portion of the premium cost. More than 80% of the nation's small businesses do not have any employees other than the owner, so a program to truly meet the needs of most small businesses must include the self-employed. We urge the Working Group to specify that any state paid leave program created under the competitive grant program must allow self-employed entrepreneurs to voluntarily enroll in the program.

- **Limit administrative burdens on small businesses:** Small businesses—especially those with 10 or fewer employees and self-employed entrepreneurs—do not have the capacity to take on the administrative burdens that often come with administering a new benefit for their employees and themselves. While the Paid Family Leave Public-Private Partnerships Act does outline that states may use the grant funds to support program software and outreach to employers and payroll providers, we urge the Working Group to require states to set aside a certain percentage of their grant funding to maintain an easily accessible online portal for employers to stay up to date on their compliance. This online portal should include information regarding payroll deductions, upcoming enrollment deadlines and administrative resources for employers.

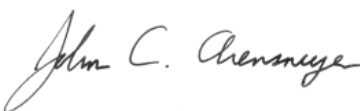
While this proposal builds upon many of the existing and successful state paid leave programs, it is important to note that our recent national poll found that small business owners are about twice as likely to support a universal paid family and medical leave program (61%) than a voluntary insurance program that businesses could choose to buy into (31%). The Working Group should continue to consider a framework for a universal paid family and medical leave program that would guarantee employees wage replacement for up to 12 weeks, with a 0.5% employer and employee contribution. We encourage any such proposal to include an exemption for microbusinesses (for example, businesses with 10 or fewer employees) from paying the employer contribution. Several states have taken this approach, including Colorado's FAMILI program. These state programs are proving to be financially solvent while not increasing taxes on the smallest firms.

The Interstate Paid Leave Action Network (I-PLAN) Act

We understand the intent behind the proposed I-PLAN Act is to provide some consistency for employers and employees alike who are operating under different state programs with different requirements, processes and procedures. We also appreciate how the I-PLAN could help states learn from one another as states employ different strategies to create robust, sustainable paid leave programs. However, we also very much value state autonomy over their programs' eligibility requirements and benefit levels. States that want to offer, for instance, a higher reimbursement rate or have a more expanded, inclusive definition of "family" should be able to do so. The I-PLAN should not attempt to weaken or reduce paid leave benefits in the name of having more consistency from state to state.

In closing, we greatly appreciate the House Paid Leave Working Group's bipartisan efforts to expand access to paid family leave. While we know small business owners would prefer the creation of a national paid family leave program, for which Small Business Majority will continue to advocate, we are encouraged to see a bipartisan group of lawmakers looking at other ways to expand access to paid leave in the meantime. We urge lawmakers to move towards paid leave solutions that take the needs and challenges of small businesses into careful consideration. We look forward to continuing to share the small business perspective with the Working Group. Should you have any questions or would like to further discuss our comments, please contact our Government Affairs Director Alexis D'Amato at adamato@smallbusinessmajority.org or call at (202) 967-0995.

Sincerely,



John Arensmeyer
Founder & CEO
Small Business Majority

CC:

U.S. Representative Colin Allred

U.S. Representative Julia Letlow

U.S. Representative Mariannette Miller-Meeks

U.S. Representative Haley Stevens