
**WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. SENATE
COMMITTEE ON FINANCE**

**EXPLORING PAID LEAVE: POLICY, PRACTICE AND IMPACT ON THE
WORKFORCE**

November 3, 2023

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Thank you Chairman Wyden, Ranking Member Crapo and members of the Senate Committee on Finance:

My name is John Arensmeyer and I'm the founder and CEO of Small Business Majority. As a leading representative of America's 33 million small businesses, Small Business Majority is pleased to provide written testimony to the U.S. Senate Committee on Finance regarding the hearing on Exploring Paid Leave: Policy, Practice and Impact on the Workforce.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. From our nine 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 enables us to educate stakeholders about keys issues impacting America's entrepreneurs, with a special focus on the smallest businesses and those facing systemic inequities.

Simply put, access to paid family and medical leave programs is good for business. It allows small business owners and their employees to access and offer paid time off for individuals to care for their families and their well-being. This is an inevitable need that many come to experience at one point or another.

However, the majority of small businesses do not have the resources to offer robust benefits that larger companies can provide, like paid family and medical leave, which puts them at a disadvantage when it comes to attracting and retaining employees. Unfortunately, [private insurers generally do not offer affordable, adequate paid leave](#) policies to small businesses. As a result, as of 2019 only 14% of workers in firms with 99 or fewer employees had access to employer-provided paid family leave, compared to 29% of workers in firms with 500 or more employees. These numbers have no doubt become exacerbated by the pandemic and the Great Resignation, which both disproportionately affected our smallest businesses on Main Street. What's more, tight profit margins, lack of human resources staff, and limited resources are some of the top reasons why small businesses struggle to provide robust benefits on their own.

This is why Small Business Majority has advocated on behalf of and with small business owners nationwide for paid family and medical leave policies at the federal and state levels. In the absence of a federal program, we have mobilized along with small business advocates and small business owners to support the [enactment, rulemaking and expansion of such programs in a number of states](#) including California, Colorado, Georgia, Maine, Minnesota, New Mexico and Virginia, among others. From our experience advocating for state plans, we firmly believe that policymakers must meet the moment by

providing similar policies at the federal level so that small businesses can remain competitive in attracting top talent from today's modern workforce.

Small businesses know how important it is to access and offer benefits such as paid family and medical leave policies, and many have been supportive of passing a federal policy that has yet to materialize. In fact, a [survey](#) found that 70% of small business owners and operators support establishing a federal program to guarantee access to paid family and medical leave. When you consider that our small business communities nationwide account for the vast majority of businesses in the United States and employ nearly half of all U.S. employees, it's clear that there is a critical gap in access to this benefit.

What's more, most of the small businesses driving our economy—nearly 82% of them—are solo entrepreneurs or self-employed individuals, according to the [U.S. Small Business Administration](#). These are businesses that, with the proper support of the federal government, could eventually become employers and contribute even more to our economy. These, and small businesses in general, are businesses that are in need of a modernized and robust benefits infrastructure that can promote wealth creation, financial security and quality jobs. Creating a federal paid family and medical leave insurance pool can be the first step in providing this much-needed infrastructure.

The pandemic left our small business community in dire need of resources and support structures, and it became extremely challenging for them to recruit and attract a qualified workforce. And while it's true that [many small businesses increased employee wages and offered more flexibility](#) to attract more candidates during this challenging time, doing so while they're struggling with inflation and market changes can be devastating to their bottom line. This is why entrepreneurs are looking to lawmakers to provide the necessary infrastructure to support the small business ecosystem.

We thank you for the opportunity to comment on this critical issue and welcome the Committee's efforts in ensuring that Main Street can remain competitive by providing access to benefit structures that underpin quality jobs. For these reasons, implementing a federal paid family and medical leave insurance program is an important step forward to leveling the playing field for not only small businesses but for our economy as a whole. We look forward to working closely with the U.S. Senate Committee on Finance to consider the benefits of creating a national paid family and medical leave program for our small business community.

Sincerely,

John Arensmeyer
Founder & CEO
Small Business Majority