



U.S. Senate
Committee on Health, Education, Labor and Pensions (HELP)

**“Paid Leave for Working Families: Examining Access,
Options, and Impacts”**

**May 18, 2021
10:00 A.M.**

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Washington, D.C.

Chair Murray, Ranking Member Burr, and members of the Committee:

Thank you for the opportunity to testify today and share my frontline experience on the urgent public investments needed for paid sick, family and medical leave. And thank you in particular to Chair Murray for your strong leadership and commitment to expanding our nation's care infrastructure.

My name is Marcia St. Hilaire-Finn, and I am the founder and owner of Bright Start Early Care and Preschool in Washington, D.C. I am also speaking today as a member of Main Street Alliance, a national network of more than 30,000 small business owners who, like me, are eager to share their perspectives on critical public policy issues, especially as we try to transition from relief to recovery amidst the most challenging public health crisis of our lifetime.

I have grown my business from a home-based day care with five employees to a successful business on track to have 3 locations and 36 employees by the end of June. From the start, I have been very intentional about the choices I have made for my employees' compensation and benefits. With my business based in the District of Columbia, I have experienced firsthand the roll out of the District's sick days and paid leave legislation. So I can share clear before-and-after pictures of these paid leave programs from a small business perspective. During this pandemic, we experienced several COVID exposures, needed to temporarily shut down, and made use of the *Families First Coronavirus Response Act* (FFCRA) to help us through that time.

Why I Started My Business...and Offer Good Benefits to Staff

Thirty years ago, I came to the United States from the eastern Island of Dominica to pursue a career in nursing. Several years later, as the mother of a young daughter, I searched for a child care center in my neighborhood that would fit my unique schedule and provide quality care, but couldn't find one. So, in 2002, I decided to start my own small business in my basement, launching Bright Start Early Care and Preschool.

I opened Bright Start with the idea that to provide the care our children deserve, the caretakers should be fairly compensated, which includes access to paid time off. During the early days of Bright Start, we provided one week paid sick time, and two weeks paid vacation time -- well above industry standards at the time. This was an intentional and conscious choice on my part to attract the best and brightest employees, despite the additional cost burden. Providing good, competitive benefits has created a virtuous cycle. We experience exceptionally low turnover, which saves us in recruitment and training costs. But just as importantly, our children benefit from the continuity and know-how of our staff.

As all parents can appreciate, caring for children is truly a labor of love -- but it's also grueling work! That is why it's so important that my employees are able to take care of themselves and their families.

As I have grown my business, I have been able to add additional benefits -- and now provide partial health insurance coverage, another week of paid leave in addition to sick and vacation time and unpaid leave. My business model, which relies on a large portion of fully private pay parents and higher fees, makes my employee compensation choices possible. Yet even with this model, I have not been able to meet the full needs of my employees. And many other small businesses operate in industries and locations where a high-road business model is less feasible. Small employers generally don't have the capital and scale to provide paid family and medical leave on their own.

That's why I, along with a strong majority of small business owners, support a national paid family and medical leave program and common sense national standards for earned sick days.

The Case for Paid Sick Days

As a registered nurse and child care center owner, the benefits of paid sick days are clear. Paid sick days help ensure employees stay home to take care of themselves or their family when they're sick and out of the workplace so that other employees and our customers can stay healthy. Without access to paid sick days, employees who handle food, provide childcare or care for the elderly are posing serious risks of spreading illness to others. The costs to our employees, families, and economies are huge. Paid sick days are a common-sense solution.

In 2008, Washington, D.C. was the second city in the country to pass an ordinance mandating businesses to provide a minimum number of paid sick days based on the size of their business. We were already providing above the mandated rate and had no trouble implementing the new law -- which is in fact the typical business experience. Like all new programs, some businesses need help with initial planning and implementation. But studies of cities with sick day policies find that most business owners experience few difficulties and have high levels of support for the programs after they are in place.

Small business owners also support a national program. A 2017 Main Street Alliance survey of nearly 1,800 small business owners in 17 states found that 64% of respondents supported a nationwide paid sick days minimum standard like the *Healthy Families Act*.

This increased to 73% when just looking at women small business owners and business owners of color.

Paid Family and Medical Leave Coverage

But sick days are not enough. Over the past two decades, I have had numerous employees who needed to take additional time off to care for themselves or a loved one. Several employees had the joy of welcoming a new baby into their families. And two employees have had to deal with the shock of cancer diagnosis and take time for surgery, treatment, and recovery.

In the interest of their health and well-being, the onus was on me to offer family and medical leave through whatever means possible. I committed to hold their jobs open for them and cobbled together what I could. After they exhausted their four weeks of paid time off, I provided unlimited unpaid leave, and when it's been needed, I've arranged for partial advances on their salaries so they can at least pay some bills.

They have since told me that they believe they recovered more quickly just knowing they could take care of themselves and having that peace of mind that they had a job to come back to. They truly felt valued and came back to work even more grateful and energized. By the same token, I am also well aware that I've had several staff members who took less time off than they needed because they couldn't afford unpaid leave. If they had had more paid time available, they and their families would have benefited from not rushing back to work.

Our four-week paid leave policy was the right decision for me as a small business owner -- but certainly not an easy one. While these employees were out on leave for those four weeks, I was paying for their leave *and* additional staff to cover their positions.

D.C. Paid Family Leave Program a Stepping Stone

That is why I was an early and strong supporter of the District of Columbia Paid Family and Medical Leave program. Instead of unpredictable spikes in payroll costs that fall on us as the employer, we now have access to a public insurance option with small, predictable costs I can plan for. Should an employee now need to go out on leave, the program will pay their wages so that I can use what I would have spent on their wages to pay for overtime for an existing employee or hire a temporary employee.

Last July, D.C. launched its Paid Family Leave (PFL) program, which offers up to eight weeks of paid parental leave to bond with a new child ("parental leave"); up to six weeks of paid family leave to care for a covered family member ("family leave"); and up to two weeks of

paid medical leave to care for the employee's own "serious health condition ("medical leave").

Between this and our existing leave policy, we have the security of knowing that we can access up to 12 weeks of paid leave should we need it. Before implementation of this program, we could only offer four weeks at Bright Start and had to limit family leave to immediate family members.

The D.C. program provides an expanded family definition, which better meets the needs of today's families. In addition, the public administration of the program takes that task off small business, which makes it easier for us as well. Overall, this helps level the playing field for small businesses with larger companies.

Emergency Paid Leave to Help Battle COVID

Then came COVID. Last September, I had to close one of our centers when we had a coronavirus exposure. We shut down for ten days to quarantine our full center staff as a recommended precaution.

Thankfully, the FFCRA program was a lifeline for my business and my employees just when I needed it. Having access to this emergency paid leave through FFCRA meant I could continue to pay my entire staff—18 people at the time—even though they couldn't work because of the public health measures we took. My employees could continue to collect their checks and I could feel confident that making the right decision to protect others would mean my employees wouldn't miss rent or food on the table.

We've been fortunate to have only one instance where we needed to close down our center, but it's reassuring to know FFCRA will be there if and when it happens again. I certainly would not have been able to pick up the full cost of my staff going out on sick leave all at once. It has also been great to be able to offer the added incentive of paid days off through FFCRA for my employees to get and recover from vaccinations without them having to draw down their own paid sick days. For us as a business with a payroll service, applying for the FFCRA tax credits was easy and went smoothly.

As we managed our way through COVID exposure, like countless other small businesses have, I kept thinking to myself, "Why are we one of the only countries without a national paid leave program? If there is a silver lining to this crisis, it should be that we've been given a wake-up call to pass a robust and permanent national paid leave program." And here we are, with that very question before us. It just doesn't make practical or moral sense to me why we wouldn't!

While FFCRA was an essential program, it was put together hastily in the midst of a crisis. As a result, the program had its challenges and should not be the model for a permanent paid leave solution.

One major issue small businesses had with FFCRA was simply finding out about it. Tax credit programs rely on businesses to apply for and administer the program. For willing business owners, who are well connected and monitor program availability and supported with HR and payroll services to administer the programs, this can work. However, a typical small business does not come equipped with these support systems. Public programs like Unemployment Insurance are easier for both employees and small employers to access and administer benefits and should be the model for any national paid leave program.

The vast majority of small business owners agree. As part of the same [Main Street Alliance survey](#), small businesses that were not able to provide family and medical leave to their employees overwhelmingly identified a social insurance program as what they most needed to be able to provide this benefit (79% selected this option, while only 8% identified a tax credit).

For My Small Business, Care IS Infrastructure

This past year has been one of the most difficult ever for my business. The same can be said for the majority of small businesses -- particularly child care centers -- across the country. It was challenging not just because of COVID-19, but also the hidden longstanding crises that COVID exposed -- the total lack of care infrastructure that allows people the freedom to work and take care of their families.

As a child care provider I've known this crisis intimately for many years. Not only as a small business owner with employees myself, but in talking to our parents about how hard it is to balance the accessibility and affordability of child care, and needing to take time off to heal or care for elderly parents without losing their paychecks.

During the course of the pandemic we did what we could to keep our doors open, while operating safely, because we knew how critical providing child care was in this crisis -- for the essential workers, and parents across the country who were struggling to work full time in their day jobs and also substitute as full-time teachers for their kids at home. As early learning professionals, we've always understood child care was essential; now the rest of the country does, too.

In the same way that the recently-enacted *American Rescue Plan* addressed the immediate crisis of the pandemic for small business, our employees, and our customers, we now need bold investment in our care infrastructure -- from paid leave to child care to elder care and everything in between -- if we are to set ourselves on the path not just to recovery, but resilience. We've ignored and underinvested in these critical supports for far too long. In the same way I need good roads and bridges to get to and from work, my employees and I need a care infrastructure that provides time to heal for employees when they need it, as well as affordable and accessible child care. We can't "build back better" if we don't address these longstanding gaps that have been holding our economy back and prolonging the pandemic-induced recession.

Promising Paths Forward on Comprehensive, Permanent Paid Leave

That is why we at Main Street Alliance are encouraged by the scale and broad focus of the Biden-Harris administration's proposed [American Families Plan](#) as well as House Ways and Committee Chair Richard Neal's [Building an Economy for Families Act](#). Both build on the bicameral Family and Medical Insurance Leave Act ([FAMILY Act](#)), sponsored by Sen. Kirsten Gillibrand and Rep. Rosa DeLauro, which had stood alone as the only comprehensive, universal paid leave program offered at the federal level.

As incredulous as it may seem, until now no American president has ever proposed a national, permanent comprehensive paid family and medical leave program. The United States remains one of the few countries in the world that doesn't guarantee paid leave. As a provider myself, I am heartened to see both proposals call for investments in affordable, quality child care along with tax policies that support working families. Moreover, COVID has underscored the need for a national paid sick leave policy to help workers and their loved ones quickly recover from short-term illness and prevent the spread of disease.

Care Can't Wait

While Bright Start has grown to currently a team of 24 employees serving 76 children (with a dozen more staff set to join this summer), over the years it took a patchwork of ad hoc workarounds to manage sick, family, and medical leave for my staff -- sometimes with government support, mostly without. And businesses smaller than my own, with thinner operating margins, could not have resorted to absorbing the cost burdens of providing leave the way I did on multiple occasions to protect the health and well-being of my workers.

With the ongoing pandemic and Main Street still on the path to recovery, paid leave is not an “extra” – it’s an essential must-have to the survival of our country’s 30 million small businesses and the health of small business owners, employees, and customers alike.

Small businesses like mine have been calling for these investments for years. Recently organizations representing thousands of small businesses [sent a letter](#) to Congress calling for urgent action on paid leave and investments in our care economy. Small business owners overwhelmingly support national paid leave -- even before the pandemic made it abundantly clear -- for numerous reasons:

- **More than ever, small businesses and their employees need a program that allows owners and workers to take time from work for health reasons** – whether to care for themselves and/or their loved ones or to quarantine or isolate and avoid spreading COVID-19. Multiple studies point to the public health benefits of paid sick time protections when it comes to combating contagious diseases.
- **Small businesses can’t afford paid leave on their own like many larger businesses can.** Small businesses generally lack the capital and the scale to provide paid leave, even when owners want to provide that benefit. Moreover, private insurers generally do not offer affordable, adequate paid leave policies to small businesses. As a result, as of 2019 [only 14 percent of workers in firms with 99 or fewer employees had access to employer-provided paid family leave, compared to 29 percent of workers in firms with 500 or more employees.](#)
- **Our businesses benefit when employees can take time to care for their families and return ready to work.** Paid leave helps reduce turnover and boost employee morale and loyalty, increasing productivity and cost savings for our small businesses. Paid leave makes good business sense.
- **Paid Leave is a matter of racial and gender equity.** The racial wealth gap means employees and business owners of color like myself have less of a financial cushion for taking time off, but they also have more limited access to paid leave. And, with most caregiving still [falling to women](#), paid leave is an important gender equity measure for business owners and employees alike. These facts have been further heightened during the pandemic. With higher rates of COVID-related illnesses, death, and business closures, the need for paid leave is higher than ever in Black and brown communities. A robust, permanent paid family and medical leave program is essential for supporting Black- and brown-owned businesses, their employees, and the communities they serve.

- **Addressing workforce shortages.** Over the past year women have left the workforce in droves -- and the lack of paid leave and [child care](#) was a major contributing factor. Closing these care infrastructure gaps will be a major factor in addressing our current labor shortage. We can't afford not to use every tool in our toolbox to support a rebounding and growing economy.
- **Economic Recovery on Main Street.** For small businesses and Main Street economies to recover, we need more customers spending on Main Street and the safe return of our labor force. Comprehensive paid family and medical leave programs have been shown to significantly increase [mothers' attachment to the workforce](#) and caregivers' participation in the labor both [short and long-term](#). Paid leave dollars go back into the local economy, boosting consumer demand at small businesses, as working people spend their leave to cover basics.
- **Business owners support paid leave.** A [national survey of 600 small business owners](#) found that two-thirds supported the U.S. having a national policy for paid family and medical leave. Support for paid leave by the owners is also not a partisan issue, with 80% of Democrats, 55% of Republican, and 53% of Independent owners in favor of a national policy for paid family and medical leave. Over 1,600 small business owners have [added their names](#) to state and federal campaigns calling for comprehensive paid leave.

The time has come for federal lawmakers to put in place a robust permanent paid family and medical leave program. From our experience with existing state programs we have learned that policy details matter to small businesses and our employees. We need a program that:

- Covers all businesses, families and individuals, including freelancers and the self-employed and business owners themselves;
- Increases financial security by providing wage replacement to enable employees to take time off and meet their expenses;
- Is sustainably and responsibly funded to make the program affordable for businesses of all sizes, and affordable to use by workers of all incomes;
- Provides leave to care for parents, children, spouses, domestic partners, and other family;
- Is publicly administered to ensure ease of administration by small business; and
- Includes extensive outreach to ensure small business owners and our employees can learn about and access the program.

In order to successfully overcome the COVID-19 crisis and thrive in the future, small businesses need a comprehensive, sustainable, and affordable paid leave and care foundation now more than ever. As Congress considers a long-term economic infrastructure and recovery package, a national, permanent paid leave policy and program and investment in our care economy must be a priority. Care infrastructure is not just what small business employees and owners deserve, it is vital to keeping our entire communities safe and our economy resilient.

Paid leave is an essential component to ensuring more small businesses are able to make it back to profitability and to leveling the playing field for small businesses in the long run. We must never be unprepared for a crisis like this again.

Thank you for your time and attention. I look forward to answering any questions you may have.