



April 28, 2022

Colorado FAML
Colorado Department of Labor and Employment
633 17th Street #201
Denver, Colorado 80202

RE: Proposed privatization of Colorado FAML's benefit process

Dear Tracy Marshall, Daniel Chase, Lydia Waligorski and Char Haavind:

As a leading representative of more than 674,000 small businesses in Colorado, Small Business Majority writes today to comment on the proposed outsourcing of the benefits process for the Paid Family and Medical Leave Insurance (FAML) program, a move that could compromise the integrity of this essential benefit for small business owners in Colorado.

Small Business Majority is a national small business organization that empowers Colorado'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 deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth.

As part of our commitment to supporting public policy solutions that support the small business ecosystem, we want to highlight the importance of building the FAML program as an accessible, affordable, and high-quality system for all, especially for our most marginalized small businesses owners who have struggled with accessing paid leave for themselves and their employees.

It's important to note that small businesses in Colorado are supportive of the FAML program and wish to see it come to fruition in the manner in which it was initially enacted—a state-run program whereby governing entities in Colorado can effectively address, oversee, and manage a key benefit for small employers. In fact, a Small Business Majority survey found that a majority of small business owners (73%) support key investments in paid family and medical leave, which will help them in retaining and supporting their workforce.¹

During the 2020 legislative session, the FAML coalition voted to implement the paid family and medical leave program as a state-run program, one where the state would operate the administration of the benefits and operations of the program. This is why we're concerned about the proposal to outsource the program's benefits processing to a third-party vendor. It is essential that, regardless of how the program ends up being administered, the state continue to set forth the criteria for how and what claims are accepted or denied. We also need absolute certainty that the premium rate of 0.9% (.45% for the employee and employer) will not increase, regardless of the vendor and contract obligations.

The private market has yet to adequately meet small business owners' needs to date, which is why the proposal to outsource the benefits process could fail to sufficiently address small business needs and shrink the state's oversight duties. Other states, including California and the District of Columbia, have

¹ <https://smallbusinessmajority.org/sites/default/files/research-reports/July-2021-Small-Business-Survey.pdf>

built their paid family and medical leave programs on a state-run model that has proven to be successful, even while facing similar timelines and challenges.

Although it is unclear as to why the state is considering the outsourcing of Colorado FAMILI's benefit process, one thing remains very clear—we must ensure that the program can effectively carry out its functions to serve the small business community. We encourage you to reconsider this outsourcing route, as it could diminish the program's benefits to our economy and our job creators.

Sincerely,

Lindsey Vigoda
Colorado Director, Small Business Majority