



**U.S. House Committee on Ways and Means  
“Paid Family and Medical Leave: Helping Workers and Employers Succeed”  
Wednesday, May 8, 2019**

**Testimony of Anthony Sandkamp  
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Chairman Neal, Ranking Member Brady, and members of the committee:

Thank you for the invitation to testify today about the benefits of paid family and medical leave laws for small business. The timing of this hearing, during National Small Business Week, 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 work to high-end clients from Boston to New York City and here in Washington, D.C. I have been running my business since 1991. I also am a husband of 25 years, a son, and a brother to seven siblings. Additionally, I am a member of Main Street Alliance, a national network of more than 30,000 small business owners. Through MSA, owners of businesses like Sandkamp Woodworks share their perspectives on critical public policy issues.

I’m a proud supporter of New Jersey’s Family Leave Insurance Program and Temporary Disability Insurance, which help small businesses like mine. All small businesses and workers, in every state, 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.

In my testimony today, I will make four primary points. First, I have seen both the before and after of paid leave, and New Jersey’s program has made an important, positive impact on my business. Second, comprehensive paid family and medical leave social insurance programs, which spread costs and reduce administration, are the most small-business friendly solution when it comes to leave. Third, this approach helps small businesses 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.

Although New Jersey’s Family Leave Insurance Program and Temporary Disability Insurance exist as two separate programs in New Jersey, throughout my testimony I generally will refer to them as a single program. From my perspective as the owner of a small business, both

components of the program are essential. Yet, in most states, lawmakers have failed to make paid leave a reality, to the detriment of the country's 30 million small businesses, our 59 million employees, and the communities we serve from coast to coast.<sup>i</sup>

## **I. New Jersey's Paid Leave Program Has Helped My Business**

Small firms generally lack the capital and the scale to provide paid family and medical leave even when business owners want to provide those benefits. The lack of a national paid family and medical leave program hands the advantage to large corporations that can use their size and market power to offer such benefits to top managers but squeeze everyone else with low-wage, uncertain jobs. With modest bottom lines, small businesses often have trouble offering any paid leave, let alone matching more generous paid leave benefits offered by larger employers, resulting in a hiring disadvantage.

We can change this picture. My company provides a before-and-after snapshot that shows how. In 2006, before we adopted paid leave in New Jersey, I had an employee who left his job because of family needs. He didn't tell me at the time *why* he was leaving, but it turned out his mother was dying of cancer. He was too proud to ask me for help, and my business could not have covered his salary even if he had. So much pain and damage could have been avoided if New Jersey Family Leave Insurance had been in place at the time. My employee would have been able to take paid leave without feeling like he was asking me for a personal favor, and my business would have retained a valuable member of our team.

But we did not have New Jersey Family Leave Insurance yet, and my business paid the price. This employee had been the best on our team for several years and performed many critical management functions. The costs of the time and money it took to replace him were astronomical. In the interim, I had to take time away from my responsibilities as owner, and my business suffered. My business is not an outlier. Replacing employees is expensive, with turnover costs estimated to average one-fifth of an employee's annual salary.<sup>ii</sup>

Now for the "after" picture. Four years ago, one of my employees let me know his wife was having twins. He needed help getting paid time off, and we weren't sure what to do. But I had a recently joined Main Street Alliance, where I'd learned about the Family Leave Insurance Program, and I looked into how to apply. The paperwork was pretty straightforward. The employee and I filled it out together, and he got some of his wages replaced while bonding with his twins. He's a very important part of my business, and being able to take time for his family was extremely important to him, which meant it was important for my business and me. So we made a coverage plan for his time off, he took paid time with his family, and he's still with us.

Yes, it was difficult when my primary employee was out, but with adjustments we handled it. The way I saw it was I had two options. Number 1: he takes one to three months to care for his newborns, then comes back to work. Or, number 2: he's forced to leave my business because he has to care for these babies, and I have to find a new employee. I prefer the first option.

Ultimately, part of how we handled the leave was by moving a part-time employee to full-time. This provided that employee an opportunity to acquire new skills and other workers to take on

more responsibility as well. As it turned out, the business needed the extra help, and we kept that employee on full-time when the father of the twins came back from leave.

Our 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.<sup>iii</sup>

In the past I've also had success with temporary hires to cover for an employee who's on leave. In fact, a temporary hire can often be an added benefit to my business. The temp worker gains new skills they can then use to continue with me if I have the need, or they can use the newly gained skills at another job. I've even had a temp worker 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.

## **II. Comprehensive Paid Leave Social Insurance Programs Are the Most Small Business-Friendly Solution, Spreading Costs and Reducing Administration**

Based on my very positive experiences with New Jersey's Family Leave Insurance Program, I'm convinced that family and medical leave needs to be part of the fabric of our society. We all benefit when people -- workers and small business owners alike -- can take the time they need to care for themselves or their families, then come back to work ready, rested, and with some peace of mind. Unfortunately, only a very few small businesses have the resources to provide this benefit. Paid leave is exactly the kind of policy we elect people to put in place -- solutions that use strength in numbers and level the playing field for small businesses.

From a small business perspective, well-structured, comprehensive paid leave programs like New Jersey's make leave more affordable and simpler. They spread the cost of leave, reducing the burden on individual employers without creating significant new administrative requirements. When an employee or small business owner needs to take time away from work, they draw income from the fund to get by until they're back on their feet. Small business owners like me can use the salary of our on-leave employees as we see fit: to increase hours of current employees, hire a temporary replacement, invest in our businesses, or save it for another use. Most importantly, workers with paid leave are more likely to return to their jobs, significantly reducing turnover costs.

That's the difference paid leave makes for a business. From personal experience, I also know the difference it would make for a family. Three years ago my sister was diagnosed with stomach cancer. Luckily, my other sister was not working at the time. (She lives in Minnesota, where there is no paid family and medical leave at all, let alone coverage to care for siblings.) For four months, she took care of our sister before our sister passed away. But if it were not for her, I don't know what we would have done. I'm eternally grateful to my sister that she was able to do that, but I think about other people, and what would they do.

As pleased as I am with New Jersey's program, it was not perfect out of the gate. Since the passage of paid leave, I have been involved in successful efforts to build on the initial policy and

strengthen our paid leave program. This year, we updated the definition of family to make it more representative of actual families and family support systems. Now, for example, in New Jersey a person can take paid leave to care for a sibling. I know from personal experience how important this is, so I am glad to see arbitrary limitations on who counts as family removed. We also expanded job protection to cover more employees. Without job protection, paid leave can end up being severance pay if people come back from leave to find their jobs filled. And we know that concerns about job security discourage employees from using paid leave even when they're eligible.<sup>iv</sup> In addition to these improvements, we increased the amount of available family leave to twelve weeks, expanded coverage to include safe time in the event of domestic violence or sexual assault, and expanded wage replacement so more workers can afford to take advantage of the benefit. All these changes are business-friendly.

We also allocated \$1.2 million dollars for outreach and education on the law, \$600,000 of which will go to community based organizations (NJ A3975, 2018). The biggest challenge small businesses in New Jersey encountered with the state paid family and medical leave program was not cost or covering the work of an employee on leave, but rather learning that the program existed. Through dozens of conversations with small business owners in New Jersey, MSA 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. This is why more marketing and outreach to small business owners about the law is critical.

### **III. Comprehensive Paid Family and Medical Leave Helps Small Businesses Retain Qualified Employees, Keep Workplaces Safe and Efficient, and Maintain a Healthy Bottom Line**

Congress should support small businesses, the drivers of our economy, and help entrepreneurs launch and expand our businesses. Like many small businesses, my business does custom work that cannot be imported. I do not compete with multinational firms that move production from place to place to extract as much as they can from workers and communities. Our government should create policies that support small businesses that are invested in communities, are here for the duration, and drive our economy.

Moreover, we need policy that reflects the reality of how small businesses operate, and the reality for people who make our country's small businesses run. Humans have fragile bodies, and none of us is Superman or 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 are people with families, dignity, and human bodies and limitations. Without these policies, people become sick, tired, and distracted, and they lose focus. Supporters of paid leave are often asked whether the cost of a program could harm small businesses. In my experience, it is the cost of not having these policies that is truly bad for small business. I cannot have people distracted or sick. They make mistakes that delay or ruin projects. But, more important, there are a lot of big tools in my shop, and, for safety, I need my employees to be operating at 100 percent when they are using them. Paid family and medical leave is good for my business.

The research and the experience in states with paid leave substantiate this. Paid leave contributes to reduced turnover, which is associated with higher productivity increases and significant cost savings for small businesses.<sup>v</sup> In California, where a family leave insurance program has existed for more than a decade, most employers report positive or neutral effects of the program on productivity (89 percent), profitability/performance (91 percent), turnover (96 percent), and employee morale (99 percent), with small businesses reporting even more positive outcomes than large businesses (those with more than 100 employees).<sup>vi</sup> Likewise, several New Jersey employers noted that the state's paid leave program helped reduce stress and improve morale among employees who took leave and their co-workers.<sup>vii</sup>

Additionally, evaluations of existing state paid family medical leave programs demonstrate that they do not increase costs for small businesses, and are feasible to implement. A survey of California employers revealed that 87 percent confirmed that the state program had not resulted in any increased costs, and 60 percent reported coordinating their benefits with the state's paid family leave insurance system, likely resulting in ongoing cost savings.<sup>viii</sup>

#### **IV. Small Businesses Want a Paid Family and Medical Leave Program and Need Congress to Act**

Without action by Congress to create a paid leave social insurance program, small businesses and our employees will remain shut out of paid leave and its benefits. I doubt the private market would be able to offer us affordable options that meet our needs. A national paid family and medical leave program that covers all of us, pools our funds, and spread costs would 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.<sup>ix</sup> 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, 79 percent of respondents overall said a social insurance program would help them the most to offer paid leave to their employees. Additionally, 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.<sup>x</sup>

New Jersey's program is an important starting point. The elements I've mentioned, including the recent improvements, are essential. Furthermore, it should go without saying that we need a comprehensive leave program, covering parental, family, and personal medical needs, rather than limiting leave to new parents. Proposals for new parents only would exclude my employee whose mother was dying of cancer, would exclude my sister, and would exclude the vast majority of working people who need leave. Three-quarters of people using the Family and Medical Leave Act (FMLA) use it to care for their own health or that of a seriously ill family member.<sup>xi</sup> Any paid leave plan should reflect the well-established reasons set out in the FMLA, which are parental leave, family care leave, personal medical leave, and military caregiving leave.

Real small businesses want and need Congress to take action. We recognize that this problem can be solved only through good public policy and a well-crafted national social insurance

program. We are eager to contribute to such a program and make it a success. We ask that policymakers help us take the best advantage of a new national paid family and medical leave program by funding outreach, education, and technical assistance. This is a problem we can solve together.

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For more information, please contact Main Street Alliance at [info@mainstreetalliance.org](mailto:info@mainstreetalliance.org).

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