

Finance, Revenue and Bonding Committee

Public Testimony of the CT Women's Education and Legal Fund (CWEALF)
H.B. 5134: *An Act Concerning a Tax Credit for Businesses that Provide Paid Family and Medical Leave*

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The CT Women's Education and Legal Fund is a statewide nonprofit that advocates for and empowers women and girls in Connecticut, especially those who are underserved or marginalized. For nearly forty-five years, CWEALF has advocated for policies that advance the economic security of women across our state and promote gender equity in the workplace.

CWEALF leads the Campaign for Paid Family Leave, a coalition that advocates for the passage and implementation of a comprehensive system of paid family and medical leave. Our coalition includes more than 65 organizations across Connecticut that represent a variety of interests: elder care, women's health, long-term illnesses, low-income families, pediatrics, and more. Forty small businesses are official supporters of the Campaign and a sensible wage replacement system that benefits both workers and employers.

We oppose H.B. 5134: *An Act Concerning a Tax Credit for Businesses that Provide Paid Family and Medical Leave*.

While we applaud the bipartisan recognition that our state's current lack of paid family and medical leave is a critical detriment to working families, H.B. 5134 will not provide sufficient coverage to Connecticut workers who most need a paid leave program that is accessible, comprehensive and affordable.

Both the federal and state Family and Medical Leave Acts (FMLA) provide unpaid leave to eligible workers who have a serious illness, need to care for a family member with a serious illness, or for the birth or adoption of a child. More than twenty-five years later, significant gaps in both laws require modern solutions to fulfill their intent: to support workers and their families.

Currently, just 15% of private sector workers have access to paid family and medical leave through their employer. This number varies by employer size: 23% of workers at employers with 500 or more employees have access to paid family and medical leave, compared to just 9% of workers at employers with fewer than 100 employees. Research shows that only 5% of low-wage workers have access to paid leave.

An employer-based tax credit will not guarantee that all, or even most workers have access to paid family and medical leave to care for themselves and their families. Experience with similar incentives in employment and training and childcare fields suggest tax credits are ineffective. Research also indicates that highly compensated workers in large businesses are most likely to have access to paid leave.

Tax credits, therefore, subsidize larger employers that have already made investments in paid family and medical leave. House Bill No. 5134 will also perpetuate the notion of the “boss lottery” – that an employee must hit the jackpot in order to have access to critical benefits that allow them to care for their families and remain financially stable.

Tax credits for businesses that provide paid family and medical leave will also increase disparities in access to paid leave by offering incentives to businesses already inclined and able to support their employees while failing to provide access to workers of employers unwilling or unable to do the same. House Bill No. 5134 will not reach the workers who most need and are least likely to have access to paid leave – low-wage and part-time workers, who are disproportionately women and people of color.

House Bill No. 5134 will provide little support to small business owners who simply cannot afford to offer their employees paid leave. According to 2017 poll by BLS Research and Consulting, 77% of small business owners in Connecticut support a social insurance program like what is proposed in S.B. 1: *An Act Concerning Earned Family and Medical Leave* and H.B. 5387: *An Act Concerning Paid Family Medical Leave*. A universal paid leave program where all employees contribute a small percentage of their weekly earnings help smaller employers compete with large corporations and even give coverage to the owners themselves.

Though we appreciate the recognition from both political parties that paid family and medical leave is an issue critical to the well-being of our state, Connecticut workers simply deserve better.

Every day, workers in our state face impossible choices between their paycheck and battling cancer, caring for an elderly loved one, or celebrating the birth of a new baby. Workers need more than just a tax credit. They need statewide paid family and medical leave that provides financial support when their children, their families, or their health demands it most.

The Campaign for Paid Family Leave actively seeks bipartisan support for paid leave but is committed to a program that is affordable, adequate, and accessible to all workers. We urge lawmakers to support S.B. 1: *An Act Concerning Earned Family and Medical Leave* and H.B. 5387: *An Act Concerning Paid Family Medical Leave*.