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## Testimony of Lindsey Vigoda, New York Director, Small Business Majority

*RE: 2025 Executive Budget Proposal: Topic Labor & Workforce Development*

As representatives of the more than 2.2 million small businesses in New York, Small Business Majority is pleased to submit testimony for the Labor & Workforce Development committee, emphasizing the need for an updated paid medical leave policy in New York.

We are a national small business organization with an office here in New York that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

Small Business Majority strongly supports **A84/S172**, which will modernize New York's paid medical leave system by ensuring New York small business owners and employees have access to a meaningful paid medical leave benefit when they need it.

Updating New York's outdated medical leave program, known as Temporary Disability Insurance (TDI), would afford New Yorkers a medical leave program they can rely on with a salary range that will actually match the paid family leave requirements in New York, eliminating confusion for small business owners who are navigating how to implement these two programs.

A lack of access to paid medical leave exacerbates current workforce shortages across our urban and rural communities, harming small businesses. As the TDI program currently stands, many New Yorkers—especially those in low-wage positions—cannot afford to take leave under the program and may have no other choice but to leave the workforce. At the same time, the cost of employee turnover is extremely high for small businesses. The proposed updates in A84/S172 will create a paid medical leave program that not only serves New York workers, but also levels the playing field for small businesses that can't afford to offer this benefit on their own like large corporations can. In New York, small business owners employ more than 46% of the workforce. As one of our state's largest job providers, small business owners must be given the opportunity to compete with large employers when recruiting and maintaining their workforce. In fact, our [research](#) has found that **nearly 80% of small business owners would like to offer more paid leave than they can currently afford**, and more than three-quarters (78%) of small business owners say paid family and medical leave boosts employee morale and productivity.

Paid leave is [proven](#) to be good for business. It lowers turnover rates, improves employee morale and overall benefits the bottom line. Yet, New York's paid medical leave program is falling behind. This is a workforce issue, and a lack of access to paid medical leave exacerbates current workforce shortages across our urban and rural communities. The median cost of employee turnover to an employer is 21% of that employee's annual salary. As it stands, small employers may be faced with the impossible decision to incur these turnover costs or cover their employee's salary out of pocket while they are out on leave. Either way, either way, the small business owner is faced with a financial burden. An improved paid medical leave program would allow valuable employees to stay in their jobs while they take time to recover from temporary disabilities and serious health conditions at little to no cost to the business owner.

It is important to note that these reforms are affordable. TDI is a shared employer-employee cost, meaning updates can be funded with only a small adjustment to current costs to employers and employees. A84/S172 would transform New York's paid medical leave program into one on par with

modern paid family and medical leave programs across the country and make it competitive with similar programs in neighboring states.

Additionally, we would like to see New York's TDI/PFL requirements accessible through a state-administered program. As it stands, we are the only state to mandate such a benefit solely through a private marketplace. A state-run program would also make these benefits more accessible and equitable. Large corporations may offer benefits to fill this gap, but for small businesses the cost of paying employees on leave their full salary can be extremely challenging, making it difficult for small business owners to compete with large employers in the hiring market. In a time when small businesses are struggling to compete with the robust benefits packages of larger corporations, paid leave can be one step closer to leveling the playing field—preserving our most important community members and the character of main streets across New York.

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