

Highlights for Week of March 20, 2017

STATE OF VERMONT

Friday, March 17 marked the cross over deadline at which time legislation needed to pass from one chamber to the other in order to be considered this year. The House continues to spend time on two big topics of interest to employers, mandated paid family leave and decriminalization of marijuana.

H.196, An act relating to paid family leave

Many thanks to those of you that submitted concerns, questions, and support of this legislation, just referred to the House Committee on Ways and this week. There is still time for you to provide feedback. Below are some of the comments received and shared with the Vermont Legislature on behalf of SHRM and Vermont human resources professionals to date:

Multi-State employer issue, two concerns: (1) This will introduce a significant cost/benefit difference between employees in Vermont vs. other states, and be a policy/administrative headache. (2) It is already perceived that Vermont is an expensive State to do business in, and a difficult place to recruit sufficient number of talented employees. For many companies, their work could be done anywhere. So adding another tax just builds on the already high cost of doing business here, which forces discussion of moving the work to other locations outside of Vermont.

Many employers already provide company-paid Short Term Disability (26 weeks) and Long Term Disability (after STD) that provides an insurance benefit of 60% of the employee's earnings. This applies for the employee's personal disability (unable to work), including pregnancy. So it covers some, but not all of the conditions to be covered by paid family leave. If the new law is adopted, how do these work together? Will companies continue to pay for STD since we now have to pay a new tax? Most multi-State employers desire to have the same benefits for all employees at all locations. So it's a huge complication.

Most companies work with their employees to make accommodations to return them to work ASAP to minimize the leave time. What will the incentive be for a speedy return if all of the time off is paid?

What role will the employer play in the approval process for these benefits? Who will be deciding whether leave is to be granted and for how long? The employer or the State? Will this result in another hearing process like unemployment compensation?

One half of a percent of compensation is a big deal for employees and employers to contribute. Many companies have had years recently where they couldn't afford a merit increase. If it is 2%, this new tax would take 25% of that small increase away. Employees may already feel underpaid in Vermont.

Some companies have very little FMLA leave today. But everyone will have to pay the tax regardless. Some will politically feel it is the right thing to do, but I don't think most employees will be happy about it. They need the money to pay their bills. The cost of living in VT is expensive as we all know.

I think this proposed paid family leave is theoretically a good thing for Vermont employees. I think the impact to our business will be not insignificant in cost, but meaningful to employees who have to take time off work to care for their family members. We provide short-term and long-term disability to our employees for the employees' own illnesses, but that compensation doesn't extend to situations where they are caring for a sick spouse or child, etc.

How will this paid family leave work with individuals who are out of work due to workers compensation injuries? Will they receive benefits under both insurances?

Will the paid family leave run concurrently with unpaid leave through the Family Medical Leave Act if they are also eligible for FMLA? If not, is an employee then entitled to two 12 week leave periods?

If an employee were receiving short-term disability benefits, can the employee collect both paid family leave and short-term disability?

Can this leave be taken intermittently? Does the leave need to be taken in a 12 week period? For the same condition?

Please see the full bill at the following link:

<http://legislature.vermont.gov/assets/Documents/2018/Docs/BILLS/H-0196/H-0196%20As%20Introduced.pdf>.

If you wish to provide specific comments and feedback relative to H.196, please send it to shelley.field@casella.com.

FEDERAL FOCUS - WORKPLACE FLEXIBILITY

On a federal level, SHRM is working hard to shape public policy on workplace flexibility, including paid leave mandates.

SHRM Position: SHRM believes that the United States must have a 21st century workplace flexibility policy that meets the needs of both employers and employees. SHRM supports efforts to assist employees in meeting the dual demands of work and personal needs and believes that employers should be encouraged to voluntarily offer paid leave to their employees. Rather than promoting a one-size-fits-all government mandate, policy proposals should accommodate carrying work environments, employee representation, industries and organizational size.

There is no federal requirement for employers to offer paid leave. But, according to the 2016 National Study of Employers, 58% of employers offer paid maternity leave, 15% offer paid paternity leave, and 99% offer some form of paid leave (sick, vacation paid time off).

For more information about the SHRM Vermont State Council Legislative Employment Law and Legislative Advocacy Update, please contact Shelley Field at 802-772-2215 or shelley.field@casella.com.