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September 17, 2019

Dear Member of the Commerce and Labor Work Group on Paid and Family Leave:

Unfortunately, I will not be able to attend this week's joint meeting of the Commerce and Labor Work Group on Paid and Family Leave since I am already scheduled to be out of town for a work conference. However, I still wanted to submit written remarks related to paid family medical leave proposals before the workgroup.

NFIB is the Virginia's largest small business advocacy group. In Virginia, NFIB represents thousands of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has less than 10 employees and annual gross revenues of about \$450,000. In short, NFIB represents the small Main Street business owners from across the state.

On behalf of those small and independent business employers in the Commonwealth, **I urge you to oppose efforts to either mandate how many days of paid medical and family leave you provide or creating a new state-run insurance program paid with new payroll taxes to fund paid leave.**

These proposals will cost small business owners money and take away their flexibility in accommodating their employees' needs. These proposals also ignore their ability to manage their own workforce needs and specific staffing requirements.

Mandating paid sick leave contradicts longstanding provisions in existing state and federal FMLA laws that recognize the unique circumstances of small businesses and ignoring whether a small employer can afford to keep positions open for an extended period of time. Most small business owners already provide generous leave and time off for employees because they value their employees.

A new state mandate that prescribes specific employee benefits, like paid family leave, or a new state-run insurance program funded through new payroll taxes would increase labor costs which small businesses have more difficulty in absorbing those costs. It's very likely, if employers are required to take money out of weekly pay checks for family leave, there will be fewer resources available for other optional benefits such as health insurance, retirement programs, or wage increases—benefits that have a more fundamental relationship to the workplace and that impact workers of all ages.

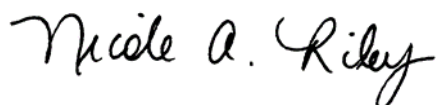
It is important to stress that this new benefit requires a financial contribution from workers alongside employers. While proponents of this ballot initiatives will claim widespread support from the general public, how many of those polled know that they will no-doubt see a reduction in their take home pay? How many workers would rather a larger paycheck than another new program they may never utilize?

For a small business, mandated family leave programs significantly impact productivity and operations. One employee on family leave would require the average-sized NFIB member business (with five employees) to operate without 20 percent of their total workforce for up to 12 weeks. The alternative would be to hire a temporary replacement worker—a difficult, costly, and in many cases likely ineffective remedy. As written, the leave can be taken intermittently which would prove a scheduling and logistical nightmare for many small businesses and serves as an additional complication.

I would be remiss if I didn't mention the staggering cost of this newly proposed program. According to the fiscal impact statement on paid family and medical leave it's estimated to be a \$2.26 billion tax on employers and workers. It is also estimated that the bureaucracy necessary to oversee and administer such a paid family and medical leave program would require start-up costs of approximately \$70 million in order to develop and implement the required IT systems and staffing (250 FTEs) for the program and then ongoing operational costs would be approximately \$33.5 million annually.

In summary, time-off for family issues are currently worked out in tens of thousands of small businesses in the Commonwealth every day without government intervention. These proposed mandates are an economically dangerous imposition of additional costs on many Virginia employers. We appreciate your consideration on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Nicole A. Riley". The signature is written in a cursive, flowing style.

**Nicole A. Riley**

Virginia State Director