

**Testimony of  
Kevin Shivers  
State Director  
NFIB**

**Before the  
House Labor Relations Committee  
Aug. 29, 2008  
Philadelphia, PA**

The small-business members of the National Federation of Independent Business urge you to oppose paid leave mandates like those proposed in HB 1155 and HB 1386. These mandates would force small-business owners to implement policies that may not be in the best interest of their workers and bury them under an avalanche of new paperwork red tape and headaches.

NFIB believes small-business owners should be free to do what is best for their workers and their companies. One-size-fits-all employment policies like those proposed in HB 1155 and HB 1386 do not work well for small businesses that need flexible workplace policies to juggle the needs of their workers and running a business. What may work for Wal-Mart doesn't always work on Main Street. Employer mandates like those proposed in HB 1155 and HB 1386 hurt the very workers they are intended to help and take away small employers' and workers' freedom to negotiate benefits packages that best meets their mutual needs. In addition, they invite excessive and unnecessary litigation, as well as impose significant legal and administrative costs on small businesses.

A similar paid leave mandate proposal was defeated earlier this month in the California legislature. A study released in June by the NFIB Research Foundation showed the loss of approximately 370,000 jobs within five years in California had AB 2716 become law. In addition to significant job losses, the bill would have imposed a direct cost, just like a tax, of \$4.6 billion on California employers that would have disproportionately affected small businesses.

The NFIB Research Foundation also examined a paid sick leave proposal in Ohio. Even with exemptions for employers with fewer than 25 workers, the Ohio paid leave mandate is expected to cost business almost \$1.2 billion annually and result in 75,000 lost jobs over five years -- 41-percent of those losses would come from small business.

Small-business owners value their employees and understand that everyone can be subject to illness or emergency family obligations. Most small-business owners provide flexible leave for illness and family situations and do so in a way that meets the needs of both the worker and the business owner. Recent NFIB Small Business Polls report 96-percent of small-business owners offer flexible work hours for their workers when personal situations arise. About 75-percent of small business owners already provide their workers with some type of paid sick leave and over two-thirds recently granted family leave as paid leave.

Small-business workers and employers know best how to shape the benefit package that best fits a particular workplace. If these new mandates are enacted, small employers tell us they likely would be forced to eliminate personal time, vacation pay, or limit future pay raises. In small businesses, coworkers often are the ones forced to pick up the slack for absent employees. Small businesses have a particularly difficult time filling the gaps when employees cannot work. A small-business owner with five employees loses 20-percent of his workforce if just one employee does not report for work.

More than 90 percent of businesses cope with employee absences by re-assigning work to other employees. According to a national small-business poll, the most frequent ways to compensate for an employee's absence are assigning other employees to cover (71%), the owner/owner's family cover (62%), and postponing the employee's work (21%).

Many small employers simply cannot afford to absorb the cost of paying and training a replacement worker for an employee on leave, or pay coworkers overtime to share the expanded workload.

NFIB members certainly do not advocate employees coming to work if they are sick or otherwise unable to work. However, a mandate to require paid leave assumes small-business owners don't currently offer flexible leave policies, which is not true.

Additionally, employment market pressures assure that leave will continue to be commonly given regardless of legislative action. According to an NFIB national small-business poll, small-business owners often successfully compete for employees on the flexibility they can offer.

Given Pennsylvania's current economic challenges -- a looming budget deficit, rising unemployment, soaring energy prices and sky-high health insurance premiums -- Pennsylvania's small-business owners can ill afford another costly new mandate. Therefore we urge the members of the committee to oppose these legislative proposals.

We stand ready to work with the General Assembly to ensure that additional economic burdens are not placed on small business. Thank you.

# # #