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What small business owners should know about paid family, medical leave

By Lisa A. Zaccardelli

The General Assembly is currently considering Senate Bill 221, which would provide paid family and medical leave for state residents. While analysts contracted by the Department of Labor recently made several projections for how to implement and fund the program, how the bill will ultimately take shape is likely to be debated for some time.

Since the proposed paid family and medical leave bill currently extends to employers with as few as two workers, small business owners should consider how the program might affect them and their employees. In doing

so, it is helpful to understand how paid-leave laws work in other states and the current provisions of Connecticut's proposed bill.

Although the federal Family and Medical Leave Act of 1993 (FMLA) and similar state laws provide covered employees the opportunity to take unpaid leave, Rhode Island, New Jersey, Washington and California have passed laws providing paid leave to care for a sick family member or bond with a newborn or adopted child. As Connecticut legislators consider how to

implement such a law, it is helpful to understand Connecticut's current bill in the context of other states' policies.

The maximum length of paid leave time varies from state to state, ranging from four weeks in Rhode Island to five weeks in Washington and six weeks in California and New Jersey. The benefit amount also ranges from \$250 to more than \$1,100. To fund paid leave, employees contribute percentages of their wages ranging from 0.9 percent in California to 1.2 percent in Rhode Island. New Jersey's program, however, is funded by a 0.25 percent employee contribution, as well as employer contributions.

Under Connecticut's current proposal, the program would offer up to 12 weeks of paid family and medical leave during a 12-month period and provide 100 percent wage replacement up to \$1,000 per week. Coverage extends to employers of two or more employees and, in order to qualify for benefits, an employee must earn at least \$9,300 over 12 consecutive months.

A report recently released by the Institute for Women's Policy Research, which was contracted by the Department of Labor, estimates the program would cost approximately \$462 million annually. There would be no costs to employers, however, because the program would be funded by a 0.54 percent payroll tax on all wages and bonuses. Although there are no direct costs to employers, small businesses in particular should consider how the program might affect them and their employees.

Federal and state family and medical leave laws have provisions for job reinstatement. As currently proposed under the new bill, Connecticut small businesses would greatly expand the state's FMLA coverage. Connecticut's current law states if an employee returning from leave is medically unable to perform his or her original job, that employee must be transferred to work suitable to their physical condition, if such work is available.

Assuming job restoration requirements are ultimately included in the paid leave bill, it may be costly for small businesses to keep a job open for 12 weeks while continuing to pay for other benefits.

While the payroll tax approach would fund paid leave at no costs to employers, there are indirect costs to consider. When an employee of a small business goes on leave, his or her employer may not have the resources to find temporary staff. As a result, small business owners will need to consider how to fill in the gaps, managing employee schedules and overtime pay to ensure proper staffing. Employers may also have to find a suitable alternative job for an employee returning from leave.

Ultimately, employers large and small will need to listen to their employees to ensure their workloads are manageable and provide them with the support they need to be happy and productive over the long term. ■



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