



**U.S. House Committee on Education and Labor
Workforce Protections Subcommittee**
*“Balancing Work, Health, and Family: The Case for
Expanding the Family and Medical Leave Act”*

**February 11, 2020
2:00pm**

**Testimony of Anthony Sandkamp
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Chairwoman Adams, Ranking Member Byrne, and members of the Subcommittee on Workforce Protections:

Thank you for this opportunity to testify today on the benefits of paid family and medical leave. The timing of this hearing, a week after the 27th anniversary of Family and medical leave enactment underscores the importance of comprehensive paid leave for businesses like mine.

My name is Tony Sandkamp, and I own Sandkamp Woodworks, a cabinet and architectural woodworking business in Jersey City, New Jersey. My four full-time employees and I provide custom cabinetry to high-end clients from Boston to New York City to here in Washington, D.C. I started my business in 1991 and over that time have experienced several situations that required time off for employees and myself. I am a husband of over 25 years, a son, a brother to seven terrific siblings and a member of Main Street Alliance, a national network of more than 30,000 small business owners. Through MSA, owners of businesses like me, share their perspectives on critical public policy issues.

As we celebrate the Family and Medical Leave Act (FMLA) anniversary which allowed millions of eligible American workers to take unpaid leave - it is important to note both that it set an important workplace standard for its time and that it includes only businesses with over 50 employees -- leaving out forty-four percent of U.S. workers. While this was a landmark legislation in 1993, it's past time for Congress to update this key protection for the economic security of small business and families to better address the needs of today's workforce.

In my testimony today, I would like to address several points as they relate to family and medical paid leave and the importance of having a good program in place. First, family and medical leave must be available to all workers, no matter where they work or live. Second, family and medical leave programs should have a modernized definition of "family" which would bring family medical leave into the 21st Century. Third, to be effective, affordable paid leave must include job protection measures. Fourth, comprehensive paid family and medical leave social insurance programs that spread costs and reduce administration is the most small-business friendly solution when it comes to leave and enables small businesses to retain talent and maintain safe, efficient workplaces with focused employees, supporting our bottom line. Finally, small businesses want a paid leave program and need Congress to take action.

These improvements are necessary for family and medical leave to be effective for small business owners and our employees.

I'm a proud supporter of New Jersey's Family Leave and Temporary Disability Insurance Programs, which help small businesses. All small businesses and workers, nationwide, should be able to count on a paid family and medical leave program with the benefits and protections that my business and my employees have come to count on. I will discuss this at length shortly, but first let me address several issues that are of particular interest to this committee.

Family & Medical Leave must be available to all workers

Where you work should not be a determinant of whether you are able to access job projected family and medical leave. As I mentioned earlier, forty-four percent of U.S. workers did not receive coverage through the FMLA. Yet, everyone should receive coverage through their employer regardless of the size of the business.

Expanded Family Definition

Last year, the state of New Jersey legislature updated the definition of a "family member" to make it more representative and inclusive of families.¹ Family caregiving needs have changed dramatically in recent years and will continue to increase in the near future. By 2035, adults over the age of 65 will outnumber children in the United States for the first time in history.² Currently, 7.8 million children live in households led by a grandparent or other relative.³ As family structures change and caregiving needs increase, so should the laws designed to help these families.

The updated New Jersey law expands who is a "family member" to include siblings, grandparents, grandchildren, parents-in-law, and any blood relative. It also includes "any individual that the employee shows to have a close association with the employee which is the equivalent of a family relationship." This is particularly important for the LGBTQ community and employees who have disabilities, as they are especially dependent on care by chosen family members. I want any of my employees, no matter who they love or deem as a family member, to be able to take the time they need to care for a loved one.

I also know how important an expansive family definition is from my own experience. Three years ago, my sister in Minnesota received a diagnosis of stomach cancer. Luckily, my other sister Rose, who lived nearby was not working at the time and was able to care for our ill sister for four months prior to her sadly succumbing to her diagnosis. Our parents were elderly and could not physically care for her. If it had not been for Rose, I do not know what we would have done. If Rose had been working, her job would have been at risk - as the FMLA does not include siblings in their family definition. For far too many other families, caring for a loved one in their time of need means putting their job on the line. In order to prevent other families from going through this, we need Congress to update this definition in the federal law.

In 2015, more than 25 percent of family caregivers provided care to a family member who did not receive coverage by FMLA, including grandparents, siblings, and adult children. Thirty-four

¹ ["STATE OF NEW JERSEY." New Jersey Legislature, 31 Jan. 2019. www.njleg.state.nj.us/2018/Bills/A4000/3975_R3.PDF.](http://www.njleg.state.nj.us/2018/Bills/A4000/3975_R3.PDF)

² [Meinert, Maya. "Seniors Will Soon Outnumber Children, but the U.S. Isn't Ready." USC News, 21 June 2018. news.usc.edu/143675/aging-u-s-population-unique-health-challenges/.](http://news.usc.edu/143675/aging-u-s-population-unique-health-challenges/)

³ <https://www.gu.org/app/uploads/2018/05/Grandfamilies-Report-SOGF-2015.pdf>

percent of family caregivers who left the workforce reported doing so because their work did not allow flexible hours.⁴

No one should have to make this difficult decision to care for a loved one or lose their job.

Job Protection & other enhancements to the New Jersey Program

In addition to an expanded family definition, New Jersey made several other key improvements to the paid leave program including: expanded job protection and increased wage replacement, so more workers can afford to use the benefit. They also enhanced outreach to ensure small business and workers are aware of the program.

Without job protection, paid leave can end up just being severance pay if people come back from leave to find their jobs filled. We know from evaluations of state paid leave programs like Rhode Island, that concerns about job security discourage employees from using paid leave even when they're eligible.⁵

Ensuring that employees can go out on leave and know their jobs will be there for them when they return is a necessary component of any leave program - job protections are needed. Clear rules ensure that all companies—not just high road employers—do the right thing so that businesses who want to comply with these standards are not at a competitive disadvantage and forced into a race to the bottom.

That's not just my view—a poll by the Main Street Alliance and other business groups found that 78% of small business owners surveyed support regulations to ensure against unfair competition by big business, and enforcement of existing rules on the books.⁶

Small business owners want to do right by their employees - clear, fair rules help us do that. Another component of a successful paid leave program is providing adequate outreach and education for small business owners and workers alike. Again, we saw this as a challenge in New Jersey and think it provides a key lesson as we build out a national program.

This year, New Jersey allocated \$1.2 million for outreach and education regarding the law throughout the state, of which \$600,000 will go to community based organizations.⁷ The biggest challenge small businesses in New Jersey encountered with the state paid family and medical

⁴["Durbin.senate.gov."](https://www.durbin.senate.gov/) Durbin.senate.gov, 12 Dec. 2019.

<https://www.durbin.senate.gov/newsroom/press-releases/durbin-announces-legislation-to-expand-family-leave-protections>.

⁵ Silver, B. E., & Mederer, H., & Djurdjevic, E. (2016, April). Launching the Rhode Island Temporary Caregiver Insurance Program (TCI): Employee Experiences One Year Later (Paid Leave Analysis Grant WB-26511-14-60-A-44 Final Report) (p. 34) . The University of Rhode Island Publication. Retrieved 1 May 2019, from <http://www.dlt.ri.gov/tdi/pdf/ripaidleavefinalrpt0416uri.pdf>

⁶ Opinion Polling: The Economic State of Small Business." *Congressional Record* 158, Pt. 9 (2012) p. 12214. (Text from: Congressional Record Permanent Digital Collection); Accessed: February 3, 2020.

⁷ https://www.njleg.state.nj.us/2018/Bills/S3000/2528_S4.HTM

leave program was not the cost associated to the employer or the coverage of the employee's work who takes leave, but information to know that such a program existed. Through dozens of conversations with small business owners in New Jersey,⁸ Main Street Alliance found that many are not familiar with the law and some who have heard of it are unsure if it applies to their business. But, once they know, small business owners are enthusiastic. Most said they are willing to help inform their employees about the program and that a range of educational and outreach materials would help them implement the law. The lack of knowledge among small business owners demonstrates why more marketing and outreach to small business owners about the law is critical.

Paid Family and Medical Leave Works for Small Business

In most states, lawmakers have failed to adopt paid family and medical leave, harming the country's 31 million small businesses, our 60 million employees, and our communities.⁹

Small firms lack the capital and scale to provide paid leave. The lack of a national paid leave program hands the advantage to large corporations that can use their size and market power to offer such benefits, resulting in a hiring disadvantage for small businesses.

We can change this picture.

My company provides a great before-and-after snapshot of the importance of passing a comprehensive paid family and medical leave policy. Before New Jersey adopted paid leave, I had an employee who left my company because of a family member's illness. I was unaware at the time regarding his decision to leave, however I later discovered that his mother was dying of cancer in Florida. He was her only family and he needed to leave to provide her care. He never told me about the situation as he was going to take care of his mother, but even if he had, my business could not have covered his salary and the additional cost of a replacement worker.

If New Jersey had family leave insurance available during this time, we could have avoided the pain and damage that occurred to both my employee and my business. He would have had the opportunity to take paid leave without feeling like he was asking me for a personal favor, and my business would have retained a valuable employee.

The state of New Jersey did not have paid leave yet, and my business paid the price. This employee was one of the best performers on our team for several years. The costs in time and money to replace him were astronomical. I had to take time away from my responsibilities as an owner, and my business suffered. Replacing employees is expensive, with turnover costs averaging one-fifth of an employee's annual salary.¹⁰

⁸<https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/meeting-the-promise-of-paid-leave.pdf>

⁹ U.S. Small Business Administration. (2019). 2019 Small Business Profile. Retrieved 3 February 2020, from <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142719/2019-Small-Business-Profiles-US.pdf>

¹⁰ Glynn, S. J., & Boushey, H. (2012, November 16). *There Are Significant Business Costs to Replacing Employees*. Center for American Progress Publication. Retrieved 1 May 2019, from

Now, for the “after” picture. Four years ago, an employee informed me his wife was pregnant with twins. He needed paid time off. I had recently joined the Main Street Alliance and learned about the New Jersey Family Leave Insurance Program. The paperwork was straightforward and I worked with my employee to ensure it was completed. The program provided him with wage replacement while he bonding with his twins. This employee is a very important part of my business, and taking time for his family was extremely important to him.

The plan we created for him to take time off was inclusive of the entire team playing a part. We moved a part-time employee to full-time, giving that employee an opportunity to acquire new skills. As it turned out, the business needed the extra help, and we kept him on full-time when the father of the twins came back.

My experience is consistent with the research, which demonstrates that when an employee is on leave, most employers shift the work of the on-leave employee to other employees. A recent survey of small employers in New Jersey found that when it came to covering work when a woman took leave after childbirth, 84 percent of employers covered the work by assigning it to other employees.¹¹

In the past, I have seen success with temporary employees who I hired in order to provide coverage while my employee is out on leave. In fact, a temporary hire has often added several benefits to my business. The temporary worker is able to obtain new skills and then are able to continue with me if I have the need, or they can use the newly gained skills at another job. I've had a temporary employee who used the skills he learned in my shop to start his own business, which is good for me as we continue to share referrals.

So, while we did have to develop a plan to cover the productivity loss of an employee out on leave - the long-term productively gains of having our employee return to our shop are exponentially greater to our business.

From a business perspective, well-structured, comprehensive paid leave programs like New Jersey's make leave simple and affordable. They spread the costs without creating significant new administrative requirements. When an employee needs time off work, they draw income from the fund to get by until they return. Business owners can use the salary of on-leave employees as we see fit. Most importantly, workers with paid leave are more likely to return to their jobs. Paid leave increases employee retention by encouraging employees to stay in the labor force and with the same employer, leading to significant employer cost savings through reduced turnover expenses. And according to Harvard Business Review, nearly all of the most successful companies report that exemplary benefit programs strengthen employee loyalty and morale, increasing worker productivity. These factors correlate with a better bottom line.

<https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>

¹¹ Bartel, A. P., & Rossin-Slater, M., & Ruhm, C., & Waldfogel, J. (2017, August 31). Employer Attitudes to Paid Family Leave (p. 3). Retrieved 1 May 2019, from https://web.stanford.edu/~mrossin/Bartel_et_al_EmployerAttitudesReport_Aug2017.pdf

Business Support for Paid Leave

We need a policy that reflects reality for people who make small businesses run. Humans have fragile bodies, and none of us are immune to illness or injury. We need a social safety net that includes paid family and medical leave, paid sick days, and other supports that recognize that working people have families, dignity, and human bodies and limitations.

Many ask supporters of paid leave whether the cost could harm small businesses. It is the cost of not having these policies that hurts. I will not have a successful business if my employees come to work distracted or sick. This results in mistakes that delay or ruin projects. More importantly, safety is a priority as I need everyone operating our tools at 100 percent.

A national paid family and medical leave program that covers all of us, pools our funds, and spread costs will be a tremendous benefit and a huge relief for small businesses.

This is why a federal paid family and medical leave insurance program is supported by 70 percent of small businesses, by one recent survey.¹² And in a Main Street Alliance survey of more than 1,700 small businesses, 78 percent of women business owners and business owners of color supported such a program. Also, in that survey, for those that supported paid leave, 79 percent of respondents said a social insurance program would help them the most to offer paid leave to their employees. What's more, 76 percent of overall respondents view the funding of such a program as a shared responsibility and support a joint employer and employee contribution model.¹³

This problem can be solved only through good public policy and a well-crafted national social insurance program. We need Congress to act. And I look forward to working with the committee, and with the many new small business owners from across the country to move the family and medical paid leave across the finish line!

I want to thank the Chairwoman and Ranking Member for hosting this hearing on family and medical leave. FMLA and needed solutions like the FAMILY Act. I look forward to member's questions and continuing to work with you to determine if there are ways that Congress can support these important efforts.

¹² Small Business Majority. (30, March 2017). Opinion Poll Small Businesses Support Paid Family Leave Programs (p. 5). Retrieved 1 May 2019, from

www.smallbusinessmajority.org/our-research/workforce/small-businesses-support-paid-family-leave-programs

¹³ Main Street Alliance. (2018). The View From Main Street 2018 Paid Family and Medical Report (p. 4 and 5). Retrieved 1 May 2019, from <https://bit.ly/2tCUdFk>