

# THE VIEW FROM MAIN STREET IN VERMONT



**Vermont  
small business  
views on  
state public  
policy**

December 2014

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## EXECUTIVE SUMMARY

This report is based on a survey on 259 small business owners across the state of Vermont. The majority of these “Main Street” businesses were in rural towns spread among 12 counties. Business sizes vary from 1 to over 50 employees, with more than three quarters of those surveyed employing fewer than 10 employees.

Key findings include:

### Early Childhood:

- **Vermont employers believe that the lack of high quality, affordable childcare poses a challenge to employers.** Half of the business owners who were surveyed said that they believe that the high cost or limited availability of high quality childcare in Vermont hurts small businesses’ ability to attract or retain employees.
- **Vermont business owners believe in investing in early childhood.** 60% of those surveyed supported increasing public funding to improve access to high quality early childcare in Vermont.

### Workplace Policy:

- **Vermont small business owners applaud the legislature for last year’s minimum wage bill.** Roughly 2/3 of the employers surveyed said that they supported the recent increase to the minimum wage.
- **Vermont employers believe that supporting their employees is good for business.** More than three quarters of the employers we spoke to said that they believe that providing benefits such as paid time off benefits the business as well as employees.
- **A plurality of the Vermont small business owners surveyed said that they would support establishing a minimum standard, similar to the minimum wage of earned sick leave for all employees in Vermont.** The business community is not of one opinion on an earned leave standard, but supporters see it as a public health issue that’s good for business and the right thing to do.
- **Vermont business owners are interested in exploring a Temporary Disability and Caregiver Insurance program in Vermont.** A majority of those surveyed said that they would support efforts to establish an employee-funded long-term family and medical leave program that would provide 2-3 months of paid time for employees to care for a newborn, a personal illness, or an ill family member.

## Healthcare:

- **A majority of employers identified healthcare as a public investment they believe would help their employees be more successful at work and build a more sustainable workforce.**
- **Many of the smallest “Main Street” business are not providing health care because the cost of coverage is prohibitive.** Only one in ten of the businesses surveyed provide health insurance coverage to any of their employees and only 3% provide dental. Three quarters of those who do not provide health benefits to their employees identified cost as the primary barrier.
- **Business owners understand that oral health is a fundamental component of overall health.** More than three quarters of the business owners we surveyed believe that dental insurance should be a standard component of health insurance coverage.
- **Vermont small business owners support the creation of a universal, publicly financed healthcare system in Vermont.** A majority of the businesses surveyed said that they support moving forward universal, publicly financed healthcare in Vermont.

## INTRODUCTION

Small businesses are the job creators in our economy, and in Vermont roughly 90% of private sector businesses have fewer than 20 employees. Small businesses create jobs and deliver essential goods and services in communities across Vermont and the country, which helps bolster the development and growth of local economies. In Vermont especially, small businesses are among the most trusted messengers in our society and are seen as a critical link holding our communities together.

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. This report focuses on the experiences and views of Vermont small business owners as documented in a survey conducted between July, 2014 and September, 2014. The survey evaluated small business owners' experiences, business practices, and views on the public policy issues, specifically including public investments in early childhood, the workplace, and healthcare.

## METHODOLOGY

This report is based on a survey of 259 small business owners from a range of cities and towns across Vermont – mostly rural and outside of the Burlington-Chittenden metro area.

Included are “Main Street” businesses from Addison, Alburgh, Arlington, Ascutney, Barre, Barre Town, Bennington, Bradford, Brandon, Brattleboro, Bridgewater, Bromley, Burlington, Cabot, Cavendish, Charlotte, Colchester, Danville, East Charlotte, Essex Junction, Fairlee, Ferrisburgh, Hartford, Jamaica, Jericho, Killington, Londonderry, Manchester, Manchester Center, Mendon, Middlebury, Middlesex, Milton, Montpelier, Morrisville, North Hero, Pawlet, Perkinsville, Pittsford, Pownal, Proctor, Proctorsville, Reading, Richmond, Rupert, Rutland, Shaftsbury, Shelburne, Sheldon, South Burlington, South Londonderry, Springfield, St. Albans, St. Johnsbury, Sunderland, Swanton, Underhill, Vergennes, Waitsfield, Wells, West Danville, West Rutland, West Swanton, Weston, Williston, Wilmington, Windsor, Winooski, Woodbury, Woodford, and Woodstock.

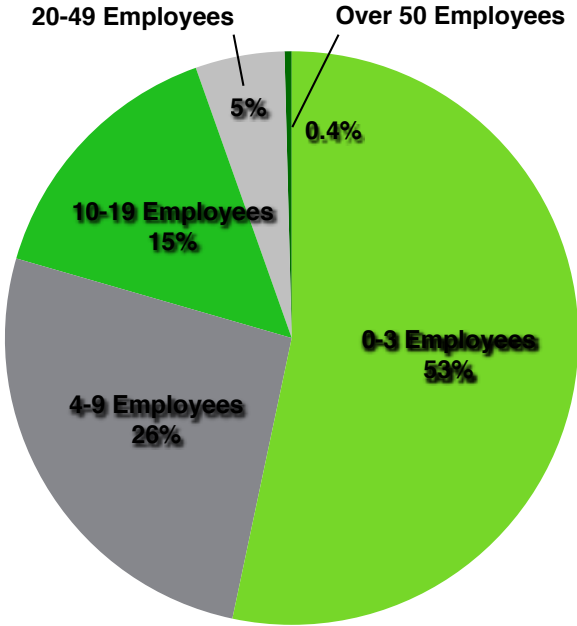
Surveys were collected between July 2014 and September 2014 through face-to-face interviews with business owners in their places of business.

Survey results reported here are rounded to the nearest percentage point.

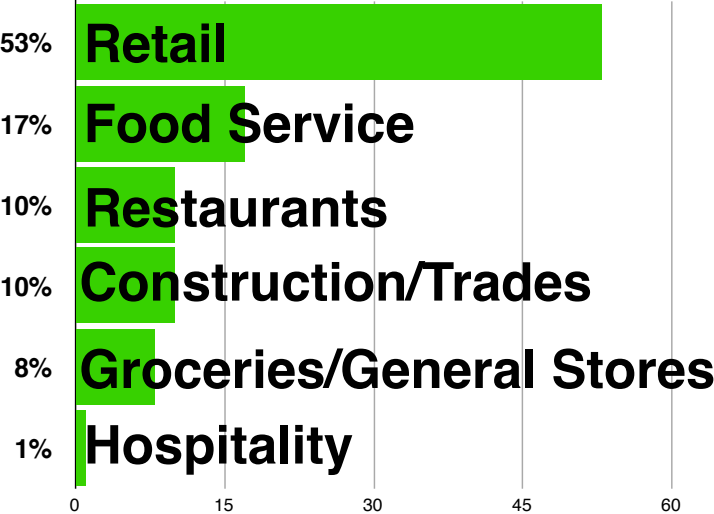
# RESPONDENT INFORMATION

**Respondents by Business Size**

Among respondents to this survey, 53% had zero to three employees, 28% between four and nine, and 15% between 10 and 19, 5% had 20-49, and less than 1% had over 50 employees.



**Respondents by Sector**



The majority of business owners that we surveyed, 53%, operate retail stores. We distinguished between food service and restaurants to break apart employers that have a significant percentage of their staff as tipped workers, however, combined, 27% of the business owners we surveyed owned establishments that serve or prepare food for the public. 10% of those surveyed own business in construction or other trades, 8% own local groceries, convenience stores, or general stores, and only 1% own businesses in lodging and hospitality.

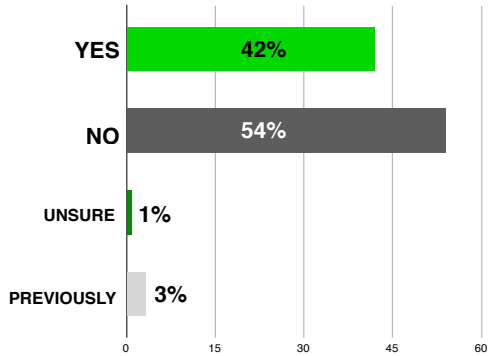
# REPORT FINDINGS

## Early Childhood:

High quality early learning experiences lay a foundation for lasting economic security. Increasingly, business owners are drawing connections between workforce development, recruitment, retention, a stable economy – and early learning opportunities for our youngest children. This is because 80% of a child’s brain develops by age three and 90% by age five, building a foundation for future success in school, relationships, and the workforce. With 40% - 50% of children in Vermont entering kindergarten unprepared and 72% of parents of young children in the workforce and relying on an inconsistent and unaffordable childcare system to provide high quality learning and development opportunities for their children, the crisis is real and urgent. To get a sense of the impacts that small business owners are feeling on the ground, we asked Vermont’s small business employers to share their observations.

*“Do any of your employees have young children or provide care for young children?”*

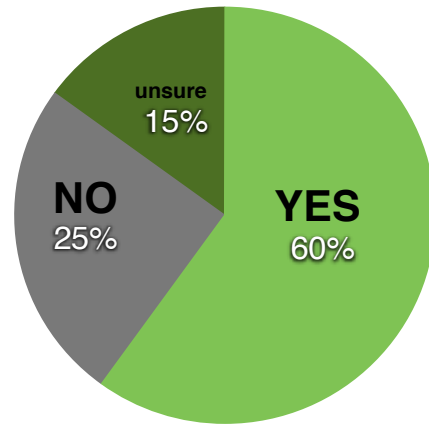
**Employees with Young Children**



In response, 42% answered that they currently have employees with young children, 54% answered no, 0.8% did not know, and 3.2% have had employees with young children in the past.

Furthermore, 50% of those surveyed said they believe that the high cost or limited availability of high quality childcare in Vermont hurts small businesses’ ability to attract or retain employees. 20% felt that it had no impact. The remaining 30% were unsure.

*“Would you support increasing public funding to improve access to high quality early childcare in Vermont?”*

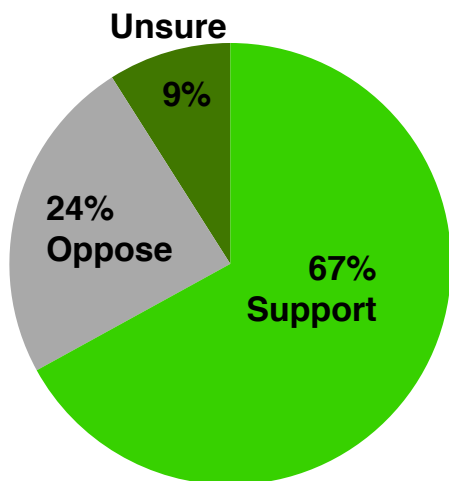


In response, 60% of surveyed business owners supported increasing public funding to improve access to high quality early childcare in Vermont; 25% opposed it; and 15% were undecided.

### **Workplace Policy:**

In an effort to understand how Vermont’s smallest employers feel about recent workplace legislation that passed in Vermont and about current and upcoming proposals designed to support a healthier, equitable, and more productive workforce, we asked several questions about their policy positions and business practices. There is a growing trend among business owners around the country proudly promoting supportive workplace practices like earned leave, flexible scheduling, and minimum wage increases. Vermont small business owners were asked a series of questions relating to their views about expanding policies to encourage all employers to follow these practices.

### **Reflecting on Recent Legislation in Vermont**



*“Do you approve of the recent increase in the minimum wage to \$10.50 in 2018?”*



A strong majority: 67% of Vermont’s small business owners that we surveyed supported the recent minimum wage increase.

We also asked whether employers were familiar with the Equal Pay legislation that passed in 2013 and established employees’ right to request flexible scheduling and inquire about co-workers’ salaries. 45% were familiar with it and 55% were not.

### Earned Paid Leave

2014 saw a major push for Earned Sick Days in Vermont and the business community was strongly divided on the issue. Some businesses hesitated to support a requirement, but many others felt that a standard of earned paid leave should be a part of basic compensation. Advocates point to the public health implications of a system that indirectly encourages Vermonters to go to work sick and note that, according to the VT Department of Labor’s 2013 Fringe Benefits Study, only about 50% of Vermont’s businesses currently provide paid leave that can be used for health purposes.

We wanted to learn more about types of earned leave that “Main Street” businesses are currently providing and their thoughts on the earned leave proposals that the legislature is likely to consider in the next biennium.

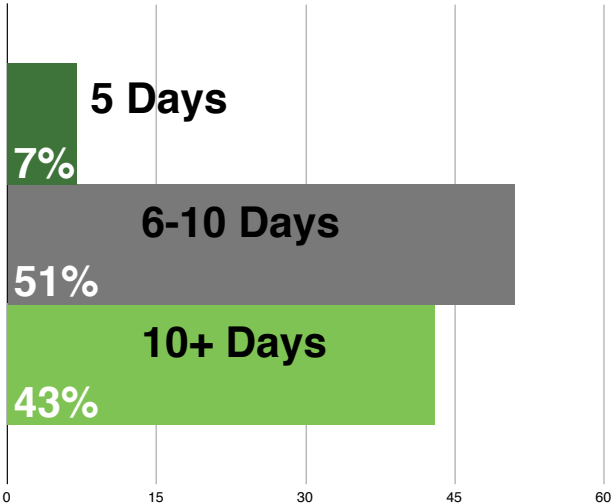
### Current Practices

When we asked small business owners whether they currently provide paid time off to their employees, we found that:

42% of those surveyed DO provide some form of paid leave to their employees and 58% of those surveyed DO NOT provide any paid leave to their employees.

Of those who do provide paid time off none of the owners we spoke to provided fewer 5 days per year.

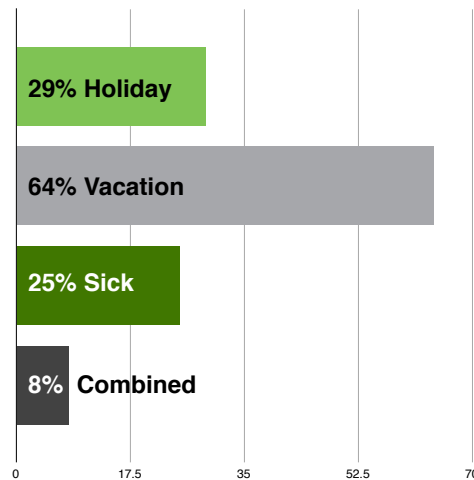
- 7% provide five days per year,
- 51% provide between 6 and 10 days per year, and
- 43% provide more than 10 days of paid time off per year.



**y**  
**Types of Leave Provided by Employers**

The types of paid leave that small businesses currently provide to their employees also varies.

- 29% of those who provide paid time, offer paid holidays.
- 64% offer vacation time,
- 25% provide designated sick time and
- 8% provide Combined Time Off policies.



*More than 8 out of 10 of the employers we spoke to believe that workplace policies such as paid time off benefits the business as well as their employees.*

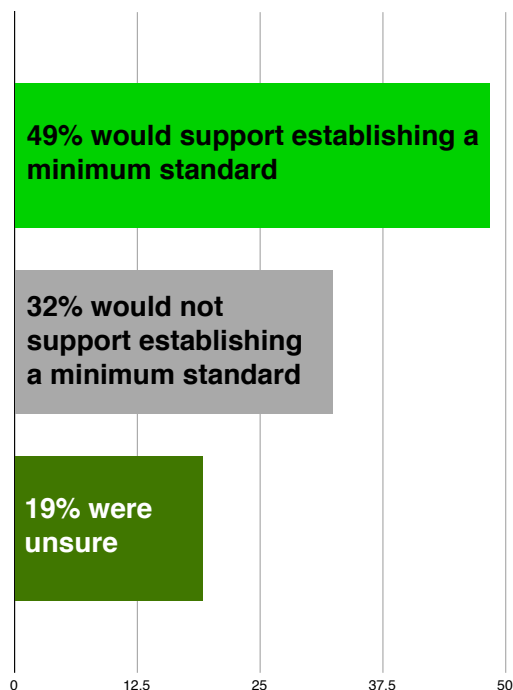
## Policy

Finally, we asked respondents whether they would support establishing a minimum standard, similar to the minimum wage, of earned sick time for all employees in Vermont.

There clearly isn't just one business voice on this issue, but a plurality of businesses that they would support a minimum standard.

49% would support establishing a standard earned sick time, 32% said that they would not support establishing a standard of earned time, and 19% were undecided.

### Support for Earned Paid Leave



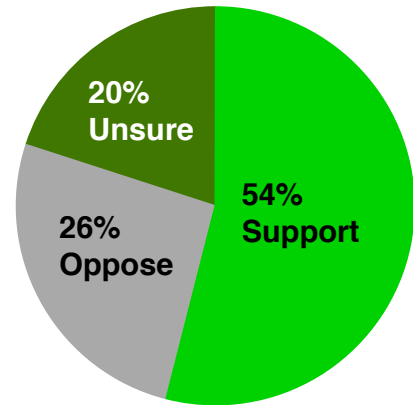
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### Support for Temporary Disability and Caregiver Insurance

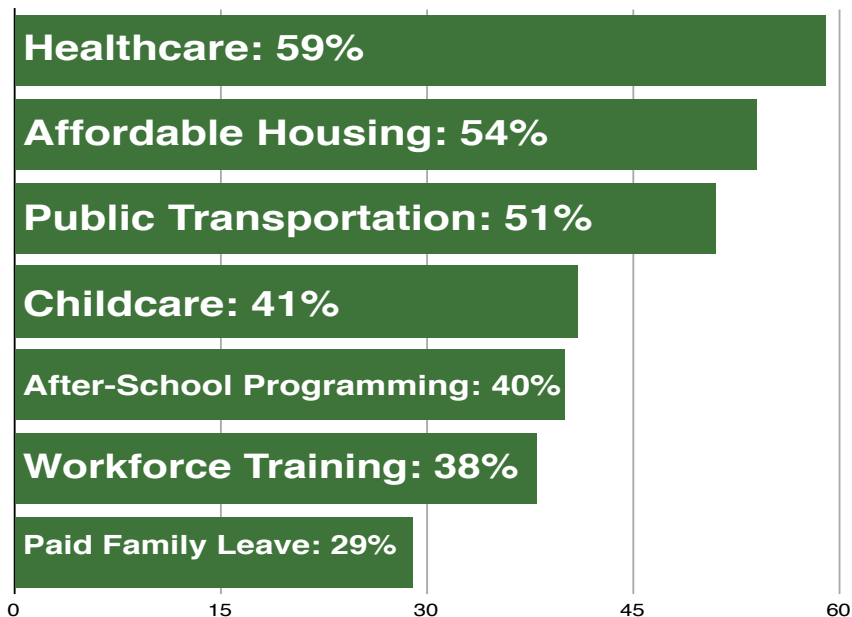
*“Would you support efforts to establish an employee-funded long-term family and medical leave program that would provide 2-3 months of paid time for employees to care for a newborn, a personal illness, or an ill family member?”*



54% answered that they would support working toward a long-term leave program, 26% were opposed, and 20% were undecided.

### Public Investments to Support the Workforce

When business owners were asked what types of public investments they believe would help their employees succeed in their work and build a more sustainable workforce, the majority of those surveyed identified *healthcare, affordable housing, and public transportation* as their top priorities.



**The Best Public Investments to Support the Workforce**

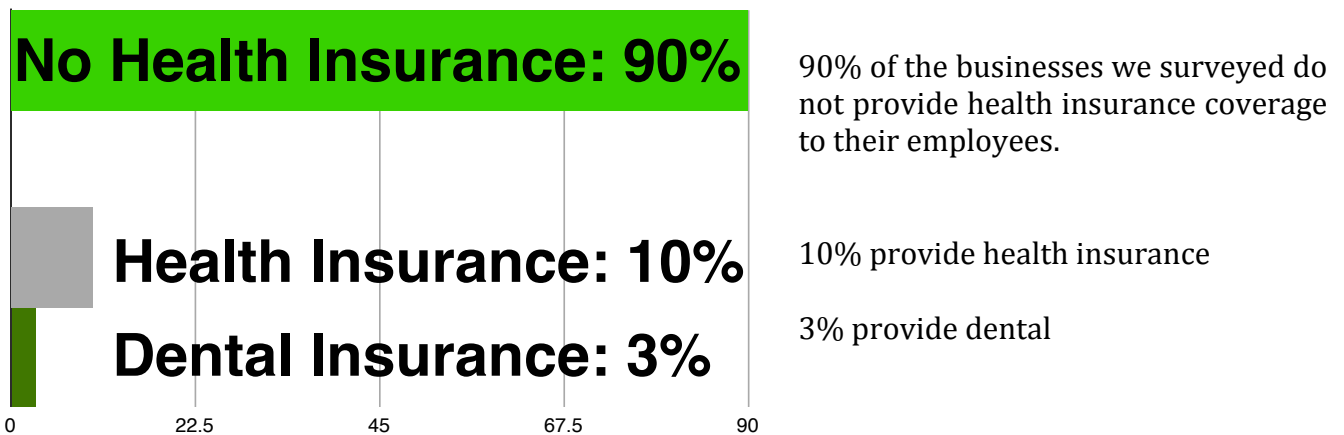
## Health Care:

Healthcare reform has been and continues to be a major issue in Vermont. The implementation of the Affordable Care Act and the opportunity to move to Green Mountain Care, a universal, publicly financed healthcare system, are a part of public dialogue and people’s immediate experiences. It’s no surprise that small business owners have a desire to take care of their employees and ensure that they have access to healthcare. However, the rising costs of premiums are increasingly unaffordable for small business owners and their employees.

In an effort to understand the challenges facing Vermont’s small business owners and their employees, we asked a series of questions about current practices, observations, and their positions on policy proposals.

### Current Practices

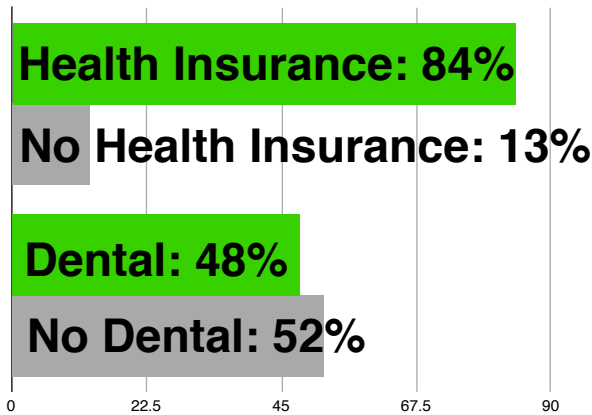
We asked small business owners whether they are able to provide health and dental benefits to their employees. We found that the vast majority of Vermont’s small “Main Street” businesses do not provide either form of coverage. And three-quarters of those surveyed identified cost as the primary barrier to providing health benefits to their staff.



### Employers Currently Providing Health Benefits

We also wanted to find out whether the business owners themselves have health and dental insurance coverage. We found that well over three-quarters of the employers have health insurance coverage, but far fewer have dental insurance. In some instances, employers noted that they had been eligible for Catamount or were receiving support for purchasing a silver plan in Vermont Health Connect. Some noted that they were covered as a part of their spouse’s or partner’s employer sponsored health plan.

### Employers' Personal Coverage



84% have health insurance themselves,  
13% do not.

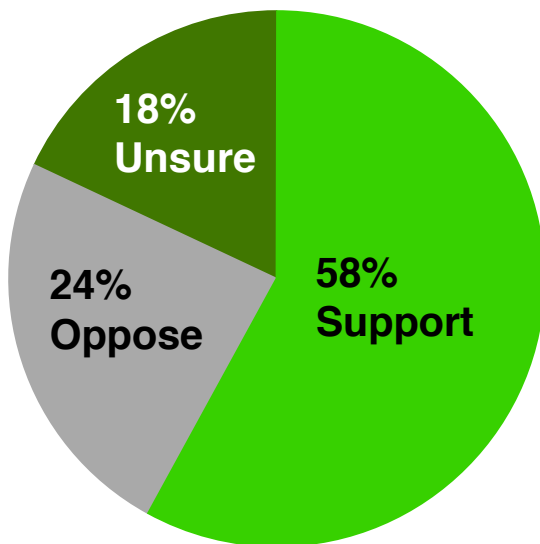
48% have dental,  
52% do not have dental.

*83% of employers surveyed believe that dental insurance should be a standard component of health insurance coverage.*

We asked employers if they knew whether their employees or their families had trouble accessing healthcare. 24% said they knew this to be the case, 31% said they did not believe so, and 47% said they did not know. Of those who knew that their employees had trouble accessing healthcare, over half – 14% of total survey respondents, identified an **inability to take time off of work** as the reason why.

### Healthcare Reform

Finally, we asked employers whether they support the creation of a universal, publicly financed healthcare system in Vermont.



*“Do you support the creation of a universal, publicly financed health care system in Vermont?”*

58% of the small business owners surveyed support the creation of a universal, publicly financed healthcare system in Vermont.

## CONCLUSION

Small businesses are at the heart of Vermont communities and are essential to our local economy. Vermonters are both entrepreneurial and locally focused and as a result, we enjoy an extremely vibrant small business environment. Local business owners know that it's not just the families they employ, but also their communities that rely on them as critical contributors to the economy and to provide goods and services. Likewise employers rely on Vermont to create conditions in which they can thrive and grow. They understand that small businesses are supported when the community is healthy and that includes creating conditions in which an equally vibrant workforce and consumer base can thrive and raise families. The areas covered in our survey all point to various intersections between employers, their employees, and the communities they serve.

Most families with children access childcare at some point and working families rely on it to be able to work. A strong, accessible, and affordable childcare system both supports the existing workforce and helps build strong citizens for Vermont's future. Fully half of the business owners we surveyed pointed to gaps in our current childcare system as a challenge for employers who want to recruit and retain and reliable workforce. Vermont has turned its attention to early childhood in recent years with the expansion of public prekindergarten and major federal grant money to support early childhood learning and development. This survey points to the importance of the early childhood system as a critical area for improvement as Vermont continues to strive to both attract and retain working families and young professionals.

Another part of creating conditions in which small businesses, employees, and consumers can thrive is establishing the right workplace policies – policies that are good for businesses, the workforce, and that support a healthy economy. There is often disagreement about what workplace standards can effect these positive outcomes. Our survey bears out that while there is some disagreement about particular policies, most small business owners feel strongly that when they support their employees, they are supporting themselves. We found that a strong majority of small business owners support the recent increase to the minimum wage and, while only 42% of the employers surveyed already provide paid leave to their employees, 48% would support establishing a minimum standard and nearly 20% were undecided. Support for establishing a minimum standard of earned sick leave did not strictly correlate with employers who are providing the benefit already. For many, a level playing field would make providing the benefit more attractive and the vast majority of the employers we spoke to, including those who aren't currently offering any paid leave, recognize that providing good benefits to their employees is also good for their business.

As Vermont considers the implementation a universal, publicly financed healthcare system in accordance with Act 48, many have pointed to small businesses as an area of concern, unsure whether there would be support for financing such a plan. Our data certainly bears out the assumption that small businesses often cannot afford to provide health insurance to their employees – only 10% of those surveyed are currently providing healthcare benefits. Interestingly, however, that does not translate into widespread concern about moving to a tax-based healthcare system. On the contrary, while the details of the financing plan will be critical to its success, the vast majority of small businesses that we surveyed, 76%, either support the

transition to a universal, publicly financed system or are undecided. They know that small businesses can't afford the rising cost of health insurance premiums and are eager to de-couple health insurance from employment.

Another noteworthy finding was that among business owners who were aware that their employees had trouble accessing health care, the most prevalent reason cited, above cost barriers, was an inability to take time off of work to seek care. Advocates supporting the establishment of an earned sick time policy frequently point to a standard of earned leave as the removal of a barrier to accessing health care. Health insurance by itself isn't enough to ensure that people are able to access healthcare when they need it; if people don't have the ability to make time away from work to seek care, the employers we surveyed report that it functions as barrier.

Perhaps not surprisingly, our survey supports what we already know – that small business in Vermont is a thriving and necessary foundation for our economy. Small business owners employ Vermonters and make independence, economic security, and opportunities available to Vermont workers. The Main Street Alliance of Vermont hopes that lawmakers, the media, and other decision makers will take these survey results into consideration in the planning of public policy. These are the voices of Vermont's main streets.

Building a network of small businesses  
in Vermont, in support of policies that  
support our communities.



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