

Human Resources Blog

By [Susan M. Heathfield](#), About.com Guide to Human Resources since 2000

So, Who Thinks the Paid Vacation Act Is a Good Thing?

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I'm an employer and I rue the days when Congress involves itself in the relationship between employers and employees. (Anyone remember pre-FMLA days when an employer could provide as much unpaid time off as he wanted without fear of discrimination charges later?)

Well, here we go again. In short, Rep. Alan Grayson (D-FL) plans to introduce the Paid Vacation Act that will require employers with 100 employees to provide one week of [paid vacation](#) after an employee is employed for one year. [According to the Politico](#), the Paid Vacation Act:

"...would require companies with more than 100 employees to offer a week of paid vacation for both full-time and part-time employees after they've put in a year on the job. Three years after the effective date of the law, those same companies would be required to provide two weeks of paid vacation, and companies with 50 or more employees would have to provide one week."

In response, the Society for Human Resource Management (SHRM) issued a statement about one-size not fitting all employers. My predictions? One-size doesn't fit all employers and if this Paid Vacation Act becomes law, these are some potential consequences.

- Some employers will cap their growth at 50 or 100 employees so as to avoid compliance.
- Fewer employees will be hired. This is a huge raise in business expenses in a country where business already pays the fourth highest tax rate. According to a study [cited by the Cato Institute](#):

"KPMG found that the United States has the fourth highest corporate income tax rate in the 30-nation Organization for Economic Co-operation and Development. The combined U.S. federal and average state rate of 40 percent is almost 9 percentage points higher than the average OECD top corporate rate of 31.4 percent. Only Belgium, Italy, and Japan have higher rates than that of the United States."

- Employers may be forced to change or reduce other [benefits](#) that may be more important to their employees.
- Employers will reduce the pool of money available for compensation increases and may freeze increases and take other [steps necessary to reduce costs](#).

Anything else? What do you think about the potential Paid Vacation Act? Approximately 75% of American workers, including my company's employees, have paid vacation time. While I am sympathetic to the 25% of employees that don't, do you think there might be a reason why their employers don't supply paid vacation time?

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