



U.S. House Of Representatives
Committee on Ways and Means

**“In Their Own Words: Paid Leave, Child Care, and
an Economy that Failed Women”**

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12:00 P.M.**

Testimony of Molly Moon Neitzel
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Chairman Neal, Ranking Member Brady, and members of the Committee:

Thank you for the opportunity to testify today on the urgent need to once-and-for-all invest in the care infrastructure of our economy and our country, including paid family and medical leave. I am honored and humbled to speak before your esteemed panel and to be alongside my distinguished fellow witnesses. Thank you in particular to Chairman Neal for your strong leadership and commitment to expanding support for our nation's care infrastructure.

My name is Molly Moon Neitzel and I own Molly Moon's Homemade Ice Cream, a medium-sized ice cream company in Seattle, WA. I am a mom to two amazing girls who are 8 and 3 years old. 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 find our way to the other side of the most challenging public health crisis of our lifetime.

My Own Evolution on Paid Leave

I launched my business in 2008 committed to building a profitable entity that also reflected my progressive values. I hired my first employees offering free health insurance as a benefit for employees who worked a minimum of 20 hours per week. A few years later, I was part of an effort to pass a city and then state effort to ensure all employees have access to two weeks paid sick time. Paid sick time encourages workers to stay home when they're sick or contagious, and this is especially important for workers who handle food, provide health care, or have close contact with the public. COVID-19 has made this all too clear.

In 2013, I gave birth to our first daughter. After taking 12 weeks of maternity leave, I gained a deeper appreciation of both how hard it is to care for a new child and how important bonding time is for new mothers and fathers. I came to the realization that all employees needed paid time to care for themselves and their families.

After doing some research, I made the decision to provide 12 weeks of paid family and medical leave to my employees regardless of gender and reason, whether it be for adoption, fostering, elder care, or their own medical care leave.

As a small business owner with limited and costly private insurance options, I had little choice but to fully assume the costs for their leave, as well as the costs for overtime and

replacement workers. Over the next seven years, many of my employees have made use of the leave -- for new babies, illness, surgeries and care for dying family members. While covering the cost of paid family and medical leave was daunting at first, the benefits soon became clear. I was able to recruit experienced and talented managers who wanted to work at our company, but who were also looking for a strong benefits plan that was competitive with that of larger companies. Moreover, our policy helped us retain valuable staff members who make us the kind of company that keeps my customers coming back.

While the cost/benefit ratio of providing leave was obvious for our company, I knew that many newer and smaller businesses are not able to provide paid leave on their own. I was therefore an early and enthusiastic supporter of the Washington State paid leave legislation -- and was thrilled to see the bill pass in 2017 and for the benefits to become available in 2020.

The program rollout -- especially given that it occurred during a pandemic -- has been remarkable and could not have been more timely. Our company's total premium costs for the state program are less than what it costs for a single 12-week leave for one of my management employees when I was covering the entire cost on my own. The administration has been smooth for our business, with access and use equally easy for our employees. Since the state benefits are capped, I am able to 'top off' the paychecks for employees so that they receive their full pay while out on leave. Everyone in the country should be able to be covered by a similar social insurance family leave program.

Personal Impact of COVID-19

Prior to the pandemic, my business served customers at eight locations, employing 88 team members in the winter months, and as many as 150 in the summer. And then came COVID. We were fully shuttered for 6 weeks, then gradually reopened a shop at a time for takeout only over the next 6 weeks. We lost 97.6% of our retail income and laid off 85 employees, including my own father.

As the economy shut down last year, it is no exaggeration to say that I feared losing my company, my house, and my life savings. It was quite literally the scariest thing that has ever happened to me financially, on top of the public health uncertainty surrounding how to keep my workers safe and employed.

When it became clear we would need to shut down, my first concern was for my employees. I immediately wrote to our city and county councils, mayor and Governor's office, asking for

increased unemployment benefits closer to true wages, and we worked to help each of our employees navigate the unemployment system.

In order to keep my business afloat, I had to make many difficult sacrifices, beyond the emotional layoffs. My husband, an entrepreneur himself, was forced to sell his coffee shop to limit our debt and stay home with our children while schools were closed so that I could continue working to save my company. During this time, our daughter was diagnosed with autism and Attention Deficit Hyperactivity Disorder (ADHD). Because of the ongoing pandemic, we were unable to find services and therapy providers for her -- adding further stress on our family.

We are a well-off family with considerable resources going into COVID and the choices we made were still incredibly challenging. Many of my employees had fewer resources and even more challenging family dynamics. We worked closely with several employees to help them balance work and family schedules. The first national paid leave program -- the Families First Coronavirus Emergency Response Act (FFCRA) that was created under the CARES Act -- was an absolutely essential component of COVID relief for my employees and our small business.

Domino Effect on My Employees

To further illustrate the cascading effects of COVID-19, I want to share the struggles of just a few of my employees, who had fewer resources to cope with the stresses of the past year.

One employee previously owned her own successful cleaning business prior to the pandemic. She employed 30 workers before a real estate development takeover of the office buildings she depended on for her revenue wiped out her entire company in Fall 2019. She took a job at Molly Moon's to make ends meet just before the pandemic hit. After we laid her off, with no safety net in place, she was able to get by with unemployment insurance at the beginning of the pandemic. Before long, she started working part-time at a big box retail store.

A single mom of an 18-year old and **11-year old quadruplets** -- all who needed assistance once schools went to remote learning -- she was juggling far more than she could handle. We informed her about FFCRA, and we worked out a schedule so that she could use the benefits intermittently and stretch them out as far as she could while holding down her two jobs.

But then she was diagnosed with double carpal tunnel syndrome, which led to surgery and home confinement while she recovered. Thankfully, our newly-implemented state paid leave program kicked in to cover her wages for this necessary medical leave. She was not provided any paid leave by her other big-box employer however -- further reinforcing the need for a national minimum standard for paid leave for all employers.

Two other employees who are single mothers have also been using FFRCA leave intermittently while their children are doing remote learning from home. However, as we've all seen as parents, this learning environment does not suit all children. When one employee's daughter struggled with remote learning, she was left with no choice but to take the full twelve weeks of leave to help her child get on track.

One of our managers had a baby in April and took Washington State Paid Leave. When plans for her parents to care for the baby fell through due to COVID-related health concerns, she was offered FFCRA to work part-time. However, her husband who works at a large grocery store chain was not able to access any paid time off to help with family caregiving.

Another employee, our Director of Finance and HR, has moved her elderly mother with dementia into her home, and may need to take family leave under the Washington state paid leave program to care for her at a moment's notice. I'm thankful we'll be able to utilize that program, because replacing her work will be extremely expensive with an external accounting firm.

All of these women are part of what makes Molly Moon's Homemade Ice Cream a successful enterprise. It took our company policies, my amazing HR Director, the Washington state paid leave program and the emergency FFCRA to patch together a caregiving response that kept these women connected to our company.. Far too many other small business owners and their employees never found out about FFCRA and did not have a state or company program to help them out. That's led to a huge wave of women leaving the workforce -- reversing decades of progress.

The toil on women and BIPOC small business owners and their families is especially stark. We start with fewer resources and COVID has shown that we desperately need to strengthen the caregiving infrastructure in our country -- from paid family and medical leave to child and elder care.

As a small business owner, mother, and community volunteer, equitable access to quality child care is another issue that I am passionate about. I sit on the board of a local preschool and see how challenging it is to make that business model work. Child care centers and preschools that keep tuitions affordable for middle class families find it extremely difficult

to break even, so quality care in these critical early years suffers. And making these centers of our children's lives socio-economically diverse by offering scholarships or deeply reduced tuition necessitates having a critical mass of wealthy families in your school community, creating a stratified community that feels unhealthy and unsustainable. A significant increase in our care infrastructure investment is needed for our economic recovery and for the health and development of our nation's children. Treating child care and quality preschool as the key infrastructure components to our working economy that they are -- will add new jobs, help launch the next generation of entrepreneurs, and bring the United States into parity with most of the global economies we compete with. This helps parents, children, and all of us.

Some Progress, But Not Enough

On behalf of Main Street Alliance, we applaud last month's passage of the American Rescue Plan -- a program of a scale and substance needed to address many of the urgent needs facing small business owners, our employees and customers.

The extension and expansion of the FFCRA tax credits continues another critical relief lifeline for small businesses, allowing them to more easily make decisions that align public and economic health.

Nonetheless, the pandemic exposed significant structural gaps in critical infrastructure for small business that we must also address. We are encouraged by the scale and broad focus of the infrastructure programs included in the American Jobs & Families Plans that the Biden-Harris administration has and will announce.

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.

Small business owners overwhelmingly supported national paid leave even before the pandemic and as critical COVID relief during the outbreak 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. Most

recently, a study of the Families First Coronavirus Relief Act documented that it prevented more than [15,000 COVID-19 infections each day](#).

- **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. These benefits can be substantial - a recent study found [companies with paid leave programs averaged increases of 4.6 percent in revenue and 6.8 percent in profit on a full-time equivalent \(FTE\) basis](#). 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 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.
- **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. Paid leave and care policies have the potential to help the economy grow as much as [5 percent](#) by bringing women's labor force participation rates in the United States up to levels in other countries.

- **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 like the Family Act.

Paid Leave Key to a Thriving Small Business Economy

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.

Federal lawmakers must make creating a robust permanent paid family and medical leave program a priority. 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 foundation now more than ever. As Congress considers a long-term economic infrastructure and recovery package, a national, permanent paid leave policy and program must be a priority. Paid leave is not just what small business employees deserve, it is vital to keeping our entire communities safe and our economy resilient.

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