


THE VIEW FROM MAIN STREET

Paid Family and Medical Leave

2018 Report

BACKGROUND

INTRODUCTION

Small businesses are the backbone of our economy. Small businesses create jobs, deliver essential goods and services in communities across the country, and bolster the development of local economies. Seen as some of the most trusted messengers in our society, thriving small business owners are a critical component for a prosperous local and regional economy.

As real-life experts on the economy—and the challenges and opportunities of running a business—small business owners have important perspectives on how to shape public policies to support strong local economies.

In 2017, Main Street Alliance surveyed 1,777 small business owners across the country. The survey evaluated small business owners' experiences and views on a variety of issues ranging from the economy and taxes to workplace issues. This report focuses on the results of this survey related to paid family and medical leave (PFML), especially related to limiting factors of providing leave, concerns about paid family and medical leave, funding for a program, who should be covered, what kinds of support are needed to provide paid family and medical leave, and general support for a national program.

METHODOLOGY

This report is based on a survey of 1777 small business owners from a range of cities and towns across the United States. Locations were chosen based on demographic and geographic criteria, with a particular focus on communities of color and underrepresented business owners. Interviewer-based surveys with business owners were conducted in their places of business, in Washington, Oregon, California, Ohio, Maine, Vermont, New York, New Jersey, Iowa, Minnesota, West Virginia, Pennsylvania, Georgia, North Carolina, Connecticut, Florida and Washington, D.C. Fewer than 3 percent of surveys were collected through email and over the phone. Survey results reported here are rounded to the nearest percentage point.



Nearly 2/3 of small business owners surveyed support a national paid family and medical leave

RESPONDENT INFORMATION

Among respondents to this survey, 72 percent had zero to three employees (38 percent sole proprietors), 18 percent had 4 to 10 employees, 7 percent had 11 to 25 employees, 3 percent had 26 to 50 employees and 1 percent had over 50 employees.

Approximately 50 percent of the respondents identified as female and 49 percent identified as male.

Of those business owners who provided their racial/ethnic background, 13 percent self-identified as people of color (5 percent self-identified as African-American or Black; 5 percent as Latino/a; 1 percent as Pacific Islander; 1 percent as West Asian or Middle Eastern; fewer than 1 percent as American Indian or Alaskan Native; fewer than 1 percent as South Asian; fewer than 1 percent as East Asian; fewer than 1 percent as Multiracial), 78 percent self-identified as White/Caucasian, 8 percent responded "option not listed." Twelve percent declined to report their race/ethnicity.

REPORT FINDINGS

The United States has one of the least generous paid family and medical leave (PFML) policies in the world. Just 14 percent of the workforce has paid family or medical leave through their employer, and fewer than 40 percent has personal medical leave through an employer-provided disability program. The lack of a national PFML policy not only harms employees, but also puts small business owners at a considerable disadvantage.

Small businesses often have trouble matching the more generous leave benefits offered by larger employers, which makes it difficult for them to compete. Without paid leave, small business owners themselves have no protection in case of an illness or caregiving need. A single accident or a medical emergency could plunge them into financial free-fall.

Within the last decade, several states have passed laws to address the gap in coverage. New Jersey, California, and Rhode Island, for instance, currently have PFML policies, and New York, Washington state, and Washington, D.C. passed a bill this past year. A range of other states, including Vermont, Oregon, Tennessee, Connecticut, Massachusetts, Ohio, Montana, and Hawaii, have active campaigns.

This state-level activity has, in large part, spurred growing momentum for a national solution.

To better understand small business perspectives on this issue and identify key concerns, Main Street Alliance posed a series of questions related to Paid Family and Medical Leave.

PAID FAMILY AND MEDICAL LEAVE

In this survey, respondents were first asked if they currently offer any paid family leave to their employees. Of those surveyed, 85 percent of small business owners do not offer paid family leave, compared to 15 percent who do (Figure 1). When compared to a 2015 Main Street Alliance survey, this is an increase of 2 percent in business owners who currently offer some kind of paid family and medical leave policy to their employees.¹

Business owners who do not currently offer PFML to their employees were then asked:



"What is limiting you from offering PFML to your employees?"

Respondents could select as many responses as were applicable from: administrative responsibilities, availability of plans, complexity of market, cost, or other.

In response, 46 percent cited administrative responsibilities, 26 percent included availability of plans, 13 percent noted the complexity of the market, 6 percent mentioned cost, and 9 percent included an additional "other" response (Figure 2).

Small Businesses Surveyed Currently Offering Paid Family & Medical Leave

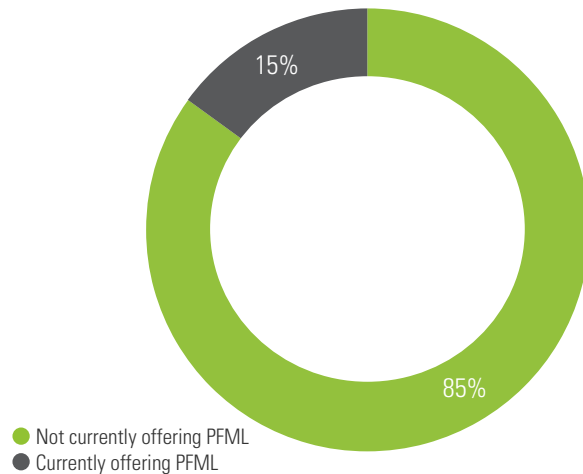


Figure 1. Data from 2017 Main Street Alliance survey

Offering PFML: Limiting Factors

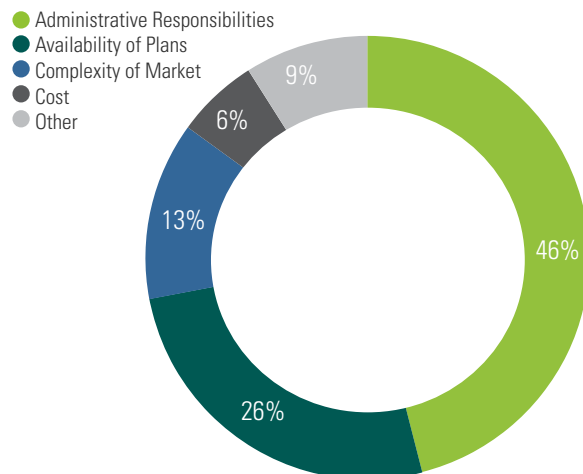


Figure 2. Data from 2017 Main Street Alliance survey

Most Helpful for Small Business Owners to Offer PFML

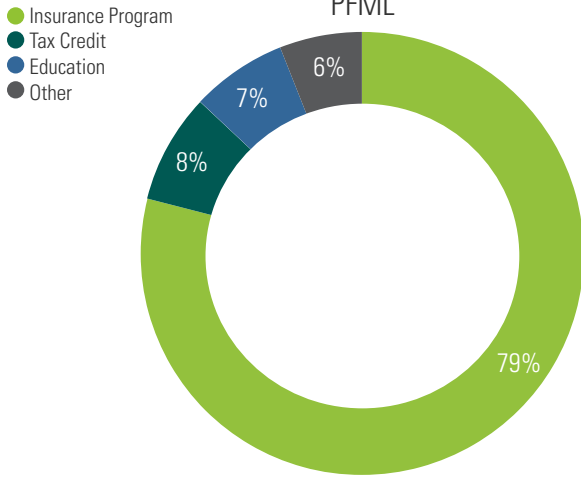


Figure 3. Data from 2017 Main Street Alliance survey

Small Business Concerns with Offering PFML

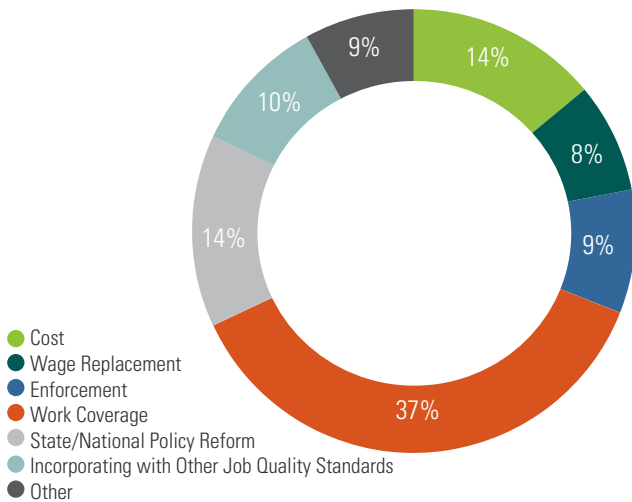


Figure 4. Data from 2017 Main Street Alliance survey

Business owners who do not currently offer PFML were then asked:

“What is the number one thing that would help you to offer PFML to your employees?”

Respondents could select one answer from: a social insurance program, a tax credit, education or something else. The vast majority, 79 percent, said a social insurance program would help them the most to offer PFML to their employees. Eight percent said a tax credit, 7 percent called for more education, and 6 percent responded “other,” filling in their own answer (Figure 3).

These small business owners were then asked about their biggest concerns about offering PFML in their businesses. Respondents could select as many responses as were applicable from: cost, wage replacement, enforcement, work coverage, the relationship between state and federal policies, incorporating PFML with other new job quality standards, and other.

Of those who responded, 37 percent were concerned about work coverage; that is, how to cover the job duties performed by the employee out on leave. Fourteen percent were concerned about the relationship between state and federal policies, 14 percent included cost, 10 percent noted incorporating PFML with other job quality standards, 9 percent cited enforcement, 8 percent were concerned about wage replacement, and 9 percent had an additional concern not listed (Figure 4).



Small Business Support of a National PFML Policy like the FAMILY Act

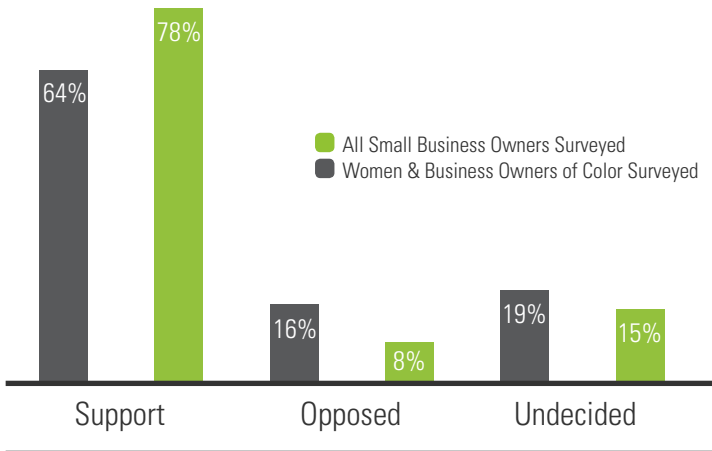


Figure 5. Data from 2017 Main Street Alliance survey

All respondents were then asked:

“Would you support or oppose a paid family leave policy (like the FAMILY Act) that applies nationwide?”

Among respondents, 64 percent were in support of such a policy, 16 percent were opposed, and 19 percent were undecided. Women and business owners of color were more likely to be supportive, with 78 percent favoring a national paid family leave policy. Only 8 percent were opposed and 15 percent undecided (Figure 5).

Small Business Owners: Funding PFML is a Shared Responsibility

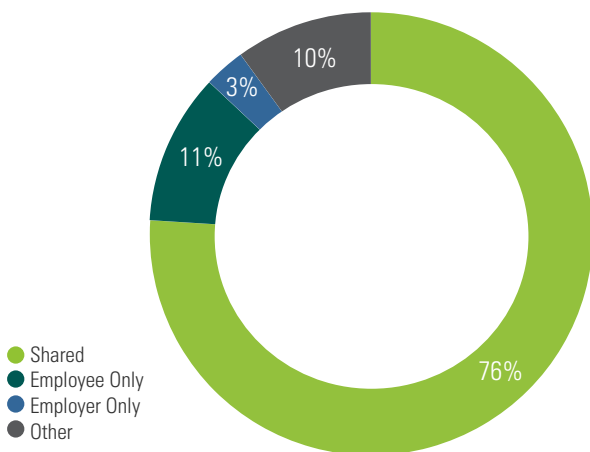


Figure 6. Data from 2017 Main Street Alliance survey



More than 3/4 small business owners surveyed see PFML as a shared responsibility.

Respondents were then asked about how best to pay for a PFML social insurance program.

The overwhelming majority of respondents, 76 percent, view the funding of such a program as a shared responsibility, with a joint employer and employee contribution. Eleven percent thought the program should be an employee-only contribution. Three percent believed just the employer should contribute, and 10 percent noted another source of funding for the program (Figure 6).

Respondents were then asked about who should be covered by a PFML policy, specifically, how broad or narrow a policy should define "family." The vast majority of respondents, 81 percent, suggested an inclusive family definition be used to cover the range of family configurations and care responsibilities that business owners and their employees face (Figure 7). For business owners and employees alike, caregiving responsibilities often extend outside of the nuclear or residential family. Small business owners in this survey felt a sound PFML program that meets the needs of today's workforce must reflect the diversity of individuals' lives. At the minimum, any proposal should include a definition of "family" that should cover care for elders, siblings, same-sex families, domestic partners, grandparents, grandchildren, and adult children.²

Small Business Owners Support for Broad Family Definition

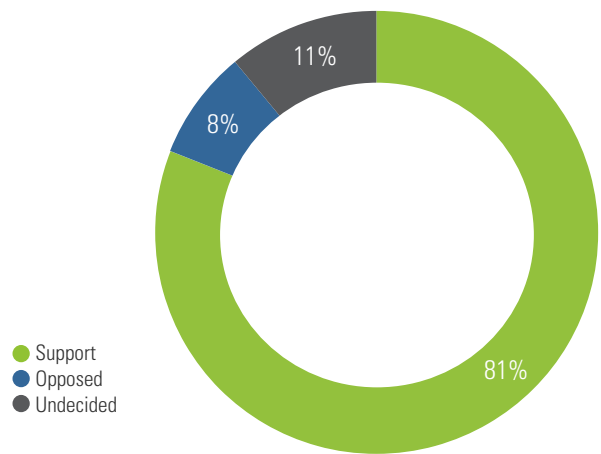


Figure 7. Data from 2017 Main Street Alliance survey

CONCLUSION

Main Street Alliance surveyed small business owners about high-road business practices that help to boost the economy and reduce inequality. The results showed overwhelming support for family-friendly workplace policies. The widespread support for a national solution to the lack of access to paid family and medical leave, particularly among those that do not currently offer these policies, indicates an important role for public policy. These findings suggest that, with the successful adoption of thoughtful paid family and medical leave policies, the number of businesses able to implement these programs would greatly expand.

Insights from these surveys and additional follow up conversations, coupled with evidence and lessons learned from existing programs, have highlighted six key points to be considered as a part of a national paid family and medical plan:

- 1. Equal Access:** PFML should be available in all businesses, regardless of size or sector, and to all individuals, whether they work part-time, full-time, or are self-employed. Furthermore, the amount of leave time should not be determined by gender; everyone should be able to access the same amount of leave time.
- 2. Affordable Insurance System:** A PFML policy must be financed in a way that is affordable and cost effective for small business owners and their employees. Any national PFML proposal must provide a financially viable way for even the smallest business owner to offer this leave while providing a high enough wage replacement rate to enable workers to take time off and meet their basic expenses. Policymakers should consider a social insurance system, a model widely used internationally and in existing state PFML plans.
- 3. Comprehensive:** A PFML policy must be comprehensive and specific in addressing serious family and medical needs. The policy must be both broad enough to include the key reasons people need time away from their jobs and sufficient in length to meet their medical/caregiving needs. At the same time, specific language that details the range of well-established reasons people need time away from work is important to reduce ambiguity about coverage eligibility and limit the potential for confusion or, in the rare cases, fraud. Policymakers should strongly consider using FMLA as the guideline (or at least a floor) for the length of leave and categories of medical and family qualifying conditions.
- 4. Inclusive:** An inclusive family definition should be used to cover the range of family configurations and care responsibilities that business owners and their employees face. For business owners and employees alike, caregiving responsibilities often extend outside of the nuclear or residential family. A sound PFML program that meets the needs of today's workforce must reflect the diversity of individuals' lives. At the minimum, any proposal should include a definition of "family" that should cover care for elders, siblings, same-sex families, domestic partners, grandparents, grandchildren, and adult children.
- 5. Streamlined Implementation:** The PFML implementation process should be simple and minimize the administrative responsibilities of small business owners. The federal program should build off and align with existing laws and administrative programs to maximize program efficiency, reduce transition costs, and ease coordination. It should include a dedicated funding stream for employer outreach and education, and the government should partner with small business owners to perform targeted outreach. Furthermore, the employee, not the employer, should be responsible for filing a leave claim and for providing the verifying materials to the government (such as the medical documentation), and a grace period for compliance should be available for small business owners as they adjust to their new responsibilities and work through any unexpected complications.
- 6. Solution-Oriented Support:** A PFML program should be sensitive to the unique workforce challenges facing small business owners. For small business owners, particularly micro-businesses or mom-and-pop shops, an extended employee absence may raise concerns about additional costs or workload concerns. At the minimum, education and technical assistance to support businesses in adapting to limited staffing could be valuable. Small business owners should be included in development of additional solutions and support to alleviate these issues.

ENDNOTES

¹[Voices of Main Street \(October 2015\). Main Street Alliance.](#)

²[National Paid Family and Medical Leave: A Proposal for Small Business Success \(February 2017\). Main Street Alliance.](#)