



Opinion Poll

California small business owners support expanding paid family leave protections, increasing paid sick days

July 12, 2023

Executive summary

As the California Legislature considers updating the state's small business paid family leave and sick day policies, a new poll shows that small businesses owners strongly support expanding family leave protections and other benefits to their employees, including increasing the amount of paid sick days that employees can take.

The need for more comprehensive state leave benefits comes as small business owners report experiencing several changes to their businesses in the past year. Most are experiencing a period of growth, with headcounts and revenue having risen since last year. However, owners do have concerns about their employees' finances as well as their own. Owners are particularly concerned about housing costs, while they perceive their employees as being more worried about healthcare costs.

Small business owners in California overwhelmingly believe it is important to have access to health and family leave benefits in order to obtain financial security. State policies that would provide more state-supported employee benefits have wide appeal, all with large majority support, including ensuring 12 weeks of job protection for employees taking paid family leave, expanding definitions of for whom leave can be taken, and removing unused vacation time requirements for paid leave. What's more, the vast majority support a proposal to expand the number of guaranteed paid sick days for employees in California from three to seven days.

Small business owners report that the proposed expansions for paid family leave would help their businesses compete with larger firms. As the legislature considers these measures, it's important that they understand that small businesses see a benefit to expanding these policies.

Key findings

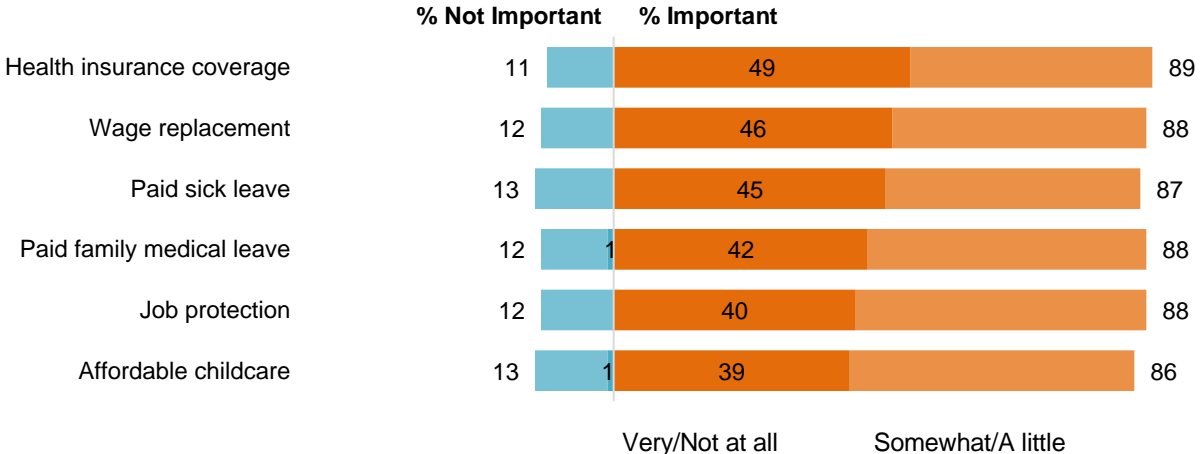
- Small business owners are strongly supportive of paid family leave policies, including a recent state law that expanded job protection to guarantee up to 12 weeks of protected leave for employees while on extended sick, family, medical, disability or parental leave (87% support). Additionally, they support new policies on the table to expand paid family leave, including a measure to remove the requirement that employees take unused vacation time before they can take paid leave (88%), and allowing an employee to take leave to care for someone other than family but who is like family, such as a guardian (86%).
- An overwhelming majority of owners (85%) support the California State Legislature expanding guaranteed annual paid sick days from three to seven days.
- In a matchup of opposing statements, a vast majority of small business owners believe that employee benefits offered by the state can benefit their business, compared to only 21% who think state-imposed benefit mandates would place burdensome bureaucratic requirements on small businesses. More than 7 in 10 strongly believe the statement in support of state benefits.
- The most popular form of paid leave that small business owners offer to their employees is sick leave, which more than two-thirds provide. Vacation time and paternity leave are also offered by a majority of owners. Out of those who offer benefits, small business owners say they struggle the most to provide maternity leave, possibly because of the length of absence it involves.
- A list of reasons for increased state support to help small businesses retain employees on leave elicit strong agreement across demographics. The vast majority of owners (92%) agree that "businesses are better able to retain highly skilled and experienced employees and do not have to do retraining."
- Nearly all small business owners in California (92%) would like to offer more paid family leave than they are currently able to.

Benefits for small business employees

Small business owners struggle to offer robust benefits due to the cost and lack of administrative support. However, small business owners believe that health insurance coverage is extremely important to obtaining financial security.

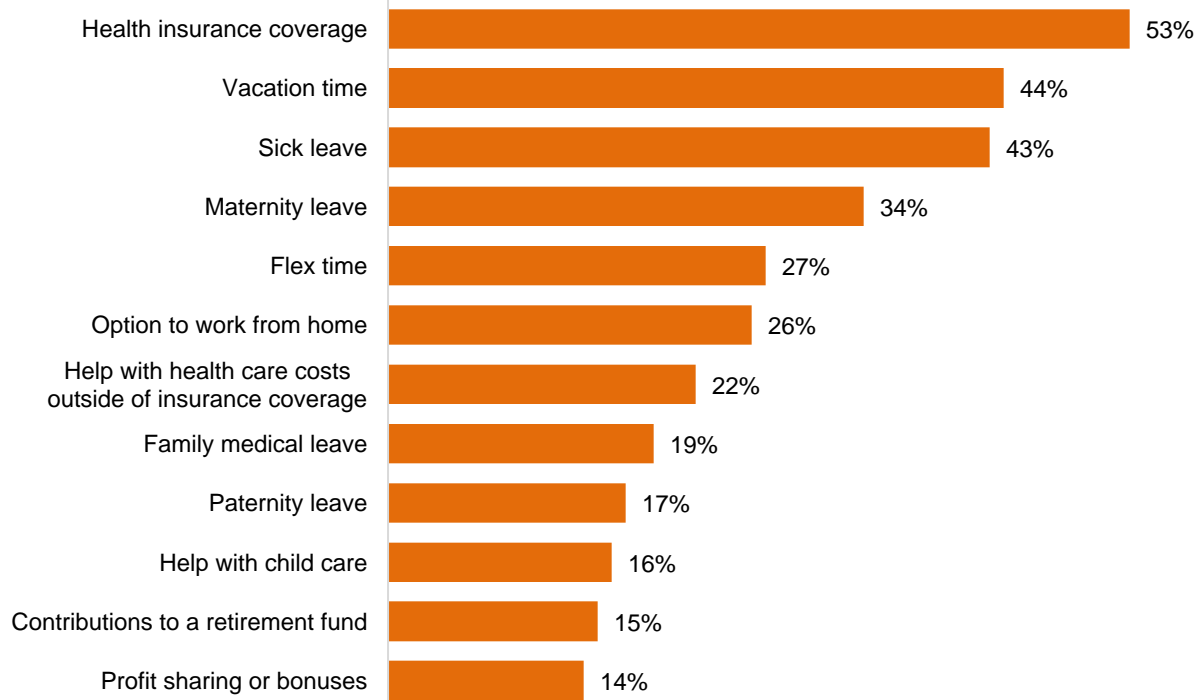
When asked about a number of benefits, a strong majority of small business owners find every benefit listed as important, with health insurance coverage (89%) garnering the highest intensity. Wage replacement while on sick or family medical leave and paid sick leave are also very important to nearly half of small businesses.

Figure 1: Small businesses weigh in on importance of benefit access



Over half of small business owners (53%) offer health insurance coverage to their employees, which is the most commonly provided benefit followed by vacation time (44%) and sick leave (43%).

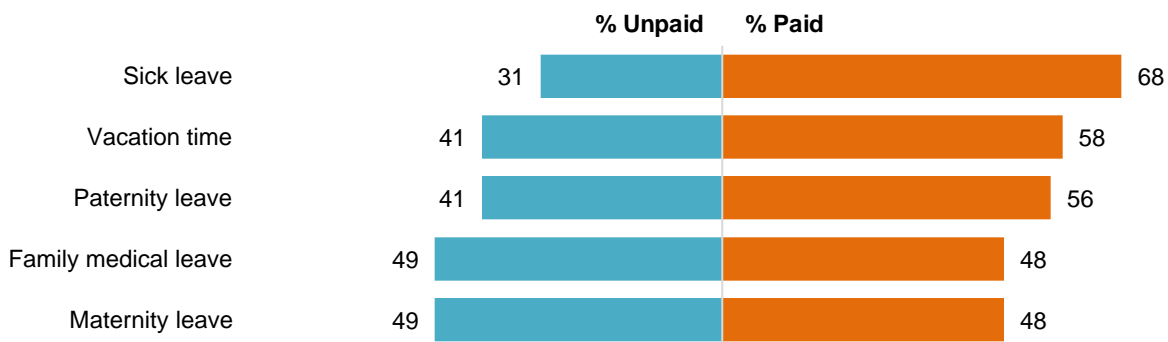
Figure 2: Benefits provided to employees



The most common form of paid leave that small business owners offer to their employees is sick leave, and they struggle the most to provide paid maternity leave. Unsurprisingly, larger businesses are more likely to offer every type of paid leave than smaller businesses.

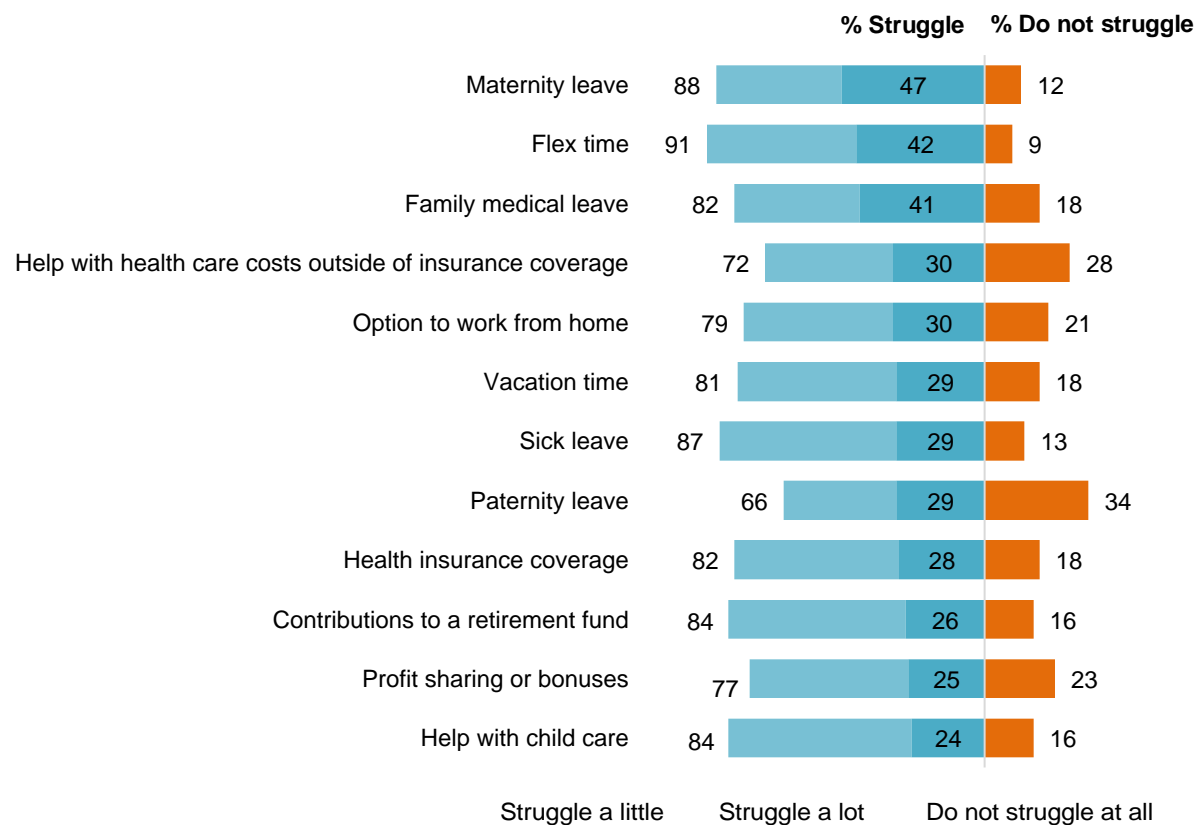
More than two-thirds of small business owners provide paid sick leave. Vacation time and paternity leave are also offered by a majority of owners, while just under half offer family medical leave or maternity leave.

Figure 3: Paid vs. Unpaid Leave



Owners struggle the most to provide maternity leave and flex time to their employees, with nearly half saying they struggle a lot to provide maternity leave. Of the 48% of owners who provide maternity leave, about 1 in 10 offer more than one month of leave. Offering paternity leave provides the least amount of struggle, with one-third saying they do not struggle at all to provide it. Paternity leave tends to be shorter than maternity leave, with the most common length being one to two weeks of leave.

Figure 4: Small businesses struggle to offer benefits



Support for state-offered employee benefits

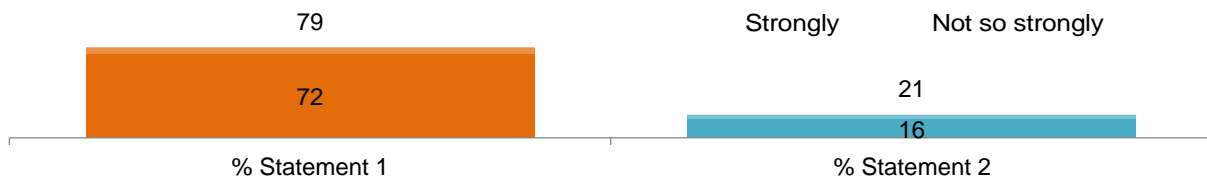
While some argue that expanding state policies around paid leave is bad for business, the survey reveals that small business owners overwhelmingly support these measures. When offered a choice between supporting or opposing comprehensive employee benefits offered by the state, a majority of small business owners choose the pro-benefit statement over the anti-mandate one.

Nearly three-quarters of small business owners strongly believe that comprehensive employee benefits offered by the state can benefit their own businesses, with only 21% who think state-imposed benefit mandates would place burdensome bureaucratic requirements on small businesses. People of color, women, and older business owners are especially pro-mandate, while white owners and Republicans are less likely to be supportive.

Figure 5: Small business views on employee benefit statements

Statement 1: Comprehensive employee benefits offered by the state, such as family leave policies, can contribute to the retention of healthy employees, resulting in a more steady workforce and enabling small businesses to stay competitive with larger companies that have greater resources.

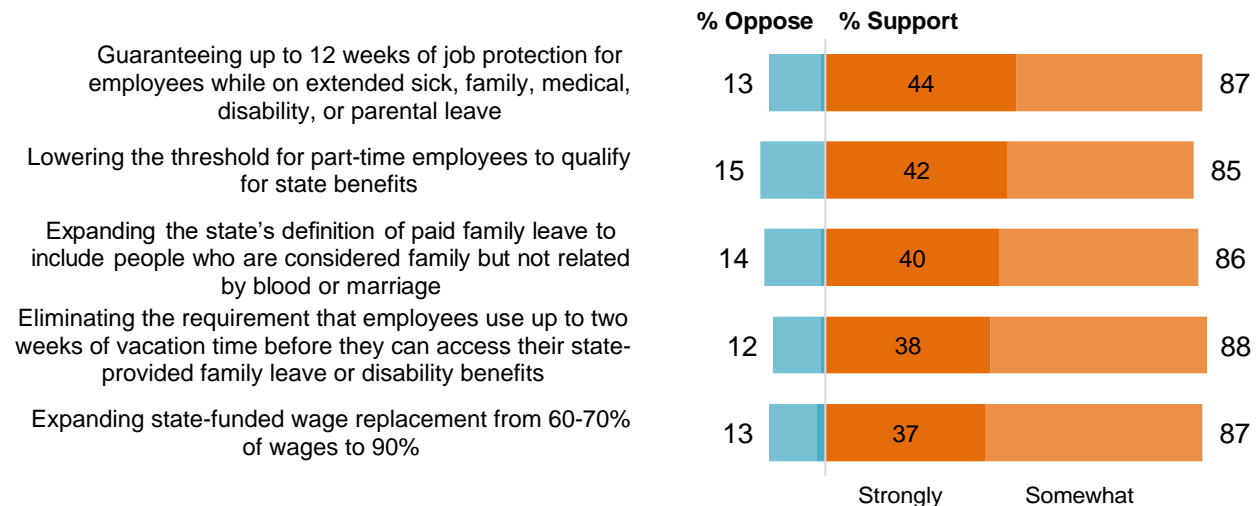
Statement 2: Excessive state-imposed employee benefit mandates can place burdensome bureaucratic requirements on small businesses, making it difficult for them to operate when their employees take extended leaves of absence frequently.



An overwhelming majority of small business owners support a host of policies designed to expand employee benefits, including guaranteed sick leave. Out of a list of employee benefit policies, guaranteeing up to 12 weeks of job protection is the most strongly supported among small business owners.

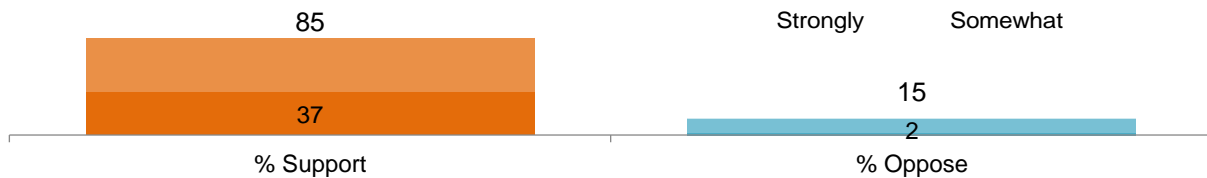
In addition to the intense support this policy receives, other proposals to expand family leave garner upwards of 85% support overall, including expanding state-funded wage replacement to 90% of wages, and expanding the definition of family to include those not related by blood or marriage.

Figure 6: Policy support



A significant majority of owners (85%) support the California Legislature expanding guaranteed annual paid sick days from three to seven days. Owners in Southern California are more likely to support expanding paid sick days than owners in Northern California, who are somewhat more divided on the policy.

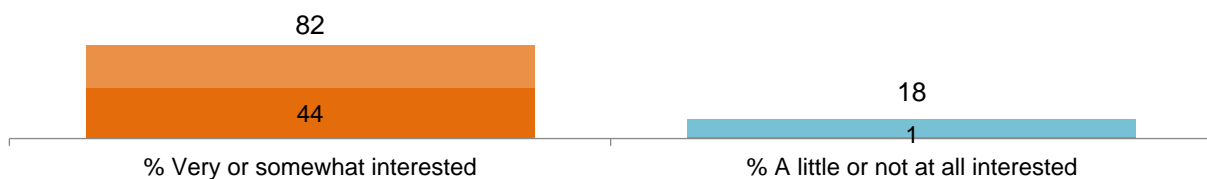
Figure 7: Small businesses support expanding paid sick days



Small business owners would be extremely interested in applying for a grant if California had a grant program to help small businesses cover costs associated with an employee going on leave.

More than 8 in 10 are interested in applying for the grant, while only 18% are not. Owners of larger businesses tend to be more interested in this program than owners of smaller businesses.

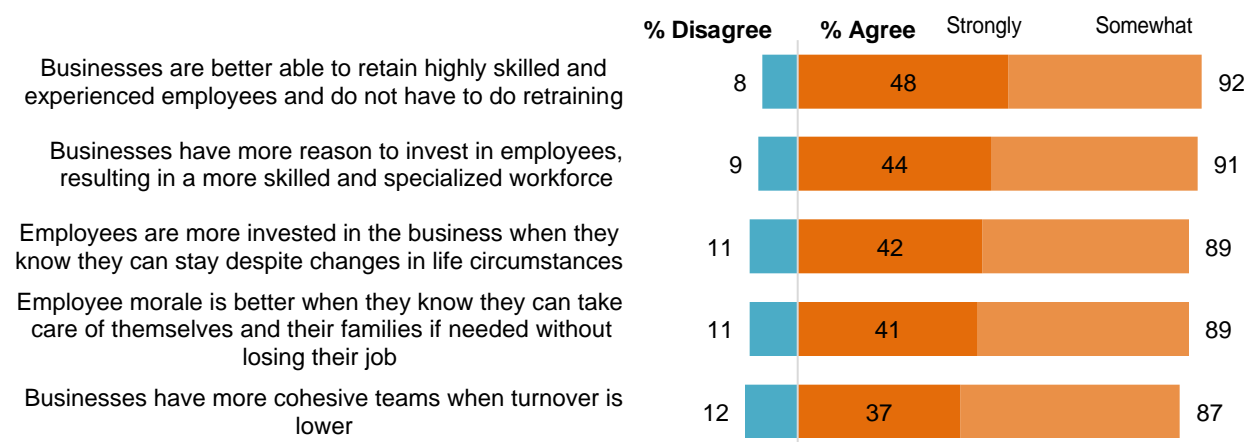
Figure 8: Small businesses interested in grant program to support paid sick days



An overwhelming majority of entrepreneurs (92%) would like to offer more paid family leave than their business could afford, and 89% believe that paid leave is important to their employee’s economic security. Therefore, it is unsurprising that a strong majority of small business owners agree with various reasons to have state support in retaining employees that take leave.

While all reasons to have state support in retaining employees garner at least 87% agreement, small business owners agree most intensely that “businesses are better able to retain highly skilled and experienced employees and do not have to do retraining.” They also agree that their workforce becomes more skilled, more invested in their business, and that morale improves when there is state support in retaining employees on leave.

Figure 9: Reasons for state support



Methodology

This poll reflects a survey of 400 small business owners with between 3-100 employees in California. The poll was an online survey conducted by Lake Research Partners on behalf of Small Business Majority. The margin of error is +/- 4.9%.

Download full topline from our website: <https://smallbusinessmajority.org/our-research/workforce/ca-small-business-owners-support-expanding-paid-family-leave-protections-increasing-paid-sick-days>