

“Paid Family Leave: The Benefits for Businesses and Working Families”

A Hearing before the Subcommittee on Children and Families

Wednesday, July 30, 2014

Written Testimony of Kevin Trapani for the Record

CEO, The Redwoods Group

Senator Hagan, distinguished members of the Subcommittee, I am Kevin Trapani, the CEO of The Redwoods Group.

The Redwoods Group is an insurance and consulting firm based in Morrisville, North Carolina, which has 80 employees, all but one of whom are full time. Our insurance and risk management services are pulled together in a business model borne out of a conviction to do things differently. We define ourselves, not by increased shareholder value, but by our place in a larger root system; one in which we are responsible to our employees (and their families), our customers (and the people they serve) and our global community – as well as to our owners. To be clear, we do not exist to make a profit, but making a profit is important to us. It is an essential metric of sustainability.

As a business leader, I am delighted to have a chance to speak to both of the topics of this hearing: the benefits of paid family leave for businesses *and* for working families. In reality, these benefits are fundamentally linked. Our business success hinges on the work our employees do. As a result, their individual well-being is crucial to the impact of our collective work. But employees have lives outside of the office, and those lives matter for their success at work. As we learned from Maslow, people’s basic needs must be met before they can think and act communally. That’s why our workplace policies need to reflect the multiple commitments workers have in their lives. Paid leave is one such policy.

Today, I will briefly describe my company’s leave policies and explain why we offer paid family leave along with medical leave. I will also speak about why I believe Congress should consider a national paid leave policy.



The Redwoods Group has a range of paid leave policies, including paid time for parents to engage in school activities, sick days, bereavement leave, volunteer leave, and, of course, paid family leave. These policies have helped make our company strong by building a loyal, long-tenured workforce deeply committed to our shared mission.

While Redwoods expects and requires our employees to alert us to their need for sick days, we do not place a limit on the number of paid sick days an employee can use. We have had this policy in place for 13 years, and it has very rarely been abused.

Leave without pay is useful to very few people. That's why Redwoods also provides a Short Term Disability plan which replaces our employees' wages for eligible events such as a serious medical problem or the birth of a child. For ineligible events – like caring for a loved one – our employees use their unlimited paid sick days. In addition, the company pays employees during the days of the “waiting period” before Short Term Disability kicks in. On top of this, when a parent of a newborn or newly adopted child needs paternity or maternity leave, Redwoods has five days of additional paid leave that employees may use.

A few facts about how our policies work in real life: including all the types of leave we consider “eligible”, on average, our employees use fewer than 3 sick days each per year. In our experience, employees who are trusted and who are in a nurturing workplace simply don't abuse privilege. The annual cost of our unlimited sick leave policy is less than the cost of a single additional employee, while the benefits are incalculable. Finally, over the past 10 years, our turnover has been less than 5% per year – about one-third of the norm for our business segment. Let me share with you some stories our employees have told me about their experiences with paid leave at Redwoods and without paid leave in earlier jobs:

Dan Norber's experience with paid leave as a new dad:

My daughter, Jocelyn Rose, was born on May 5th. I feel exceptionally fortunate that she was born healthy and, after crying for her first 15 minutes of life, generally very happy.

My wife and I are both from St. Louis and we have a huge support network there. But we're in North Carolina, 1,000 miles from home. Because I had the benefit of paternity leave, when we left the hospital, **we** brought her home, and **we** learned together what she



needed in those first days. Now, about 12 weeks later, it is clear that this opportunity created a home with two parents who can calm Jocelyn and, as importantly, can support each other.

For me, FMLA, paternity leave, and other programs provide so much value outside of the direct caregiver and receiver. It strengthens the caregiver's web of support and allows them to dedicate themselves to serving a loved one.

I look forward to the day when every father, caregiver, or family member has the security to do what I was able to with my daughter.

Trinity Faucett's experience when she was a new mom, before she was employed at Redwoods:

I can share my personal experience as both an employee, human resource professional, and, most importantly, a mother. In my line of work, I have encountered many young parents who are not able to afford to stay at home during the FMLA time period due to financial difficulties. My own experience attests to not only the financial strain but more importantly the emotional strain.

To my surprise, my first-born son decided to enter the world two months early. I was working full-time and earned less than \$20,000 annually. I was not eligible for FMLA since I worked for a small employer and had to pay for part of my own health insurance. We were very blessed that my son did not have any major complications, but he did have to stay in the hospital for a month to learn how to feed and put on weight. I was able to bring him home after one month of hospital stay. I was out of work during that time without pay. After he came home, I was only able to stay at home with him for another month (about the time of his original due date). This created financial strain but we had a loving family support system. Since he was premature and had a fragile immune system, his doctors did not recommend daycare but again we were so blessed to have both grandmothers able to juggle their schedules to care for him while I worked. Additionally, my employer allowed me to bring him to work when I had no one able to care for him.

I am so grateful for those who assisted us during that time in our lives and in no way do I want to take away from the blessings during the trials. However, I also know I can never get the lost time back that I would have had if I could have afforded to stay home longer. I suffered emotionally due to the worry about my son's health, the piling medical bills due to the extended hospital stay, the feelings of guilt for not being able to be with him - all above and beyond the normal worries of first-time motherhood. I decided to quit breastfeeding sooner than I would have liked and was not able to give him the time and attention that I know he needed. I was fortunate to have others in my life who loved him as much as I did. I know not all mothers are so fortunate.

My only hope is that one day when my children have their children, they will be in a position to be able to spend as much time as they desire for bonding and family time.



Laurel Vadala's experience with a back problem:

After I started my job at Redwoods I had to have back surgery. I had never had any sort of back problem before and when the pain started it truly caught me by surprise. I had so much anxiety about whether my job would be still there after my surgery since I was dealing with a long recovery time. Our family supports several people/families financially. Had I lost my job due to my medical situation, it would have had a ripple effect that would have caused a lot of hardship for a lot of people. Our Redwoods HR department was wonderful. They helped me with short-term disability paperwork and assured me that I would have a position to come back to. I sincerely thank you and Redwoods for the privilege to work for a company that cares about their employees.

One person's income affects more than just their immediate family. When that income stops, there is an immediate impact that is felt by everyone they know or organization they support or business in their community that they frequent. It has far reaching financial implications that affect us all.

As a leader, I believe in the importance of focusing on people's positive qualities and giving them the tools they need to maximize those qualities. Paid leave, whether it is needed to recover from the flu or to welcome a new baby, is one such tool.

When employees take paid leave, as you now know, they are more likely to return to our company; this saves us the costs of interviewing, hiring, and retraining. Of course, it's necessary to cover the work of an employee on leave, which some may see as a challenge. However, at Redwoods, we've discovered that this so-called challenge creates a real opportunity for the business. Since we cover the work of an employee on leave by sharing it across the affected team, our more junior team members get a chance to learn and take on new responsibilities, furthering their development. This is a big plus for our company: junior workers have an opportunity to grow their skills and advance their careers and those who have been well-supported develop a deeper trust in their co-workers. This is one reason that, over time, when asked about the Redwoods environment, our folks most often call it "a family".

Virtually every business leader has said at one time or another, "Our people are our biggest asset." Yet, investing in our people isn't always a strong commitment in American business models. Ensuring that folks are free to care for themselves or a family member when needed is an investment in our people – and it improves the results of a business – but it's a different way of thinking. Companies have learning curves when it comes to implementing new policies; those



without paid leave have not had a chance to be in the classroom. Those of us who have paid leave implementation experience can provide peer support to other businesses that are ready to take the steps needed to maximize their employees' potential. Through learning communities, we can guide fellow businesses as they implement paid leave policies. I know that I have learned lots from my peers along the way. I hope you will consider the role of learning communities as an important element of any family leave legislation.

A growing number of employers around the country not only provide paid family leave for their employees but also are calling for national paid family and medical leave legislation. I am delighted to be a part of that effort.

I'll also say this: as a North Carolinian, I'm proud that our Senator is focusing on an issue that deserves Congressional attention. It is vital that paid family leave be universally available in this country and it will take leadership from businesses and from members of Congress to make that happen.

Thank you all for your selfless work to serve our country and for your deep consideration of the needs of working families.

Respectfully,

A handwritten signature in black ink that reads "Kevin A. Trapani". The signature is written in a cursive, flowing style.

Kevin A. Trapani
CEO