



DATE: March 4, 2019  
TO: Finance, Revenue and Bonding Committee  
FROM: Jeff Shaw, Senior Director of Public Policy and Advocacy, The Alliance  
RE: H.B. No. 5407, AN ACT ESTABLISHING A TAX CREDIT FOR EMPLOYERS THAT PROVIDE PAID FAMILY AND MEDICAL LEAVE BENEFITS AND CONCERNING FAMILY AND MEDICAL LEAVE ACCOUNTS PROGRAM

Good afternoon Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and members of the Finance, Revenue and Bonding Committee:

My name is Jeff Shaw, Senior Director of Public Policy & Advocacy, of the Connecticut Community Nonprofit Alliance (The Alliance). The Alliance is the statewide advocacy organization representing nonprofits, with a membership of more than 300 community organizations and associations. Nonprofits deliver essential services to more than half a million people each year and employ almost 14% of Connecticut's workforce.

**The Alliance supports the intent of H.B. No. 5407, An Act Establishing a Tax Credit for Employers that Provide Paid Family and Medical Leave Benefits and Concerning a Family and Medical Leave Accounts Program, but have concerns we respectfully ask the Committee to address.** We applaud the intent of establishing a paid family medical leave accounts program, to allow people to care for their personal health and well-being of a loved one, and not risk losing their jobs or earnings. No one should have to choose between going to work to pay for groceries, the mortgage or utility bills and caring for themselves or a loved one who is ill.

However, nonprofits would not qualify for the tax credit this legislation aims to create since they are tax-exempt. Since the tax credit would not apply to nonprofits (which employ 14% of the state's workforce) and many are already not able to afford to provide this benefit, they would be at a competitive disadvantage to for-profit employers that would be incentivized by this bill to provide the benefit. Nonprofit employees may seek employment at for-profit organizations offering the benefit, resulting in increased turnover which could destabilize service delivery.

Community nonprofits have experienced years of budget cuts or flat funding as the need for community services continues to grow. Staff is already lean at many health and human service organizations that also require minimum staffing levels for challenging populations needing 24-hour care and support.

Many community nonprofits contract with the State to provide services; they cannot raise taxes or increase prices in the face of increased costs. Nonprofits want to provide excellent benefits for their employees, but the State needs to make sure there are reasonable ways to pay for it. A tax credit for for-profit businesses would make it more difficult for community nonprofits to provide competitive benefits for their employees.

Thank you for your time and consideration.