

COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

HOUSE LABOR RELATIONS COMMITTEE

* * * * *

IN RE: HOUSE BILL 1155 AND HOUSE BILL 1386

PAID SICK LEAVE

* * * * *

BEFORE: Marc Gergely, Majority Chairman
Scott Boyd, Minority Vice-Chairman
Sean M. Ramaley, John T. Galloway,
Mark Mustio, Daryl Metcalfe, Jaret Gibbons,
Michael McGeehan, Thomas Killion,
Jim Cox, Frank Andrews Shimkus,
Thomas Blackwell, Carl Mantz, Members

HEARING: Wednesday, August 27, 2008
Commencing at 1:38 p.m.

LOCATION: Pennsylvania Convention Center
1101 Arch Street
Philadelphia, PA 19107

WITNESSES: Ian Phillips, Carolyn Banks, Vicky Lovell,
Matthew J. Brouillette, Robert Drago,
Marianne Bellesorte, Jim Walsh,
Carol Tracy, Jenna Mehnert

Reporter: Daniel Urie

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P R O C E E D I N G S

REPRESENTATIVE MCGEEHAN:

Good afternoon. I want to call this meeting of the House Labor Relations Committee to order. This committee hearing is centered around --- public hearing is centered around House Bill 1155 and House Bill 1386. I want to welcome the members to Philadelphia, and the presenters and the interested parties here today. I'll start with my --- to the right, have the members introduce themselves and what area of the state they represent.

REPRESENTATIVE RAMALEY:

Good afternoon. Shawn Ramaley, 16th District, Beaver and Allegheny County.

REPRESENTATIVE GALLOWAY:

John Galloway, 140th District, Bucks County.

REPRESENTATIVE MANTZ:

Carl Mantz, 187th Legislative District, Berks and Lehigh Counties.

REPRESENTATIVE MUSTIO:

Mark Mustio, 44th Legislative District, Allegheny County.

REPRESENTATIVE METCALFE:

1 Good afternoon. Daryl Metcalfe, state
2 representative, 12th District in Butler County.

3 CHAIRMAN GERGELY:

4 Marc Gergely, 35th District, Allegheny
5 County.

6 REPRESENTATIVE GIBBONS:

7 Jaret Gibbons, 10th District, Lawrence
8 County.

9 REPRESENTATIVE MCGEEHAN:

10 I'm Mike McGeehan. I represent
11 Philadelphia County.

12 REPRESENTATIVE BOYD:

13 Scott Boyd, 43rd District, Lancaster
14 County.

15 REPRESENTATIVE KILLION:

16 Tom Killion, 168, Delaware and Chester
17 County.

18 REPRESENTATIVE MCGEEHAN:

19 We're going to have members who are going
20 to be in and out today, whether they're arriving from
21 other business or going to other business. But I want
22 to turn the meeting over to the prime sponsors of the
23 bills that I talked about, the prime sponsor of House
24 Bill 1155, Representative Gergely, and the prime
25 sponsor of House Bill 1386, Representative Gibbons,

1 for remarks.

2 CHAIRMAN GERGELY:

3 Thank you, Representative McGeehan. I
4 think Representative Gibbons is going to be giving us
5 opening remarks tomorrow; correct, Jaret?

6 REPRESENTATIVE GIBBONS:

7 Yeah.

8 CHAIRMAN GERGELY:

9 On his particular bill. But House Bill
10 1155, almost introduced a year and a half ago in the
11 Healthy Families Act, is a pro-family, pro-working
12 class bill. It's a bill that's necessary to happen in
13 Pennsylvania. And I'm very pleased to be the prime
14 sponsor of the bill. And I want to thank all the co-
15 sponsors that have also signed on and joined me.

16 Today as we hear testimony about House
17 Bill 1155, we'll hear from both entities, pro and con.
18 And I'm pleased to see that we are going to have a
19 discussion where we may be able to find compromise to
20 make this bill move out of the House and be addressed
21 in the Senate. This bill is a positive bill. This
22 bill's also being addressed on a national level. I'm
23 sure it'll be included in a party platform at the end
24 of this week as we move forward. And it will be
25 debated this fall in Congress.

1 This bill makes sense, especially in the
2 healthcare field. We do not want sick workers coming
3 and working in restaurants, in healthcare facilities,
4 in elder care facilities. It just makes sense for
5 families, also. We want folks that have a sick child
6 to be home to be able to take care of their child and
7 not have fear of losing their job for what they're
8 doing for their family. And I hope this discussion
9 continues. I hope we see action on it in the House of
10 Representatives. And I want to thank all members,
11 both Republic and Democrat, for coming to Philadelphia
12 today.

13 REPRESENTATIVE MCGEEHAN:

14 I'm going to turn the gavel over to
15 Representative Gergely, who will conduct the hearing.

16 CHAIRMAN GERGELY:

17 We're going to be calling Ian Phillips
18 and Alvin DeBose from ACORN as our first speakers.
19 Ian's the legislative director. And for all those
20 speakers, we're going to try to adhere to the time
21 schedule that's been set. We're all aware of the
22 Schuylkill Expressway and the traffic. And many of
23 the members here will be traveling home today. So we
24 appreciate that.

25 MR. PHILLIPS:

1 Mr. DeBose was not able to be here. He
2 has to work today. Mr. Guyton, who you have written
3 testimony from, also had something come up at the very
4 last minute. But you have his written remarks. Mrs.
5 Banks here, also, after I finish my remarks, will have
6 a short story about a situation that happened to her
7 and how she did not have paid sick days and how that
8 affected her and her family. I'll start now with my
9 written remarks. First of all, I want to thank all
10 the members of the Committee. This is great
11 attendance for a bill that we feel is of prime
12 importance.

13 On behalf of Pennsylvania ACORN's 25,000
14 members across the Commonwealth, we would also like to
15 thank Representative Gergely and the co-sponsors of
16 the bill for the vision of introducing this piece of
17 legislation. Just over a month ago now,
18 Pennsylvania's minimum wage rose to \$7.15 an hour, the
19 second increase due to the leadership of this
20 Committee and assembly back in the summer of 2006.
21 That increased wages for more than 420,000 low-wage
22 workers in the Commonwealth. And Pennsylvania was one
23 of the few states to give its low-income families a
24 raise legislatively. Six states had to put it to
25 ballot initiative. All of those initiatives, as you

1 know, passed with overwhelming support.

2 Why do I bring up a two-year-old piece of
3 legislation? Because the testimony this Committee
4 hears today and tomorrow will seem a little like déjà
5 vu all over again. This time 2.1 million workers
6 across the state will be affected because they don't
7 have a single paid sick day. That's nearly half of
8 the Commonwealth's private sector workforce. So far
9 two cities across the country have passed a Healthy
10 Families Act, with Philadelphia likely to become the
11 third. Connecticut has passed their bill through the
12 Senate. And Ohio voters will make their state the
13 first with paid sick days minimum when they vote on
14 November 4th. That ballot initiative is currently
15 polling about 70 percent. All signs point to it
16 passing overwhelming.

17 Those supporting and opposing these cases
18 of legislation are also the same. Working folks like
19 Mr. Guyton and Miss Banks here support it, as do 80
20 percent of other Americans when asked if they support
21 a minimum number of paid sick days. The same industry
22 lobbying groups will try to block this bill with
23 claims that will envision our Commonwealth as some
24 sort of destitute economic wasteland if this
25 legislation passes. We can all recall the same

1 rhetoric when this body started working on passing the
2 increased minimum wage. The simple fact is that
3 Americans, and Pennsylvanians in particular, are
4 hardworking folks, and the economy will not collapse
5 when we offer them the freedom to take a day off when
6 them or their children are sick.

7 The problem is clear for 2.1 million
8 Pennsylvanians without a single sick day. When they
9 get sick, they have two choices: go to work sick or
10 fall behind on their mortgage, their gas bill or,
11 generally, go without. If you'd ask them, that's not
12 much of a choice at all. They have families to
13 provide for. They don't want to fall behind on their
14 bills. But we all get sick, no matter where we work
15 and no matter if our employer chooses to penalize us
16 when we come down with the flu. Workers like Mr.
17 Guyton and Mrs. Banks go to work sick because they
18 have to. Employers have come up with a name for this,
19 though. It's called presenteeism. Human Resource
20 professionals widely agree that the cost associated
21 with working sick, including the spread of illness and
22 reduced productivity, lead them to encourage employees
23 to stay home when they're contagious.

24 The Healthy Families Act, as it was
25 mentioned by Representative Gergely, also presents a

1 public health benefit. Those who handle food are the
2 least likely to have paid sick days. Seventy-eight
3 (78) percent of them are without a single paid sick
4 day. So the next time that you visit Olive Garden,
5 Red Lobster, Longhorn Steakhouse or so many other
6 restaurants out there, know that the men and women
7 cooking and serving your food don't have a single paid
8 sick day. If they are sick, they're probably there.
9 And in a large restaurant, there's a good chance that
10 one of them is sick that day. A recent Associated
11 Press article quoted a bus driver who drives children
12 to school and is without paid sick days. It isn't
13 just for me, he said, but for the people that I drive.
14 The National Association of School Nurses, who know
15 this issue better than anyone, perhaps, also supports
16 paid sick days to care for sick children because they
17 know that sending sick children to school is the main
18 source for the spread of influenza and other
19 contagious diseases.

20 House Bill 1155 is sound public policy.
21 It would provide one hour of paid sick time for every
22 40 hours worked, not more than 52 hours a year. Small
23 employers would be protected in that paid sick time
24 would accrue slower for their employees and they would
25 need not provide more than 26 hours. That's three and

1 a quarter days a year.

2 Studies will be cited in later testimony
3 that show this bill will actually offer a net
4 financial benefit to business. The Healthy Families
5 Act, in setting a number of paid sick days, follows in
6 the finest traditions of raising labor standards like
7 minimum wage and the 40-hour workweek. We urge you to
8 let Pennsylvania lead the nation again, as it did two
9 years ago. Thank you again for giving ACORN the
10 opportunity to present testimony. Do you want to add
11 your comments here?

12 MRS. BANKS:

13 Okay. My name is Carolyn Banks. And Mr.
14 Guyton couldn't make it today. And I really wasn't
15 prepared, I'll say, to tell you my story. I have told
16 Ian and different people at ACORN just in talking, you
17 know. And some years ago I worked for an agency. And
18 the agency was a legal secretarial agency and one of
19 the first and largest in Philadelphia and other
20 counties. They offered no sick days to us, none. And
21 in that kind of a situation, most of us don't know
22 each other. You know, when you're needed, they'll
23 call you.

24 And I had worked a full year a few times
25 without a sick day or a vacation day when I needed to

1 stay off because I was sick or because my grandson was
2 sick, who my grandson suffered with leukemia during
3 that time. And my daughter had a job also, that
4 didn't have sick days. So when we had to take him to
5 the hospital, we would switch. It would be my turn
6 this time and her turn next time. And we had to wind
7 up --- although she had her own family and her own
8 house, what we did was, because of that, we moved
9 together. And it gave us a way that, even though we
10 didn't make the money that we had been making to take
11 care of ourselves separately, we were able to take
12 care of ourselves together and also to take care of
13 her son and my grandson.

14 So I do not work now. I am retired. But
15 I always remember that time, and in raising my own
16 children always try to say, you know, try to get a job
17 that has a sick day. We're a very, very hardworking
18 family. You know, I don't call us a poor family. I
19 call us maybe middle or a little bit less than middle
20 class family. But I brought my kids up to be
21 hardworking people. And they would never take
22 advantage. If they --- you know, I mean, they have
23 worked many, many days, hours sick, you know. And
24 that's the bad part, that you do take that stuff to
25 the job with you. You pass it on. You got the flu,

1 you know.

2 And it was, you know, those kind of
3 things. And it was very, very difficult for us during
4 that time that Jordan had leukemia. So other people
5 are going to go through the same things, you know, I
6 pray not all that my grandson went through, but to
7 have sicknesses and needs in their family, that they
8 could use two sick days, three sick days a year or
9 something. And if they don't need them, the majority
10 of the people won't take them, you know. Most of the
11 people are not the type of people who just say, well,
12 I got them, so I'm going to use them. So I ask for,
13 you know, just if you could help to pass that bill so
14 that the rest of the people who work hard would be
15 able to get those few sick days a year. Thank you.

16 CHAIRMAN GERGELY:

17 Thank you. Now, we do have a few
18 questions from the panel. First I'd like to ask
19 Representative Cox and Representative Shimkus to
20 introduce themselves and their counties.

21 REPRESENTATIVE COX:

22 My name's Jim Cox. I represent western
23 Berks County. It's the 129th District.

24 REPRESENTATIVE SHIMKUS:

25 And I'm Frank Andrews Shimkus. I

1 represent the 113th District, which is Lackawanna
2 County, the City of Scranton and surrounding areas,
3 and I'm here as Majority Secretary of the Labor
4 Relations Committee.

5 CHAIRMAN GERGELY:

6 I have a few questions for Mr. Phillips.
7 In your testimony you identified --- you said two
8 states. I'd like to know who they were.

9 MR. PHILLIPS:

10 Yes.

11 CHAIRMAN GERGELY:

12 And then as a follow-up to that, you
13 mentioned that Philadelphia may pass --- which will be
14 the third city. And additionally, you had said that
15 the State of Ohio has a referendum. And explain what
16 the referendum is. I interpreted that as being
17 they're setting the minimum standard of days. So
18 they're having a menu to select from; is that correct?

19 MR. PHILLIPS:

20 No. You know, I think there'll be some
21 better experts on the Ohio bill that will be
22 testifying later, but they will set a minimum of seven
23 days, which is one more than this bill, which is a
24 half a day ---.

25 CHAIRMAN GERGELY:

1 What cities were they?

2 MR. PHILLIPS:

3 That was San Francisco and Washington,
4 D.C. And Milwaukee, also, is close to ---.
5 Philadelphia has a bill introduced. And it looks, you
6 know, likely that that will pass this fall, as well,
7 which would make it the biggest jurisdiction in the
8 country that has this passed.

9 CHAIRMAN GERGELY:

10 In Philadelphia, did this issue become
11 whether or not the City has the right to set the sick
12 day standards? Is it a state issue, you believe, or
13 would it be okay for the city to set that?

14 MR. PHILLIPS:

15 It'd be much better, you know, if we
16 could set it across the state. But as you know, you
17 all had to lead the way on minimum wage. It would be
18 good if it was led on the federal level as well, but
19 it doesn't appear that the leadership is there, so
20 that Pennsylvania's also going to have to kind of lead
21 the way on this as well.

22 CHAIRMAN GERGELY:

23 So you believe legally, the counties or
24 cities can set their own standards for sick days?

25 MR. PHILLIPS:

1 Yes.

2 CHAIRMAN GERGELY:

3 Representative Mustio.

4 REPRESENTATIVE MUSTIO:

5 Thank you, Representative Gergely.

6 Representative Gergely, I've been looking through the
7 bill. Is there a formula in the legislation that ---
8 like I just heard him say, what, approximately seven
9 days of sick leave?

10 MR. PHILLIPS:

11 Yeah. Six and a half. It's one hour
12 accumulates for every 40 hours worked.

13 REPRESENTATIVE MUSTIO:

14 Is your intent to have those days
15 accumulate over the years or do they do they --- if
16 you don't use them, you lose them?

17 MR. PHILLIPS:

18 You can only carry over that six and a
19 half. So you would accumulate that. And then if you
20 use a day, you would have to then accumulate another
21 day. So you wouldn't be able to accumulate ---.

22 REPRESENTATIVE MUSTIO:

23 So if I'm not sick for two years, the
24 start of the third year, do I have 13 days?

25 MR. PHILLIPS:

1 No, not as I understand the piece of
2 legislation, no.

3 REPRESENTATIVE MUSTIO:

4 I can see if this was implemented into
5 law, the next round would be to come back and mandate
6 that, potentially, to be cumulative. Is sick defined
7 in the legislation, as far as you know, or in other
8 states that have implemented ---?

9 MR. PHILLIPS:

10 You know, it's defined as an illness that
11 doesn't allow someone to come to work. It also is
12 defined as if you have to take care of a family
13 member, biological or adopted child, you know, a
14 senior in your family as well. You'd be able to take
15 a day off for that, as well.

16 REPRESENTATIVE MUSTIO:

17 And get paid for that?

18 MR. PHILLIPS:

19 Yes.

20 REPRESENTATIVE MUSTIO:

21 Help me with this one. Some businesses
22 provide sick leave, and some of them have an
23 accumulation of them. Some have personal days. And
24 that's pretty much, in my opinion, market-driven by
25 the competitiveness of trying to get employees. It

1 seems like what you're saying, and correct me if I'm
2 wrong, I'm assuming is that the type of businesses
3 you're talking about are not necessarily in that
4 competitive nature for getting employees? It's easy
5 to obtain employment in the types of businesses we're
6 talking about?

7 MR. PHILLIPS:

8 You know, I'd say low-wage workers are
9 less likely to have paid sick time. So, you know,
10 it's our feeling that the impact of not having paid
11 sick time is greater for those employees as well,
12 because they're often living paycheck to paycheck.

13 REPRESENTATIVE MUSTIO:

14 I understand that. But at those types of
15 business where they work, you wouldn't normally see,
16 you know, please apply, applications inside, we need
17 workers? Those are pretty fully staffed? There's not
18 a lot of need for employment in those companies?

19 MR. PHILLIPS:

20 I wouldn't have any statistics on that.

21 REPRESENTATIVE MUSTIO:

22 All right. Where I have an issue, I
23 think, with this is how do you handle the abuse of
24 sick days? In other words, we all know and have
25 talked to people ---. Even in my own company I

1 actually, one evening, ran into an employee that
2 called off sick earlier in the day. And I saw them
3 out at a bar that evening. So you kind of question.
4 How do you monitor abuse? I don't know that there's
5 anything in the legislation ---.

6 MR. PHILLIPS:

7 I mean, I think that the same way that
8 employers currently --- I mean, who do offer paid sick
9 days, monitor it. You know, you saw your employee
10 out, so obviously, they were not sick. You know, I
11 think it's wrong to assume that folks who currently do
12 not have paid sick days would abuse it any more or any
13 less than, you know, the folks in the state who
14 already do have paid sick days. I think that is kind
15 of my response to it.

16 REPRESENTATIVE MUSTIO:

17 And it's our responsibility, then, to
18 make sure that every employer has to follow this? Is
19 that what you're saying?

20 MR. PHILLIPS:

21 Yes. Yes.

22 REPRESENTATIVE MUSTIO:

23 You think that's what the responsibility
24 of the government is, is to make sure that this is
25 followed?

1 MR. PHILLIPS:

2 I do. I think that of the 20 most
3 competitive countries, you know, the United States
4 stands alone as the only nation that doesn't offer any
5 paid sick days. So, you know, I don't think that
6 competitiveness and minimum labor standards oppose
7 each other, necessarily.

8 REPRESENTATIVE MUSTIO:

9 All right. Those are the only questions
10 that I have at this point. Thank you.

11 CHAIRMAN GERGELY:

12 Representative Mustio, page four, line
13 five, to page six, line one, identifies what would
14 qualify as being sick, and the accrual definitions are
15 on page four, line ten to page five, line four.

16 REPRESENTATIVE MUSTIO:

17 Representative, thank you very much.

18 CHAIRMAN GERGELY:

19 Representative Metcalfe.

20 REPRESENTATIVE METCALFE:

21 Thank you, Mr. Chairman. Thank you for
22 your testimony. I guess as I listened to your
23 testimony and I read it over as you were giving it, I
24 guess the question comes up, who's going to pay for
25 this? Because I know you placed a nice rhetoric in

1 your testimony about a devastated economy because of
2 it. But the reality is, there is a cost. Now, for
3 the percentage of individuals who don't have paid sick
4 days right now in the State of Pennsylvania, do you
5 have an average salary that is paid to those
6 individuals and do you know what the average cost
7 would be to an employer for every day of sick leave
8 that would be mandated?

9 MR. PHILLIPS:

10 We do know there's been several studies.
11 You know, two of the professors will talk to you about
12 that there is actually a net financial benefit. The
13 presenteeism that I touched on earlier is actually a
14 greater cost to most business because they're
15 spreading sickness when they come to work. There's a
16 greater turnover. And, obviously, there's less
17 productivity when a sick worker shows up. You know,
18 they're working at, you know, 50 percent productivity,
19 but they're getting a full pay --- paid a full wage.

20 REPRESENTATIVE METCALFE:

21 Okay. To talk about what may or may not
22 be some extended effect of making this policy, there
23 is an upfront cost to it. Do you know what that
24 upfront cost is?

25 MR. PHILLIPS:

1 I do not, no.

2 REPRESENTATIVE METCALFE:

3 Do those professors that you expect to be
4 testifying before us, would they be able to tell me
5 what the upfront cost would be?

6 MR. PHILLIPS:

7 They'll be able to tell you not only
8 that, but they'll be able to tell you all the
9 different associated benefits ---.

10 REPRESENTATIVE METCALFE:

11 But that's disputable. I mean, it's not
12 face-down exact science. It's going to be a
13 disputable extension that they're trying to make an
14 argument in favor of this.

15 MR. PHILLIPS:

16 Okay. I mean, fair enough. You know,
17 the National Federation of Independent Businesses
18 also, you know, talks about presenteeism in their
19 small business tool kits and the effects that those
20 have on business. So I think it's widely accepted,
21 you know, but I don't know what science it's based on.
22 I'm not a scientist. I'm also not a professor. So I
23 won't speak to that.

24 REPRESENTATIVE METCALFE:

25 Well, right now, there's a certain number

1 of employers in the state that don't have to offer
2 paid sick days.

3 MR. PHILLIPS:

4 Right.

5 REPRESENTATIVE METCALFE:

6 And as a result of that, when somebody's
7 sick, then they take the day off if they're really
8 sick and they can't make it to work, and the employer
9 doesn't have a cost associated with that other than
10 having to fill the spot. Which may lead into overtime
11 for another employee or something like that, possibly,
12 or just bringing somebody in that's not getting their
13 40 hours in that week to replace them.

14 MR. PHILLIPS:

15 Right.

16 REPRESENTATIVE METCALFE:

17 From a policy perspective, this
18 legislation would mandate that employers now have an
19 additional cost to their business to offer paid sick
20 days on top of the other benefits that they also offer
21 on top of the new minimum wage, which was just
22 e-mailed out from one the lobbyist-type groups, the
23 business group that you were probably referencing in
24 your testimony, that had talked about the recent
25 Forbes study that said that we went from, I believe,

1 39th in the country for a favorable business climate
2 to 41st since --- from last year to this year. And I
3 think there's some of us who would argue that the
4 minimum wage has probably had an impact on that
5 ranking, to a degree. So for us to become the 41st
6 state, in my opinion, I think a policy like this will
7 drive us closer to being 50th in the nation for a job
8 creation environment being favorable to businesses
9 locating or staying in Pennsylvania.

10 MR. PHILLIPS:

11 I haven't seen that study. I would just
12 say our neighbor right next to your own Butler County,
13 Ohio, will beat us to the punch on this. So I don't
14 know where they rank in those Forbes ratings, but ---.

15 REPRESENTATIVE METCALFE:

16 I hope they do. I hope they do. I hope
17 every state around us beats us, ---

18 MR. PHILLIPS:

19 Yeah.

20 REPRESENTATIVE METCALFE:

21 --- Because that will drive us up into a
22 more competitive position for attracting job creators.
23 I'm not ---. Philosophically, I think we're going to
24 place a burden on employers that's going to incur some
25 additional costs to their business. It's going to

1 come out of somebody's pocket, whether it's the
2 consumer or possibly the employees, because that's ---
3 I think ultimately, we may see employers that aren't
4 able to hire as many employees because now they're
5 mandated to give additional days off.

6 I mean, this current legislation, you
7 said, you mandate about six and a half work days per
8 year. What is your ideal number of sick days? I'm
9 sure it's not this bill. I mean, why the arbitrary
10 number of six and a half days?

11 MR. PHILLIPS:

12 Well, I mean, it's not a totally
13 arbitrary number. I think it's based on the
14 accumulation so that the most that they would be able
15 to accrue, if they worked 40 hours for 52 weeks, would
16 be 52 hours.

17 REPRESENTATIVE METCALFE:

18 But we have employers who are offering 15
19 days of sick time a year. The employer that I worked
20 for pretty much told me if you're sick, you're sick.
21 You could be off up to six months before you'd have to
22 have the insurance that we pick up kick in to cover
23 you.

24 MR. PHILLIPS:

25 Right. So why would those workers and

1 yourself be more entitled to a paid sick day than a
2 low-wage worker?

3 REPRESENTATIVE METCALFE:

4 It's not a matter of entitlement. The
5 American way is that we have a marketplace and that
6 you negotiate within that marketplace for the best
7 payment you can receive for the services that you are
8 able to offer. So if somebody's able to offer more
9 services to an employer that wants to employ them,
10 then of course, they're going to be able to have a
11 larger salary and better benefits and more benefits.
12 I think that's part of the American dream, is if you
13 were in a low-wage job, you're allowed to get the
14 education that you need to get, get the training that
15 you need. You know, many people go into the military
16 to get some of that, as I did, and others that serve
17 on the Committee.

18 But I mean, this six and a half hours,
19 which is driven by the 40 hours that's accumulated,
20 why is six and a half hours good? What if you have
21 the flu for two weeks? I mean, if your position,
22 philosophically, is that somebody should be paid to
23 stay home when they're sick so that they don't spread
24 the disease or the illness, then why stop at six and a
25 half days? That's what I'm asking. What does ACORN

1 proffer that we offer besides this legislation? I
2 know this is the first step, but I'm sure you must
3 have some number of days in mind that would be ideal.

4 MR. PHILLIPS:

5 I mean, I wouldn't say that ---. I think
6 that this is a good start. And I think that ---. You
7 know, I don't know that will actually lead to the 18
8 days that some of these other countries offer. And I
9 don't think that we need to. Like I mentioned in my
10 testimony, you know, Pennsylvanians want to work. And
11 you know, they're not interested in taking six months
12 off that maybe your employer offered. They just want
13 a couple days off if they get deathly sick, you know,
14 or not even deathly sick, but they can't work. You
15 know, they want a day off.

16 REPRESENTATIVE METCALFE:

17 The reality is there is a certain
18 percentage of abuse when there's paid sick days
19 offered and there is not a system in place at that
20 company or corporation to actually monitor or require
21 doctor's excuses. There is a percentage of abuse.

22 MR. PHILLIPS:

23 So the percentage of abuse would be the
24 same across the board, though.

25 REPRESENTATIVE METCALFE:

1 Not necessarily. It would be dependant
2 on a lot of variables including, you know, your
3 working conditions and your living conditions, your
4 nutrition. I think there's a lot of factors. But
5 that's all the questions I have for now. Thank you,
6 Mr. Chairman.

7 CHAIRMAN GERGELY:

8 Thank you. In the interest of time, as I
9 had said earlier, we have four more members from the
10 Committee that want to speak. I hope that they keep
11 their questions quick. And we'd appreciate that.
12 Representative McGeehan?

13 REPRESENTATIVE MCGEEHAN:

14 No, I'll defer to the other members.

15 CHAIRMAN GERGELY:

16 Okay. Thank you, Mike. Representative
17 Cox?

18 REPRESENTATIVE COX:

19 Thank you. I just wanted to add a little
20 bit of input from my perspective, having talked to
21 business leaders in my district. One of the things
22 that I began to do early on --- this is my first term
23 as a legislator --- I tried to do it beforehand before
24 I was elected. I've tried to continue with it. I go
25 out and meet with business owners, the people who

1 employ the people you're advocating for. Some of them
2 pay their employees very well, offer fantastic
3 benefits packages. Others are not able to for various
4 reasons.

5 One of the questions I began asking as I
6 went through this process was ---. Part of it was
7 before the minimum wage bump came. Others came after
8 the bump went into effect. So my question was
9 perspective. How do you see this as affecting you? I
10 don't have exact statistics, you know, 35 out of 40
11 businesses that I talked to, but I've been in probably
12 close to 50 businesses, sat down, talked with the
13 president or CEO or somebody very high up in the
14 company, talked to their personnel manager if they had
15 one.

16 And so what I found was exactly what
17 Representative Metcalfe was talking about. The common
18 response to the minimum wage was I can't afford to
19 hire as many people. If I had to venture a guess, out
20 of the --- let's say I talked to 50 employers. If I
21 had to venture a guess, of those who were able to
22 answer that with any kind of certainty, 30 or so said,
23 I probably will not hire as many. One said with the
24 first bump, instead of hiring three part-time workers
25 last summer, I hired two. And so they're looking at

1 the financial impact. Their fuel costs are rising.
2 Their electricity costs are going to rising with the
3 rest of us.

4 And so like Representative Metcalfe and
5 several other members on the panel, I have severe
6 concerns about what this is going to do to the
7 business climate. Some people may look at it as
8 leading the way by --- you know, we want to be the
9 first. We want to beat them to the punch, so to
10 speak, but I think what's going to happen is we're
11 going to --- that punch is going to knock out our
12 businesses. And we can't afford to go over the, you
13 know, 41 as far as our business ranking.

14 And so I have severe concerns about the
15 impact this is going to have on businesses. Whether
16 it's those that employ lower pay, medium pay or
17 anywhere in between, we've got to be careful what kind
18 of promises we require our businesses to make and what
19 sort of obligations we force on them. It's going to
20 have potentially a huge impact. And so that's, again,
21 just my perspective of having talked to a lot of
22 businesses who are looking at minimum wage alone, let
23 alone causing something like this on top of it.

24 MR. PHILLIPS:

25 Yeah. I mean, the only thing that I'd be

1 able to offer in response to, you know, your
2 discussions with those business owners, you know,
3 there have been ---. According to the state's
4 Department of Labor and Industry, there's been three
5 straight months going into when this minimum wage went
6 up, of job creation in the state. So it hasn't been
7 all doom and gloom. So the minimum wage was predicted
8 to, I think, kill off half a million jobs in the
9 state. You know, I don't think there's been any
10 evidence of that. And those three straight months of
11 job creation in the tide of, as you said, a tough
12 economic climate, show that, you know, Pennsylvania is
13 just as competitive as before, despite what Forbes
14 says.

15 And you know, beyond that, I would say,
16 you know, we're not saying that you need to offer six
17 months paid sick time off. When we raised the minimum
18 wage, we weren't saying, you know, you have to pay
19 your workers \$50,000 so that they can, you know, buy
20 the nicest things for their family. You know, \$7.15
21 an hour. Six days a year for a full-time employee,
22 you know. Three days for some. I mean, this isn't
23 extravagant labor standards that we're talking about
24 here.

25 CHAIRMAN GERGELY:

1 Representative Shimkus, before you speak,
2 could you hand the mic over to our new colleague who
3 showed up to introduce himself?

4 REPRESENTATIVE BLACKWELL:

5 Thank you, Mr. Chairman. I'm Tom
6 Blackwell from Philadelphia County.

7 REPRESENTATIVE SHIMKUS:

8 Thank you, Mr. Chairman. I think this
9 bill is way overdue. I support it. With due respect
10 to the past two speakers, I think this has a positive
11 impact on businesses. And I will say two things.
12 Having been a manager in the private sector before
13 being elected, I've had as much as 400 employees, one
14 a union shop, one a non-union shop. And when your
15 employees are happy, your business prospers. I have a
16 daughter --- four daughters who run a business and
17 they hire primarily part-time employees. And they
18 find that when they don't provide what the employees
19 need, they have a high turnover and they have people
20 that are struggling.

21 And I think, you know, whether we need
22 what we usually call in the business a mental health
23 day where you just get burned out to a point where you
24 just need to collect yourself, or whether you have a
25 sick child or a grandchild, you shouldn't have to

1 explain to your employer what your family issues are.
2 You're working, pouring your blood, sweat and tears
3 into that business. And you have a right to be able
4 to take a day. I think if we keep employees happy,
5 we're going to see more productivity and less
6 turnover.

7 And I'll say this as the Majority
8 Secretary of Labor Relations. The reason that we have
9 labor unions is because we have employers who take
10 advantage of employees. And the only way that --- to
11 protect their rights is to form some kind of
12 representative --- saying, we're being taken advantage
13 of. So I will support this and I will fight for it.
14 And I thank you.

15 CHAIRMAN GERGELY:

16 Thank you, Representative. As we conduct
17 the hearing, I would professionally ask any commentary
18 about the members that are up here asking questions
19 --- We all take our lumps as members of the House, but
20 during testimony, we ask that they be kept --- like a
21 courtroom.

22 MR. PHILLIPS:

23 Absolutely.

24 CHAIRMAN GERGELY:

25 I'd appreciate that. Representative

1 Mantz?

2 REPRESENTATIVE MANTZ:

3 Mr. Guyton? Is that the correct
4 pronunciation?

5 MR. PHILLIPS:

6 My name is Ian Phillips. Mr. Guyton
7 isn't here with us today.

8 REPRESENTATIVE MANTZ:

9 Oh, I see. Several questions. Number
10 one, in your advocacy for the passage of House Bill
11 1155 and in view of the apparent lack of explicit
12 definition of the term sick, which would be helpful
13 for this bill, how would you propose that the term
14 sick be defined?

15 MR. PHILLIPS:

16 I believe that Representative Gergely
17 pointed to the definition of sick, where it's found in
18 the bill. What was the page and citation?

19 CHAIRMAN GERGELY:

20 It's section five. It's page five, line
21 five, through page six, line one.

22 REPRESENTATIVE MANTZ:

23 What is that definition for our
24 common ---?

25 CHAIRMAN GERGELY:

1 I'm going to try to ---. In the interest
2 of time, it's employee --- mental/physical illness,
3 injury or health condition. That's number one, and it
4 goes further. Number two is care of spouse, child,
5 parent, grandparent or extended family member. And it
6 goes on to explain that. Absence necessary for
7 domestic violence, seek medical attention, obtain
8 victim services, psychological/other counseling,
9 stopping violence, civil or criminal legal proceeding
10 related to violence. I think it's fairly set out.
11 And again, this is the introduction to the bill,
12 Representative, and of course, we're always open for
13 more discussion on it.

14 REPRESENTATIVE MANTZ:

15 Okay. So the concept of the term sick
16 goes beyond the employee being the vehicle of
17 contagion or the transmitter of contagion and beyond
18 being incapacitated in the performance or the duties
19 of his job; is that correct? It's far, far, broader
20 than that?

21 CHAIRMAN GERGELY:

22 Correct. I'd agree with you.

23 REPRESENTATIVE MANTZ:

24 And this may relate, I think, to what
25 Representative Mustio brought up, the point that he

1 brought up. How would we propose that the employer
2 protect his business given the nature of being what it
3 is, against possible cases of malingering?

4 MR. PHILLIPS:

5 I think that, you know, the employers
6 would have to judge their employees themselves as they
7 do currently. You know, many of the employees (sic)
8 offer paid sick time to certain segments of their
9 workforce and don't offer it to others. Those same
10 protections that they would offer --- you know, Mr.
11 Guyton, in his testimony, his employer requires a
12 doctor's note. You know, there's different mechanisms
13 that they can go --- some more stringent than others.
14 But that would kind of be on an employer-by-employer
15 basis.

16 I would also say that employees wouldn't
17 be able to use any sick time they may have accumulated
18 until they've worked for that employer for three
19 months. At that point, they would've accumulated, if
20 they're working a full-time schedule, a day and a
21 half. So, you know, the employer would have to get a
22 sense of his or her employee and judge if that
23 employee is --- you know, they assume that they're
24 going to abuse them. I don't know, but I do know that
25 for all the employers across the great State of

1 Pennsylvania that do offer paid sick days, you know,
2 they may have come up with some better systems than I
3 can propose to you today.

4 CHAIRMAN GERGELY:

5 Thank you.

6 REPRESENTATIVE MANTZ:

7 In view of the fact that --- and I'm sure
8 you'll agree --- employers and the conditions of
9 employment may vary from employer to employer, and in
10 view of the fact that collective bargaining is a
11 matter of national labor policy and has been since the
12 1930s, wouldn't you think that perhaps this issue
13 might be better addressed in the context of collective
14 bargaining between an employer and his bargaining unit
15 on a employer-to-employer basis rather than a
16 statutory requirement?

17 MR. PHILLIPS:

18 That may well be the case. I think that,
19 you know, not all employees in the Commonwealth are
20 members of a union, though, and you'll find that
21 those ---.

22 REPRESENTATIVE MANTZ:

23 Whether they're members or not ---.

24 MR. PHILLIPS:

25 Huh?

1 REPRESENTATIVE MANTZ:

2 Whether they're members or not, they have
3 the benefit of the employment as far as the
4 representatives of that particular bargaining unit.

5 MR. PHILLIPS:

6 No, no. I mean, you know, shops that
7 don't have any union employees, though, you know,
8 that's who we're talking about here, members that work
9 in retail or foodservice where there's no unions on
10 the job.

11 REPRESENTATIVE MANTZ:

12 Right. So you strip this Act to the
13 application of those types of employees?

14 MR. PHILLIPS:

15 No, no. I think this is a minimum
16 standard across the board. There's some language in
17 there that would exempt collective bargaining if they
18 negotiated something better, you know, from this. Or
19 they can negotiate it away in lieu of some kind of
20 better agreement that they think they've come up with,
21 with their employer. But, you know, for those ---.

22 REPRESENTATIVE MANTZ:

23 So this would be a matter of universal
24 application whether or not it was a collective
25 bargaining ---?

1 MR. PHILLIPS:

2 This would be a minimum standard. You
3 know, I think you would have to read the language on
4 the collective bargaining, but they can negotiate.
5 They can say, okay, we're going to give up our paid
6 sick time in lieu of extra personal days or extra
7 vacation days or a raise in salary. They have that
8 option in a collective bargaining setting.

9 REPRESENTATIVE MANTZ:

10 Thank you very much. Thank you, Mr.
11 Chairman.

12 CHAIRMAN GERGELY:

13 Thank you. And I do apologize. We are
14 running over, but in lieu of the fact, I think, if the
15 current speakers at the podium --- many of the members
16 are just speaking of personal issues. And I don't
17 think this can continue with every speaker. So I'd
18 like that to happen now and get that ---.

19 I do want to point out to the members of
20 the Committee that small businesses, ten employees or
21 under, are also only at a minimum of three and a
22 quarter days. And they have to work 80 hours. So as
23 Representative Cox pointed out, maybe many of the
24 businesses you visited had under ten employees, so
25 they'd be under a different standard of only three

1 sick days per year. So we already did differentiate
2 for smaller businesses to help them with their
3 competitiveness. Representative Blackwell.

4 REPRESENTATIVE BLACKWELL:

5 Thank you, Mr. Chairman. Please excuse
6 me for being late. I was at another committee hearing
7 this morning in Harrisburg. It's not really a
8 question, but some of the things I'm hearing --- I,
9 too, agree that this is long overdue. And I've said
10 this on the House floor, but I have a problem with
11 every time we bring up a subject that deals with the
12 quality of life of ordinary people, sometimes we find
13 ways of trying to prevent that. If we're going to
14 make laws based on the misuse or abuse of something,
15 then we're in the wrong business here, because, you
16 know, we never talk about the embezzlement of
17 employers who actually take matters of their own
18 business --- and the people who get put out of work
19 because of things like that.

20 We're trying to improve the quality of
21 life for everybody. This is not rocket science. You
22 know, we're financing a billion dollar war at the
23 expense of our own people. You know, I'm a former ---
24 negotiated contracts that affected people's lives.
25 This is what we're talking about here. There are some

1 businesses that, believe it or not, you can deal with
2 the abuse of situations just by the fact of the
3 policies that you already have at your company. This
4 has nothing to do with ---. You know, sometimes
5 sickness is caused by the business that you're working
6 for. So what are you supposed to do, continue working
7 while you're sick? No, no. Everybody has a right to
8 the Tree of Life. Just ask people who have controlled
9 people's lives through detrimental loss.

10 Every time we talk about improving the
11 quality of life for ordinary people, there's a
12 controversy about it. I'm not saying that people who
13 have a different opinion are bad. They mean well. I
14 believe they do. But we have a difference of opinion
15 on how we get to the middle ground. But sometimes ---
16 let's take our own situation, our own personal
17 situation for example. You know, you're not talking
18 about a prevailing rate here. You're talking about
19 something that happens frequently, because people do
20 get sick. Sometimes people cannot work while they're
21 sick. But guess what? Legislators --- we are
22 working. When we get sick and we take off, does our
23 pay stop? What's wrong with ordinary people? They
24 eat like us. We're paid by taxpayers' dollars. So
25 anything that applies to them should apply to us.

1 Thank you very much, Mr. Chairman.

2 CHAIRMAN GERGELY:

3 Thank you, Representative. Our final
4 Committee member, Representative Boyd.

5 REPRESENTATIVE BOYD:

6 Actually, I have a couple questions for
7 you. I'm kind of curious of the other areas. Do you
8 have any ---? Have you seen any situations where,
9 actually, the standard of providing a benefit was
10 lower? What I mean is, I was a small employer. I had
11 less than ten employees. I still offered sick days
12 annually. And then I let them accrue 100 percent year
13 after year. And if someone chose to leave the
14 company, I paid them for those unused days. It was a
15 pretty decent policy.

16 And my concern is that as a small
17 employer, I may just have adopted the state's
18 standards as a minimum, and actually, the folks that
19 worked for me would've ended up getting less. Have
20 you seen that in the cities where they've adopted this
21 or is there any concern with that?

22 MR. PHILLIPS:

23 No, I don't think there has been any of
24 that. As far as paying people who have accumulated,
25 that bill ---

1 REPRESENTATIVE BOYD:

2 This doesn't require ---?

3 MR. PHILLIPS:

4 --- It doesn't require that. Okay. Dr.
5 Lovell, who has kind of studied San Francisco, which
6 was the first city to pass it, would probably be
7 better able to comment on that.

8 REPRESENTATIVE BOYD:

9 Okay. And then the other question I had
10 was in other --- like the Minimum Wage Act and some
11 others, there's some exemptions for specific
12 employment. I'm wondering, has there ever been any
13 consideration? Like, I come from a large ag area.
14 There's certain times of the year when you have two
15 employees that are helping out on the farm. If you
16 don't show up to milk ---. You know what I'm trying
17 to say? You have some problems. Or during harvest
18 ---. Has there ever been any consideration to maybe
19 carving out some exceptions specifically, say, to the
20 ag industry or maybe some emergency services provider
21 that if somebody doesn't show, you know, you have a
22 real problem? Is there any discussion of that?

23 MR. PHILLIPS:

24 You know, I don't believe that there has
25 been discussions of carving out certain industries.

1 You know, I think the accumulation --- maybe not in
2 emergency services, but perhaps in the agricultural
3 industry, they wouldn't be accumulating as many days
4 because of the seasonal employment type of situation.

5 REPRESENTATIVE BOYD:

6 Okay. Perhaps it's something,
7 Representative Gergely, as it's processed, goes
8 forward, we can chat about.

9 CHAIRMAN GERGELY:

10 Absolutely.

11 REPRESENTATIVE BOYD:

12 Maybe some minor adjustments. Thanks.

13 CHAIRMAN GERGELY:

14 Thank you, Representative. That
15 concludes your testimony. Thank you very much.

16 MR. PHILLIPS:

17 Thank you.

18 REPRESENTATIVE METCALFE:

19 Mr. Chairman?

20 CHAIRMAN GERGELY:

21 Yes?

22 REPRESENTATIVE METCALFE:

23 In an effort to move this along, I'd like
24 to just make a comment to you right now.

25 CHAIRMAN GERGELY:

1 Yes, sir.

2 REPRESENTATIVE METCALFE:

3 Would you consider looking at an
4 amendment that would grandfather in certain companies
5 that have policies in place that have been tried over
6 years, for example, some that have sick days and
7 personal days --- here's it's a six and a half day
8 situation --- that that will cut back on the abuse of
9 some of these other things that have already been
10 implemented and tested in specific ---?

11 CHAIRMAN GERGELY:

12 Absolutely. I think that is the reason
13 we are doing this, so that we can comprehend what
14 businesses have found success with --- and their
15 employees. We would definitely welcome that.

16 REPRESENTATIVE METCALFE:

17 Thank you.

18 CHAIRMAN GERGELY:

19 Vicky Lovell? Did I say it correctly?
20 Acting director of the Institute for Women's Policy
21 Research. Welcome.

22 DR. LOVELL:

23 Vicky Lovell (corrects pronunciation).

24 Thank you.

25 CHAIRMAN GERGELY:

1 Lovell. I'm sorry.

2 DR. LOVELL:

3 No problem.

4 CHAIRMAN GERGELY:

5 I had it right the first time. I
6 apologize.

7 DR. LOVELL:

8 No problem. Chairman Gergely and members
9 of the Committee, thank you very much for providing an
10 opportunity this afternoon to discuss the important
11 issue of paid sick days for workers in Pennsylvania.
12 I'm the acting director of research at the Institute
13 for Women's Policy Research, which is a non-partisan
14 scientific think tank in Washington, D.C. Our mission
15 is to produce timely research that will inform
16 policymaking on the issues of critical importance to
17 women with a particular focus on low-income women.

18 I've been working on the paid sick days
19 issue since about 2000 when this began to get the
20 attention of policymakers across the country. And the
21 reason for this interest developed in two ways. One
22 is there was a lot of new research coming out of the
23 welfare reform academic studies about looking at the
24 actual lives of low-income women and what made it
25 easier or harder for them to find jobs and support

1 themselves through those jobs.

2 A lot of the studies found that low-
3 income women would get jobs and then they would be
4 fired or miss pay because they got sick or their
5 children got sick, and they didn't have paid sick
6 days. So this came to the attention to policymakers
7 who were concerned about providing sustainable living
8 for low-income women. But they needed to have paid
9 sick days to deal with the realities of their lives,
10 including having children who have disabilities or
11 asthma or get sick occasionally, as all children do.

12 The second source of interest about paid
13 sick days came from workers themselves. The San
14 Francisco policy that we've talked about that was
15 adopted in November of 2006 was pursued after a
16 coalition of low-income worker advocates surveyed
17 their workers to see what their top issues were that
18 they wanted the coalition to work on. And paid sick
19 days came up as one of the most --- one of the key
20 issues for them in them being able to maintain their
21 job and have a safe and secure form of income. So we
22 are committed to working on this issue because it is
23 crucial to the well-being and quality of life of our
24 primary constituents, that is, low-income women.

25 I'd like to address five issues that are

1 relevant to your evaluation of whether a paid sick
2 days policy should be adopted for the Commonwealth of
3 Pennsylvania. First, the experience of San Francisco,
4 which has had a policy of paid sick days in effect for
5 nearly a year and a half now. Employers' experience
6 in San Francisco with the new paid sick days policy
7 underscore that it has a relatively minor impact on
8 employers, according to employers themselves. The
9 director of the Golden Gate Restaurant Association
10 told the San Francisco Chronicle that, quote, it
11 hasn't been a big issue, quote, for the companies that
12 he represents. And he characterized the policy as
13 successful. The San Francisco Chamber of Commerce
14 agreed that it is not, quote, a major issue, unquote.
15 This is the best evidence that we have about the
16 feasibility of these policies from the perspective of
17 employers. We have the employer representative
18 association saying that it has not been a problem for
19 their members to implement this policy.

20 Second, when sick workers go to work,
21 employers lose. Representative Shimkus has previewed
22 some of the benefits I'm going to talk about now.
23 These benefits that I've been studying for eight years
24 now are based on science, scientific methods. This is
25 not just conjecture on our part. We've analyzed

1 information from peer-reviewed literature and from
2 surveys of employers and workers in order to identify
3 benefits that we can explicitly link to the adoption
4 of paid sick days, benefits to employers.

5 And there are three main areas that I'd
6 like to talk about in this section. First, the idea
7 of presenteeism. When workers go to sick (sic) when
8 they're ill, there are clear costs to employers
9 through the spread of disease and because employers
10 cannot work at peak productivity when they're sick.
11 There is very clear evidence from the medical
12 literature that when somebody goes to work with the
13 flu, they cannot work at 100 percent productivity.
14 They only work at about half productivity. Yet they
15 receive 100 percent of their pay. That's a cost to
16 employers.

17 When workers go to the office when they
18 have a contagious disease, such as the flu or
19 Norovirus, they're very likely to infect their co-
20 workers. Again, there's very clear evidence from the
21 medical literature about the rate of contagion from
22 people who work in proximity to one another. And we
23 estimate that if someone goes to the office when they
24 have the flu, they're likely to have passed that flu
25 on to two out of every ten of their co-workers. That

1 leaves an increased absenteeism for the employer as
2 well as increased medical costs for the workers
3 themselves, might have to go to the doctor or buy
4 prescription drugs or whatever. So that adds to a
5 cost for employers as well as costs for the employee.

6 Our scientific research has found that
7 workers are more likely to have on-the-job injuries if
8 they're sick while they're at work. If they're
9 distracted by having sick children at home, the same
10 thing. The likelihood of having an injury at work is
11 higher, double for workers who are sick on the job,
12 and it's five times as high for workers who are
13 distracted while they're on the job. There again is
14 the absenteeism that is costly for the employers as
15 well as medical costs for employers and for workers.

16 The National Federation of Independent
17 Businesses has a small business tool kit that offers
18 advice to employers about how they can efficiently run
19 their businesses. And in that tool kit, there's a
20 document that suggests that it's best to encourage
21 sick workers to stay home so that they don't make
22 other workers sick, because, quote, the sniffles can
23 have trickle-down effects on small businesses, bottom
24 line.

25 The reality is that if workers don't get

1 paid while they're off sick, they may not be able to
2 afford to take that time, even if it's better for them
3 and their employers, because they can't afford to miss
4 any of their usual earnings. This is particularly the
5 case for workers who don't have paid sick days. Of
6 low-income workers, only 25 percent have paid sick
7 days. The most vulnerable workers who don't have
8 resources saved up to get them through a period of an
9 absence need to have paid sick days to help keep their
10 income coming in when they're sick.

11 One of the most beneficial aspects of
12 paid sick days for employers is it will increase
13 employer retention and reduce turnover costs. And
14 here again, based on peer-reviewed research, we have
15 estimated that having paid sick days reduces employee
16 turnover, voluntary job mobility, where an employee
17 chooses to look for a new job, by three to six
18 percentage points. Workers who experience a
19 healthcare crisis are also more likely to return to
20 their employer if they have a paid sick days policy.
21 In other words, it keeps employees on the job and
22 prevents the disruption of employment. Having paid
23 sick days also affects involuntary turnover because it
24 protects workers from being fired if they do stay home
25 when they're sick or when they have a sick child.

1 Turnover is a very costly factor for
2 businesses. The expenses that go into turnover costs
3 for employers include the low productivity of
4 employees who have been recently hired, drains on the
5 productivity of the new workers' colleagues and
6 supervisors for training and so forth, human
7 resources' processing time for exit and entry of
8 employees, and lost productivity during the time that
9 jobs are not filled. Even in the low paid sector,
10 turnover does cost employers. Research on the
11 turnover costs for retail employees who earn \$7 an
12 hour is estimated at --- that the turnover cost is 43
13 percent of their annual pay, or more than \$6,000 a
14 year.

15 Another document from the NFIB small
16 business tool kit points out the recruitment value of
17 the paid leave policies including paid sick days.
18 This brief reminds firms that, quote, just because you
19 don't have to be a good employer, it doesn't mean that
20 you shouldn't. If you want to recruit great people,
21 you have to create a great place to work.

22 Research on other employment standards,
23 such as the minimum wage and the living wage, also
24 show that these policies are feasible. There's a lot
25 of empirical evidence studying the impact of minimum

1 wage standards and also living wage standards that
2 refutes the popular notion that these kinds of wage
3 standards lead to disemployment. In fact, after a
4 living wage ordinance went into effect in Los Angeles,
5 employers enjoyed reduced turnover and lower rates of
6 absenteeism as well as lower training costs. In San
7 Francisco, when the minimum wage was increased,
8 employers enjoyed longer employee job tenure. So
9 these are benefits, directly measurable benefits, to
10 employers of providing the kind of standards and
11 supports that workers need that will allow employers
12 to attract and keep good employees. In the studies of
13 the employment benefits, the employment effects of
14 minimum wages, I think the consensus now is clear that
15 minimum wage standards do not have a disemployment
16 effect.

17 Because paid sick days policy increase
18 income for workers who have had to rely on unpaid
19 leave in the past, these policies may actually
20 increase employment. The NFIB estimated that
21 establishing a paid sick days policy for California
22 would generate tens of thousands of jobs in the
23 healthcare and recreation and amusement industries
24 because the workers who currently lack paid sick days,
25 if they are paid during the time that they're off

1 work, which they spend that money immediately. They
2 don't save it. That's part of their normal income
3 stream, and they spend it in the local community.

4 And finally, you sometimes hear that fear
5 that employers will move from one jurisdiction to
6 another to escape benefit standards such as paid sick
7 days. And here again, if we look at research
8 conducted on employers based on the surveys of
9 employers themselves, I think that this argument is --
10 - this is not a major factor in evaluating paid sick
11 days. A survey of service sector companies in the
12 Midwest found that they ranked labor costs, such as
13 wages and benefits, ninth among all the factors that
14 were important to them in deciding where to locate
15 their businesses. The third most important factor was
16 the ability to attract good workers. And having a
17 paid sick days policy that supports workers is exactly
18 the way that employers can recruit employees that they
19 want and retain them.

20 In my experience, public policy
21 discussions about wages and worker benefits often move
22 very quickly from debate over the merits of a
23 proposition to a rhetorical contest between
24 ideologically-based positions. And unfortunately,
25 this can happen even when we do have very solid

1 scientific research to inform our policy evaluation.
2 I encourage the Labor Relations Committee to take
3 advantage of the data analysis that strongly suggests
4 that a worker benefit program such as paid sick days
5 is feasible. We have not done a cross benefit
6 analysis for the Pennsylvania proposal, but I've done
7 them for San Francisco, for the bill before Congress,
8 in Massachusetts, in Milwaukee and in the District of
9 Columbia. And in our cross benefit analyses, we find
10 that the kinds of benefits that I talked about for
11 employers outweigh the costs that employers have in
12 terms of the wages, their administrative expenses and
13 their payroll taxes.

14 We believe that the accommodation for
15 small employers and asking that the standard be ---
16 the number of days be lowered for small employers is
17 an accommodation that makes it feasible for small
18 employers to enact this kind of policy so that they
19 also can enjoy the benefits that paid sick days will
20 provide to them.

21 On the question of abuse that came up
22 earlier, I'd like to mention a couple things that I
23 think are relevant. One is that documentation of the
24 need for paid sick days can be asked by employers if a
25 worker has an absence of more than three days. So the

1 policy is designed not just for serious illnesses, but
2 for the kind of everyday flus and earaches and so
3 forth that come up with children and parents so that
4 people can take care of their families when families
5 need their help, and also, workers can respond to
6 their own minor or major health needs. But for a
7 longer absence, employers are provided in the bill
8 with the protection of asking for documentation of the
9 need for the absence.

10 There's also an industry study that shows
11 that absenteeism, in general, is greater in companies
12 that have worse morale. And I think this underscores
13 the relationship between an employer's management
14 style and the way that its employees perform in
15 general, that in a well-managed company, the
16 likelihood of employees abusing this policy are lower.
17 And the good management that employers use in order to
18 get good productivity from their workers will have the
19 same kind of effect about use of the paid sick days
20 policy. When workers are treated well and believe
21 that they're being treated fairly, I think they return
22 that by being as productive as they possibly can for
23 their employers.

24 In the larger realm of employment, this
25 policy is not big enough to have a devastating effect

1 on employers. But for many individuals, the benefit
2 of the program will be life-changing for workers who
3 have children with disabilities or chronic health
4 conditions and must occasionally attend the child's
5 needs during a regularly-scheduled work shift, for
6 workers who contract a serious form of the seasonal
7 flu but would be fired for staying home unless the
8 assembly enacts this protection, and for individuals
9 with fragile health who encounter sick workers on the
10 job.

11 I do not think that I'm being naïve about
12 the difficulty of operating a business in the current
13 economic environment. Certainly, Pennsylvania firms
14 face a challenging situation. But we should also be
15 cognizant of the very real and very reasonable needs
16 of Pennsylvania's workers and families. Thank you.

17 REPRESENTATIVE MCGEEHAN:

18 Thank you very much, Doctor, for your
19 instructive testimony. Representative Gergely is
20 conducting a press interview and will return as soon
21 as that's done. In the meantime, I'm going to turn it
22 over for questions starting with Representative Boyd.

23 REPRESENTATIVE BOYD:

24 Thank you. Real quick. Miss Lovell, I
25 was a member of NFIB when I owned my company, and as I

1 said, I did provide sick days and felt like I had a
2 good policy. If it's such a good deal for businesses,
3 why do you think more don't? I mean, you had
4 expansive testimony, really, that documents this is a
5 good, sound business decision. Why, then, don't more
6 employers or managers offer them? There's nothing in
7 the law that precludes it. Why don't they?

8 DR. LOVELL:

9 I think that a lot of businesses, in
10 particular, in a low-wage sector, just haven't had the
11 opportunity to experience the benefits. So I think
12 they may not be aware of the fact that it will provide
13 them with benefits. And they may see it only as an
14 additional cost and not realize that a lot of --- like
15 a lot of employers on the Committee who have mentioned
16 it, that it does --- this kind of policy does help
17 them with recruitment and retention of workers and
18 does help them to avoid the spread of disease within
19 their workplaces.

20 REPRESENTATIVE BOYD:

21 So maybe, as a potential alternative to
22 this, we could provide some incentives to employers to
23 offer these kinds of policies as opposed to mandate,
24 maybe some tax incentives or something like that. Has
25 that been done in any other states or any place?

1 DR. LOVELL:

2 No, not in the area of paid sick days.
3 And my understanding of the value of tax incentives is
4 that they don't always have as much of an impact as
5 people might like them to have because the overall tax
6 burden of employers may not be such that providing
7 them with an incentive through that particular
8 structure would motivate them to undertake the
9 behavior that you're interested in. And it would
10 also, probably ---. Even an incentive program would
11 probably not be taken up by all employers. So you'd
12 still leave some employees who wouldn't have the
13 protection of the policy, I would imagine.

14 REPRESENTATIVE BOYD:

15 Thank you.

16 REPRESENTATIVE MCGEEHAN:

17 Thank you, Representative Boyd.

18 Representative Metcalfe?

19 REPRESENTATIVE METCALFE:

20 Thank you, Mr. Chairman. Thank you for
21 your testimony. How long have you been working on
22 this issue in terms of months or years? Have you been
23 out there for a few years or is it fairly recent that
24 you've been working on this type of issue?

25 DR. LOVELL:

1 I think the issue really sort of came out
2 around the year 2000. And I've been working on it
3 since that time.

4 REPRESENTATIVE METCALFE:

5 So since the year 2000, how long did it
6 take you to put together some of the information that
7 you provided here? Has this information been
8 available to state governments, the Congress and
9 employers since the year 2002, 2003, and 2004? I
10 mean, how long have you ---?

11 DR. LOVELL:

12 I worked on it over a period of several
13 years to develop the methodology that I use in my cost
14 benefit analyses. And I originally did it because
15 Senator Kennedy and the U.S. Congress was interested
16 in introducing a bill in Congress, but he wasn't
17 willing to do it until he had a cost benefit analysis
18 of the measure. And so he turned to us and asked
19 whether that was something we could put together for
20 him.

21 And it was very time consuming to seek
22 out the kind of documentation that I would hope would
23 be persuasive to someone like you based on scientific
24 methodologies to connect a worker's access to paid
25 sick days with actual measurable impact, such as the

1 impact on recruitment and retention rates and that
2 sort of thing. So the first cost benefit analysis
3 that I released was in 2005 for the Healthy Families
4 Act in Congress. And since that time, as I had
5 mentioned, I have done a number of others of them
6 using the same basic methodology.

7 REPRESENTATIVE METCALFE:

8 So the information's been available for a
9 couple of years now?

10 DR. LOVELL:

11 Uh-huh (yes).

12 REPRESENTATIVE METCALFE:

13 Are you familiar with any legislative
14 activity where any state in the nation has
15 adopted ---? I mean, there's a couple cities
16 referenced, but has any stated debated it?

17 DR. LOVELL:

18 Right.

19 REPRESENTATIVE METCALFE:

20 Has any state moved on it?

21 DR. LOVELL:

22 There are a number of states that have
23 debated it. There aren't any states yet that have
24 adopted it. But there are about a dozen state
25 legislatures that have looked at this policy.

1 REPRESENTATIVE METCALFE:

2 Do you know why they debated it but
3 haven't implemented it?

4 DR. LOVELL:

5 I would imagine that's very similar
6 dynamics to what you're seeing on your committee here.
7 There's differences of opinion on the legislative
8 committees and the legislatures overall. And I think
9 it can be difficult to educate people about, for one
10 thing, the need for a policy like this. It's not like
11 the minimum wage we've been talking about since 1935.
12 This is something that's relatively new, I think, on
13 the policy scene. And a lot of people, even now, if
14 you ask them whether there's a federal law about
15 requiring paid sick days, a lot of people will say,
16 yes, I think there is. Well, there isn't. There
17 aren't federal laws requiring any kind of benefits.

18 So to get the information out about the
19 percentage of workers, about half of the private
20 sector doesn't have paid sick days, that takes some
21 work, and you know, getting information to
22 policymakers and then providing them with the
23 information about what the benefits of it are.

24 REPRESENTATIVE METCALFE:

25 And you'd mentioned Senator Kennedy, and

1 I watched him on the TV the other night. They showed
2 him and his family on a three-sail yacht on the ocean.
3 I didn't think it connected real well with the common
4 man. But at any rate, with his interest in this issue
5 --- I'm sure others in the Democratic majorities in
6 Congress have interest in this issue, they haven't
7 moved on it during the session they've been in control
8 of the Congress. Do you know why they haven't moved
9 on this if they have both majorities and this is such
10 a commonsense thing, according to studies?

11 DR. LOVELL:

12 Right. They haven't been successful yet
13 in passing it through the House or the Senate. I
14 would differ with you a little bit as to whether the
15 Democrats are in control, because in the Senate, in
16 order to actually get anything passed in the Congress,
17 you often need to have 60 votes. And the Democrats
18 don't have 60 votes in the Senate.

19 REPRESENTATIVE METCALFE:

20 I hope that it's to remain that way,
21 but ---.

22 DR. LOVELL:

23 But again, I think it's a matter of
24 getting the attention of policymakers and educating
25 them on an issue that's relatively new to them while

1 they're working on other policy issues. And it
2 definitely has made a lot of progress in Congress.
3 There have been hearings in Congress and there are a
4 number of co-sponsors on the bill, more co-sponsors
5 this year than there were last year. So there is
6 definitely momentum in Congress for this to move
7 forward at the federal level.

8 REPRESENTATIVE METCALFE:

9 The question I asked earlier was if ---
10 an earlier speaker, did they know what the average
11 cost would be for the employers, the average employer
12 that is in Pennsylvania not providing the policy
13 currently.

14 DR. LOVELL:

15 Right.

16 REPRESENTATIVE METCALFE:

17 It seems like the majority of employers
18 in the State of Pennsylvania do provide for some sick
19 days. But for that minority of employers that do not,
20 what would be the average cost?

21 DR. LOVELL:

22 I haven't done a cost analysis for
23 Pennsylvania, but I can give you some guidance based
24 on ones I've done for other jurisdiction. And the per
25 week cost --- per worker per week cost for a paid sick

1 days policy that's a little bit --- provides more days
2 than this one, I calculated that for workers who would
3 be covered by the new program, in other words, don't
4 already have sick days, per worker per week cost would
5 be \$5.70. And the benefits would be \$9.80. And those
6 benefits mostly accrued from things that I talked
7 about in my testimony, the reduced voluntary turnover,
8 reduced presenteeism ---.

9 REPRESENTATIVE METCALFE:

10 As far as an upfront cost, how do you
11 come up with an upfront cost per hour mandating ---
12 when this bill would mandate one hour for every 40
13 hours of work? How do you come up with a cost and the
14 wages?

15 DR. LOVELL:

16 Because when we took a survey called the
17 National Health Interview Survey, which asked workers
18 how many days of work they miss because of illness, we
19 can look at workers who do have paid sick days
20 programs, and we can find out how many days they take
21 on average. And we don't think that people ---. Not
22 every worker will use every day that they're granted
23 under this program. The idea with a program like this
24 is you want to provide enough days that it will take
25 care of --- it will provide a minimum standard for

1 workers who need it. But not all workers will use it.
2 So when we calculate the cost of this, I don't expect
3 --- I don't calculate it as if every day that's
4 provided under the bill will be used.

5 REPRESENTATIVE METCALFE:

6 Doesn't their ---? The time accrues
7 throughout the year.

8 DR. LOVELL:

9 Uh-huh (yes).

10 REPRESENTATIVE METCALFE:

11 And at some point in time, if those
12 employees decide, we're going to go elsewhere, would
13 they then take the pay for those accrued hours with
14 them so that there's still that cost ---?

15 DR. LOVELL:

16 Employers are not required to pay a
17 departing employee for their unused paid sick days.

18 REPRESENTATIVE METCALFE:

19 And that's how the courts have held in
20 Pennsylvania?

21 DR. LOVELL:

22 Well, there's no legal decisions on this
23 issue because it hasn't ---.

24 REPRESENTATIVE METCALFE:

25 No legal decisions on current employers

1 that provide sick days and have a policy for sick days
2 and provide those when employee leaves, debating
3 whether or not they're due still to have those sick
4 days paid out to them?

5 DR. LOVELL:

6 I'm not aware of there being any
7 requirements of that.

8 REPRESENTATIVE METCALFE:

9 All right. Thank you.

10 CHAIRMAN GERGELY:

11 We'll follow up on that, too, Daryl, and
12 find that out.

13 REPRESENTATIVE METCALFE:

14 Thank you. I appreciate it. Thank you,
15 ma'am.

16 CHAIRMAN GERGELY:

17 Representative Killion?

18 REPRESENTATIVE KILLION:

19 Do I have time?

20 CHAIRMAN GERGELY:

21 I asked the members so we can --- we're
22 one speaker behind right now.

23 REPRESENTATIVE KILLION:

24 I won't take a long time.

25 CHAIRMAN GERGELY:

1 Okay. Very good. Thank you.

2 REPRESENTATIVE KILLION:

3 I'll be fairly brief. Like
4 Representative Mustio, I also started a business in
5 1992, started from scratch. Currently my firm pays
6 sick time, vacation time, pay full coverage for our
7 employees' medical, co-pay. I think that's the right
8 to do as a business. I'm not a fan of --- but I'm
9 open-minded somewhat on this.

10 My concern is about startup companies. I
11 see that we have a provision --- this is more, I
12 guess, directed to the maker of the bill. We have
13 provisions for small employers, less than ten
14 employees. I think that's a good way to go. My
15 concern is, though, when you're starting a business
16 from scratch, as most of us know, eight out of ten
17 businesses that start fail. I was lucky that mine
18 didn't fail. But in the early days, from the view of
19 business owners and folks that have taken the
20 entrepreneurial routes to open a business, don't take
21 a salary, often, for several years. I know we opened
22 our doors with free employees. My concern is maybe we
23 ought to take a look at providing an exception for
24 startup businesses, because that's the future of jobs
25 in Pennsylvania. We spend a lot of state money

1 currently on established businesses, too, in
2 Pennsylvania, but the real road for our economy is our
3 startups. And I just ask that we consider maybe some
4 sort of exception for startups. I think once a
5 business is up on its feet and they're making some
6 money and they want to take care of their employees,
7 that's the right thing to do for our purposes and
8 productivity purposes. But I'm a little concerned
9 about guys who are just barely hanging on as a startup
10 and us putting a mandate on them. Thank you.

11 CHAIRMAN GERGELY:

12 Thank you, Representative. I think,
13 again, that adds to why we have these hearings, and
14 that's very good commentary that we should have.
15 Representative Shimkus?

16 REPRESENTATIVE SHIMKUS:

17 Thank you. And I will be brief to
18 respect the schedule. When you're doing your analysis
19 of costs, I wonder if you could try to figure in the
20 cost of this. I have an e-mail this morning in
21 anticipation of this hearing, a woman who worked for a
22 company for 11 years. And it was the first day of
23 school in districts in my area. And she's a
24 grandmother and was determined to go to school for the
25 first day with her grandson, Jonathon, and she was

1 fired. She was told, you take the day off and you
2 lose your job. And I said to myself --- and I said to
3 her, there's nothing more important than your
4 grandson. And if that's the policy, then I'll make
5 sure to bring it up at this hearing. Because you're
6 entitled to time off from faithful working. So I
7 think to take an employee who has been trained, who
8 has, you know, gone through the school of hard knocks,
9 and try to retrain, you know, for something that is
10 very emotional, has got to be a big cost factor as
11 well. Thank you.

12 CHAIRMAN GERGELY:

13 Thank you very much. We call Matthew
14 Brouillette, president and CEO of the Commonwealth
15 Foundation. Thank you, Mr. Brouillette.

16 MR. BROUILLETTE:

17 Good afternoon. Thank you for having me
18 here this morning to testify on House Bills 1155 and
19 1386. I will focus primarily on 1155 since that is
20 the focus of today's hearing. My name is Matthew
21 Brouillette. And I'm president and CEO of the
22 Commonwealth Foundation. We're a public policy,
23 education and research organization based in
24 Harrisburg. However, I also come before you as an
25 employer in a small business that would be very much

1 affected by these labor law changes that are proposed
2 in these bills.

3 Well, who could be opposed to bills with
4 names like Healthy Families, Healthy Workplaces Acts
5 and the Family Temporary Care Act? Well,
6 unfortunately, despite the compassionate-sounding
7 titles, these bills will do little to improve the
8 health or well-being of families in workplaces.

9 Now, I understand the good intentions of
10 those sponsoring these bills, but I challenge the
11 operating premise of these bills that suggest that
12 employers don't care enough about their employees, so
13 government must step in and threaten and force them to
14 treat people fairly. Now, there probably are, and
15 there certainly are, employers like Mr. Potter from
16 It's A Wonderful Life. But they are the exception
17 rather than the rule. And few employees are enslaved
18 in some sort of Potterville-like job.

19 The reality is that the overwhelming
20 majority of employers recognize that their company's
21 success is, in very large part, dependent upon their
22 ability to attract and retain good employees. In the
23 short and long run, no company is going to survive and
24 thrive without taking care of their people. What's
25 more, no government mandate will ever be able to

1 compel or replace the incentives that are necessary to
2 create either healthy families or healthy workplaces.
3 Therefore, the Commonwealth Foundation views both
4 House Bills 1155 and 1386 as inappropriate and
5 unnecessary intrusions of state government into the
6 private relationships between employers and employees.

7 Now, let me further explain by commenting
8 on some of the specifics in House Bill 1155. Section
9 2(7) states, the General Assembly finds and declares,
10 quote, that providing minimal paid and sick leave is
11 affordable for employers and good for business.
12 Really? Well, first, who or what has defined this
13 mandate as affordable for employers and good for
14 business? And if it is truly affordable and good,
15 then why would government even need to mandate it? In
16 fact, most employers would argue that they are already
17 providing such workplace flexibility, both formally
18 through short-term and long-term disability insurance,
19 and informally by accommodating employees' needs as
20 they arise.

21 The fact that Pennsylvania doesn't
22 mandate such labor policies doesn't mean that they are
23 not in place or occurring in workplaces all across the
24 Commonwealth. My organization provides employees with
25 both paid sick leave and disability insurance. And we

1 also work with employees when special needs arise, all
2 without a government mandate. It is time that we rid
3 ourselves of the notion that nothing good will happen
4 unless politicians pass a law or regulation to force
5 people and employers to do it.

6 Further, the definition and use of this
7 paid sick leave mandate will also be problematic.
8 Section 5(a)(1) requires an employer to compensate an
9 employee for, quote, an employee's mental or physical
10 illness, injury or health condition or need for
11 medical diagnosis, care or treatment of a mental or
12 physical illness, injury or health condition or need
13 for preventative medical care, end quote. Who and
14 what defines preventative care? I can only imagine
15 one of my employees telling me, Matt, I'm taking a
16 paid sick day on Friday to get some preventative
17 medical care. My doctor said a round of golf should
18 help reduce my stress level and prevent further
19 medical problems. Now, it may sound absurd, but these
20 are the kinds of legal loopholes such mandates create.

21 Although the overwhelming majority of
22 employees would not likely be abusive of such a
23 policy, it would have the unintended effect of
24 discouraging employers from being flexible and able to
25 accommodate employees' needs in other situations.

1 Now, other potential loopholes exist throughout House
2 Bill 1155 that I won't get into, but would likely
3 serve as a full employment opportunity for attorneys.

4 Given our limited time, I'll conclude my
5 formal testimony with some final observations. I
6 understand, again, and I commend the good intentions
7 of those who support these bills. But good intentions
8 do not good policy make. Employers know that they
9 must take care of their employees. And most of them
10 are already doing what they can to accommodate
11 workers' needs for sick or family leave time. We need
12 to be realistic and recognize that mandates such as
13 these will not make a currently unpleasant workplace
14 more accommodating. They will, however, make the cost
15 of doing business in an already inhospitable business
16 climate even more expensive. Thank you for the
17 opportunity to testify, and I'm happy to answer any
18 questions.

19 CHAIRMAN GERGELY:

20 Thank you for your direct testimony, Mr.
21 Brouillette. My personal comments are that I believe
22 that we agree to disagree on this issue. Of course,
23 we knew that we had to --- hearing both sides, I
24 think the absurd comment was --- is fair in what you
25 say, that it isn't fair for employers to have to pay

1 for folks doing that. But it's not fair for someone
2 to have to lose their job for instances of possibly
3 having to weigh out the fact that their child is sick,
4 that they were in a violent crime or violent sexual
5 act. And there are employees that do exist out there
6 that would be forced to make that decision. I think
7 we do have to find a common ground on this; would you
8 not agree?

9 MR. BROUILLETTE:

10 Are there employers that I would not work
11 for and a lot of people wouldn't? That is correct.
12 And if employers are unable to accommodate employees'
13 needs, I think that frequently that is more reflective
14 of the business climate that they're working in, the
15 profit margins that are thin for everybody out there.
16 I don't think that there are employers that are out
17 there seeking to harm their employees. I think the
18 overwhelming majority of them recognize that they have
19 to take care of their employees. Otherwise, they
20 won't be successful.

21 And if an employer simply can't provide
22 whatever it is benefit that we're talking about, I
23 would say it's simply because they can't. And it's
24 not a matter of these Potter-like employers out there
25 that are just greedy and --- you know, they won't be

1 successful. I've not seen businesses that are
2 successful that are able to abuse employees or not
3 accommodate for their needs.

4 CHAIRMAN GERGELY:

5 The only other question, I guess, looking
6 --- in search for answers, other opinions, in the
7 issues of workplace-related health, especially in,
8 like, the food service industries when folks are sick
9 and they don't have paid sick days yet, they got to
10 earn a paycheck. But they then expose themselves to
11 the public by being sick and then serving food to us.
12 I think it goes beyond just a business. It's a public
13 health-related issue. It could be an elder care
14 related issue where that nurse assistant goes in with
15 the flu, has no other option, and now we may have
16 created an epidemic in that facility. I think we need
17 to find balance with that. I don't know if you agree
18 or disagree, but to think of the health-related issue
19 where the public is exposed but the employee has no
20 option, I don't know where we win from that instance.

21 MR. BROUILLETTE:

22 I think that we've seen this happen in
23 the past where we've had an epidemic of sorts. The
24 marketplace actually responds much harsher and much
25 more quickly than does any government mandate. I

1 think it was Chi Chi's, was it not?

2 CHAIRMAN GERGELY:

3 Yeah.

4 MR. BROUILLETTE:

5 What happened? It was the marketplace
6 that shut that business down. It wasn't government
7 coming in and shutting it down. They lost customers.
8 Employers understand that if they are --- don't have
9 healthy employees, are spreading any sort of disease
10 or sickness, it's going to harm their bottom line. So
11 they have the proper incentives that are there that
12 will react far before any government mandate will. So
13 I would say that, you know, the marketplace is a
14 powerful corrector of those kinds of abuses or
15 failures of employers. And they pay for it.

16 CHAIRMAN GERGELY:

17 Thank you. I don't have any more
18 questions. Representative Cox?

19 REPRESENTATIVE COX:

20 Thank you, Mr. Chairman. Thank you for
21 your testimony. What you've said is directly
22 reflective of what I saw when I --- what I see ---
23 continue to see when I speak to businesses. I have
24 toured one of the largest mushroom-producing companies
25 in the country, one of the largest chicken-producing

1 companies in the country and one of the largest
2 grocery chains in the country near or in my district.
3 And I've also toured and met with people who employ
4 one and two and three employees, anywhere ---. So
5 I've seen the full range of it.

6 The common thread in the businesses that
7 have survived this climate, the common thread is that
8 they treat their employees well. It can range
9 anywhere from sick days to other types of days,
10 vacation days, et cetera. But they realize how much
11 of a resource and how much of an asset dedicated
12 employees are. And the common thread that I saw in
13 the companies that have been around for a while, they
14 said, you know, we've had people here for 10, 15, 20
15 years. And when I asked them how many, they say the
16 majority of them are long-term employees. They never
17 have trouble finding people. They never have any
18 problems, you know, with anything employee-related
19 simply because they treat their people well. Their
20 Workers' Comp costs are lower because people are less
21 likely to abuse any system if they're being treated
22 well on the job. And so I found that all those
23 factors work together. It's been very instructive for
24 me as a legislator to go through this process. So I
25 appreciate you providing that larger perspective.

1 I guess my question ultimately comes down
2 to this. The impact of this may not be something
3 that, you know ---. It may not shut down a business
4 tomorrow, and it doesn't sound like you're saying that
5 that's necessarily the case. But it almost sounds
6 like this layering of regulation and mandate is going
7 to have a similar effect to what we've seen with our
8 schools, where it just gets to the point where our
9 local school districts can't keep up with state
10 mandates. Are we seeing the same type of effect in
11 businesses where that layering --- the, you know, nick
12 after nick on a cut ---? Is it the death of a
13 thousand cuts? Is that where we're going with this?

14 MR. BROUILLETTE:

15 That's exactly what I was going to say,
16 that this is not one of those things that's going to
17 put people out of business, per se. But it is part of
18 what we've been doing in Pennsylvania, making it more
19 and more difficult to operate a business. There was
20 commentary earlier on minimum wage. And I think
21 somebody even cited half a million jobs that would be
22 lost from it. That was never ---. In fact, we were
23 the only ones that did an economic study, projected it
24 10,000 --- a little over 10,000 jobs that would not be
25 created. So it wasn't a job reduction. And then if

1 we look at the numbers after that was implemented,
2 Pennsylvania was well below the national average in
3 job growth. In fact, we were 16,000 below just the
4 national average after our minimum wage went into
5 effect.

6 So the reality is that it does have that
7 death by a thousand cuts. Where we're at, I'm not
8 sure. But when you look around at our business
9 climate ---. I mean, just last week Mack Trucks, a
10 large employer up in the Lehigh, said, we're moving to
11 North Carolina. They didn't even want to talk to the
12 state to see what kind of incentives or things that
13 could be produced. It's just not a hospitable
14 business climate. This would just be another one of
15 those layering things that would make Pennsylvania a
16 place that people are not coming to do business.

17 REPRESENTATIVE COX:

18 Thank you.

19 CHAIRMAN GERGELY:

20 Representative Shimkus?

21 REPRESENTATIVE SHIMKUS:

22 Thank you. I appreciate the Commonwealth
23 Foundation, and I use a lot of your literature in
24 helping me make decisions on a variety of issues. So
25 I appreciate your testimony. But help me to

1 understand. It sounds like what you're saying here is
2 that you trust human nature. And I wonder if the
3 businesses and the companies that are already doing
4 this would be unaffected by this bill because they're
5 already doing it. But what this bill does is it takes
6 the people who are being abusive to employees and
7 says, no, that's not appropriate. And that's good for
8 Pennsylvania, good for business and good for people.

9 I think we're in a situation here where
10 it is very difficult to hope that someone will realize
11 that this is a good thing and just automatically do it
12 out of the goodness of their heart. And I think
13 that's where legislation has to come in, where we have
14 to see the people who are reluctant to do this, where
15 it's pretty much an off-with-their-heads kind of
16 policy. Am I getting your drift right or am I
17 misinterpreting?

18 MR. BROUILLETTE:

19 Well, I would say that, indeed, we have
20 people that are self-interested. And that is a
21 powerful incentive. And ultimately, for anybody to be
22 successful in business, they're going to have to serve
23 other people. And it's either serving the customer
24 well, and in order to do that you have to take care of
25 your employees. And ultimately, any business that's

1 going to do well is not going to have to have
2 government stepping in and telling them how to operate
3 their business. On the other side, as an employee,
4 why would you work for an employer that simply does
5 not treat you well? And that's ---.

6 REPRESENTATIVE SHIMKUS:

7 And with due respect, I will say in this
8 economy, many times you don't have a choice.

9 MR. BROUILLETTE:

10 Well, I think that what we find is that
11 many places can't find enough people to employ. Many
12 employers aren't even close to the minimum simply
13 because they are trying to find good employees. And I
14 think ultimately, that's where you find that that
15 employer/employee relationship is nothing that the
16 government can mandate or compel to have a pleasant
17 and accommodating work environment.

18 So while it may sound great to be able to
19 implement, I would argue that it would not have the
20 positive effects of creating healthy families, healthy
21 workplaces. I mean, it sounds great. But I have yet
22 to see a government mandate create a better working
23 environment. That's only going to come from the
24 proper incentives and a marketplace that exists where,
25 I think, you know, a businessman or woman's desire to

1 improve their own life compels them to hire and retain
2 and empower employees to help them get to that goal.
3 So I think that that marketplace has much more
4 powerful incentive than any law or regulation ---.

5 REPRESENTATIVE SHIMKUS:

6 I've already spoken to your organization.
7 I just wanted you to know why I support this bill and
8 I respectfully disagree.

9 MR. BROUILLETTE:

10 I understand.

11 CHAIRMAN GERGELY:

12 Thank you, Mr. Brouillette. Mr. Robert
13 Drago? I'm sorry. Daryl. I'm sorry.

14 REPRESENTATIVE METCALFE:

15 I told him I'd be short. He's trying to
16 make me shorter than I offered. Thank you, Matt, for
17 your testimony today. Just to be clear, the Chi Chi's
18 incident wasn't related to any sick employees at work.

19 MR. BROUILLETTE:

20 Right.

21 REPRESENTATIVE METCALFE:

22 It was related to produce that --- I
23 believe it was imported produce that spread ---
24 hepatitis was spread ---.

25 MR. BROUILLETTE:

1 From Butler County, I believe, wasn't it?

2 REPRESENTATIVE METCALFE:

3 No, it was actually over in Beaver
4 County. The Chi Chi's that I have frequented over the
5 years --- but tragic situation for many families that
6 were impacted by loss of life, and sickness and
7 illness and recurring health problems, I'm sure, from
8 the impact of that disease, I think, affected a lot of
9 people in our region, but not an incident caused by
10 sick employees coming to work.

11 MR. BROUILLETTE:

12 Right. My response was to Representative
13 Gergely's comment of an epidemic erupting that somehow
14 could've been prevented.

15 REPRESENTATIVE METCALFE:

16 Along that vein, with the work that you
17 do as a policy think tank in Pennsylvania, interfacing
18 with some of our larger groups in the Chamber, and I
19 believe the Chamber's supposed to be here tomorrow,
20 but are you aware of any incidents where businesses
21 have had a marketplace result of closing down the
22 business or severely affecting their profits because
23 they weren't paying sick days and if they did have
24 sick employees who were infecting customers? I
25 haven't heard of anything that's in my recent memory,

1 and I was wondering if you have some knowledge of
2 where ---. Because this argument's been put forward
3 here several times here today as far as we have to
4 protect public health. And I know we have health
5 inspectors and we have enormous numbers of regulations
6 and burdens on employers who want to open a business,
7 open a restaurant, hoops that they have to jump
8 through. So are there any that you're aware of where
9 this has been a cause of a problem?

10 MR. BROUILLETTE:

11 No, I am not. And maybe ---. I know
12 NFIB and the Chamber will be here. They can talk
13 about some of their members' experiences.

14 REPRESENTATIVE METCALFE:

15 Thank you for your testimony.

16 CHAIRMAN GERGELY:

17 Thank you. As Mr. Drago is walking up,
18 he's a member of the --- professor of labor studies
19 and women's studies at Penn State University. And to
20 clarify my question about epidemics, Representative
21 Metcalfe, I think anytime you --- when I say
22 epidemics, I would also refer to that as literally
23 being someone coming in with the flu and then ten more
24 folks catching the flu. It's not necessarily an
25 epidemic that's being reported. But now the cost

1 associated with that child, possibly, or the elder
2 care person, the elderly and bed-ridden now has the
3 flu, possibly now can have pneumonia, possibly can
4 result in death. I think when you say epidemic,
5 that's framing it in a different light than I was
6 trying to refer to it as.

7 DR. DRAGO:

8 Thank you, Representative Gergely,
9 Representative Gibbons, members of the Committee for
10 your time today. My name's Robert Drago. I'm a
11 professor of labor studies and women's studies up at
12 Penn State University. I've been there over a quarter
13 of a century as an economist researching workplace
14 issues here. And I've spent the last 13 years looking
15 at how employees balance work and family commitments.

16 This is a particular auspicious day to be
17 here. Tonight we will hear from the president who
18 signed into the law the Family and Medical Leave Act
19 15 years ago. And next week we will, of course, hear
20 from Senator John McCain, who also voted in favor of
21 that legislation back in 1993. One of the things that
22 many people thought were in the Family Medical Leave
23 Act process, which went on ten years before passage,
24 was a pay provision. And that's part of what we're
25 here to talk about today. I will mainly address 1155,

1 which we've been talking about this afternoon. But I
2 do want to spend a little time on 1386 because I will
3 be back in the classroom up near the football stadium,
4 Beaver Stadium, tomorrow at this time.

5 So by way of background, I entered the
6 field in 1995 believing that employers, employees,
7 progressive employers, in leading local and national
8 labor unions, could produce a situation where it was
9 possible for employees to balance work and family. I
10 worked with Working Mother Magazine, which produces
11 the Top 100 Employers for Working Mothers list every
12 other and has done so for over 20 years. I worked
13 with the Alliance for Work-Life Progress and was on
14 their board. That's a corporate organization. I
15 studied a lot of these organizations, and I don't want
16 to denigrate their accomplishments. Many of those are
17 wonderful. And I would be remiss if I failed to
18 congratulate my colleagues at the University of
19 Pennsylvania who celebrated a doubling of their main
20 childcare facility here in Philadelphia earlier this
21 week. We are in the process of building a new
22 childcare center at Penn State. We're a couple of
23 years off.

24 Nonetheless, for all the good works that
25 individuals and organizations have accomplished, we

1 need more. Vicky Lovell, who you just heard from,
2 calculated from the 2006 Working Mother list that less
3 than half of the top 100 employers in the nation
4 provide even six weeks of paid maternity leave. And
5 paid maternity leave is considered, kind of, the most
6 common work family benefit provided not only in
7 America, but around the world. And it's mandated in
8 all but a handful of very small countries and the
9 United States.

10 What that means is even if somebody's
11 working for a leading-edge employer, when they have a
12 new child, even if they can take the 12 weeks off with
13 the Family and Medical Leave Act for their new child,
14 they may not be able to afford all that time. They
15 may not be able to take all that time. And that's in
16 the best of circumstances.

17 For the average employee, the story is
18 bleaker. After one year of employment, 54 percent of
19 employees nationwide have no paid sick leave. Among
20 low-wage workers, as you've already heard, about three
21 quarters have no paid sick days. And to give you a
22 little context, the number is 63 percent of employees
23 nationwide have some access, informal or formal, to
24 sick days, many of those with the low edge in
25 restaurants and fast food places where we worry about

1 contagion spreading and the market doesn't work. If
2 you went through a drive-thru on the way down from
3 State College, as I did, somebody could've passed out
4 flu, and I wouldn't have known that, and it would've
5 been almost impossible to trace it to there.

6 Worse still, some of the most dangerous
7 workplaces we have are childcare centers. Childcare
8 employees are low-wage employees. They average around
9 \$8.15 an hour, \$8.50 an hour as of today. We don't
10 know how many childcare workers have paid sick days.
11 The recent Keystone Research Center study shows about
12 60 percent of Pennsylvania employees have some
13 employer-provided health insurance. Only 25 percent
14 of childcare workers do. That suggests that most
15 childcare workers do not have paid sick days at
16 present. When they are ill, they have to come into
17 work, and that means they're spreading disease to our
18 children, our youngest children, who are --- of
19 course, they don't have the immunity that some of us
20 who are older are likely to have.

21 And they're likely to have children as
22 ill companions as well. Many children today in
23 Pennsylvania and across the nation are taken to
24 childcare when they're ill. They're not supposed to
25 do that. It's often masked with Tylenol, which lasts

1 about three or four hours. Then the childcare workers
2 figure out the child is ill, should not be at the
3 childcare center. They need to somehow isolate the
4 child to prevent the illness from spreading. They
5 don't have the personnel to do that. They often call
6 the parent. The parent needs to come. If the parent
7 has no paid sick days, they can lose their job. And
8 parents have lost their jobs in the middle of the day
9 going to get a sick child from a center.

10 You have a historic opportunity to
11 improve this situation with the two bills that you're
12 considering, 1155 and 1386. And as an economist, let
13 me highlight some of the aspects of the bill that you
14 might not have thought about as lawmakers or looking
15 at the budget, which I'll admit I'm not that familiar
16 with the state budget. The first, the Healthy
17 Families/Healthy Workplaces Act effectively asks large
18 employers to take --- set aside 2.5 percent of
19 payroll. That's one hour out of every 40 worth of
20 money. For minimum wage workers, that cost is a
21 little under 18 cents per hour.

22 By way of comparison, the \$2 increase in
23 the minimum wage recently, which is --- if you talk to
24 any small employer, that was a big increase in the
25 minimum wage. This is less than one tenth the size of

1 that. It's much smaller and will have much less of an
2 effect. And for small employers, of course, the
3 amount is 1.25 percent of payroll or around nine
4 cents, a little under nine cents an hour for a
5 minimum-wage employee. For that, the employees can
6 get up to 52 hours a year, six and a half days. And
7 what the employers get out of this, as others have
8 mentioned, is a more stable and a healthier workplace.

9 Let me return to the childcare arena
10 because childcare --- nationwide, childcare centers
11 average 30 percent turnover a year. In a fast food
12 restaurant, that would be fairly expensive to train
13 and rehire that many people. You're constantly under
14 the gun to be hiring people. You may not have enough
15 people. You may try to hire too many people to cover
16 when people quit. It's a game that becomes very
17 difficult.

18 In childcare centers it's a little more
19 serious because that means when our children are
20 coming in that the person who will care for them often
21 doesn't know them. And we want people caring for our
22 kids who, like ourselves, know our children and know
23 their needs and what's going to make them happy and
24 develop effectively.

25 With this law, many employees who would

1 otherwise lose their job will be able to avoid coming
2 in when they are ill and return to work when they're
3 healthy. Many employees will hold onto their jobs who
4 would otherwise lose them, become more productive, and
5 obviously, in the case of childcare centers, that's
6 something we want. We want longer-term employees in
7 order to more effectively develop our children.

8 We not only keep --- with 1386 in
9 particular, we not only keep ill workers out of the
10 workplace, we keep ill children out of our childcare
11 centers, out of our public schools. And as I think
12 Dr. Lovell mentioned, studies show that ill children
13 recover more quickly when they're under parental care,
14 which both of these bills help to promote parents
15 being with sick children. And those studies were
16 originally done in a post-operative surgical setting
17 showing that we reduce hospital stays if parents are
18 taking care of their children post-surgery.

19 As has already been mentioned, I used to
20 be an expert on absenteeism before I moved in to
21 work/family. And studies of absence show that in any
22 given year, only the minority of employees take any
23 absence for any reason. So under this bill, I'm
24 virtually certain that will still happen, particularly
25 given the majority of American employees already have

1 sick days, either formally or informally. Most people
2 only use sick days when genuinely needed.

3 And the question that raises is what
4 happens to unused days. As was mentioned earlier, in
5 some systems, such as when I was employed by the
6 University of Wisconsin, we built up sick days over a
7 matter of years. Many faculty at the University of
8 Wisconsin built up all of their sick days over a 20 or
9 a 25-year period and then collect that when they
10 retire. I was honest enough to call in sick a couple
11 of days back in the day. But most faculty didn't.
12 That system is a recipe for people coming when they're
13 sick in order to hoard sick days to get that bigger
14 payout when they either retire or quit. And it's a
15 recipe for employers facing big payouts when employees
16 do retire or quit, often unexpectedly.

17 Under the current bill, employees can
18 only carry over 40 hours from one year to the next.
19 There is no large payout. It means if employees are
20 ill, they have no benefit from hoarding the sick days.
21 If their children are ill, they aren't worried about,
22 what will happen to my accumulated sick days.

23 I also respect the sensitivity in 1155 to
24 domestic violence, which is one use of the sick days
25 found in the Act, although I would urge you to think

1 about an amendment covering bereavement leave. In the
2 academic community, after the shootings at Virginia
3 Tech, many of us rethought our bereavement leave
4 policy. And the idea of people losing their jobs when
5 they take time off for a funeral is something that I
6 don't think many of us would think is a very good
7 idea. And I think that most of us would agree that
8 when an immediate family member is lost, it's a time
9 that we should be with our families and not worried
10 about losing our jobs.

11 And let me talk briefly about Bill 1386,
12 Family Temporary Care Act. The sick days build. The
13 Healthy Families/Healthy Workplaces Act puts the onus
14 on employers to pay that 2.5 percent. And that seems
15 reasonable to me.

16 The 1386 says there are certain things we
17 can't ask an employer ---. We do this with Social
18 Security. We do this with Medicare. The cost of wage
19 replacement --- and it basically covers wage
20 replacement for leave under the Family Medical Leave
21 Act, which is the federal law. Basically, this is an
22 insurance system, much like Social Security or
23 Medicare. It's meant to cover a very fairly rare but
24 very costly event, such as 12 weeks of leave for a new
25 child. That could be very costly for the employer.

1 At present, the vast majority of American
2 women and men take some leave when they have a new
3 child. The average is about two weeks for men, longer
4 for women. But they're doing that in an ad-hoc
5 fashion. Men in particular are typically coddling
6 together sick days, personal days, vacation days,
7 twisting their supervisor's arm saying, look, I just
8 want a couple of weeks at home, even though under the
9 law, they're provided unpaid leave. They would
10 certainly take off longer if they could afford it.
11 And as we saw from the evidence from the Working
12 Mother Top 100, even our best employers can't afford
13 it. And I want to talk about why in just a minute.

14 There are actually two problems here
15 which 1386 solves. And the first is that individual
16 employers often run through dry spells where nobody
17 needs any sort of lengthy leave. Nobody has children.
18 And then all of a sudden they have a baby boom and
19 they're having baby showers in the office every couple
20 of weeks. And they're, like, what's going on here?
21 And the employer faces the cost, if they have a paid
22 leave policy, of paying both the wage replacement
23 while the employee is on leave, and the cost of the
24 replacement worker. And that could be very expensive
25 for a period of three months, which is what we're

1 talking about, a 12-week period. By financing from a
2 central fund, we take care of this problem. Employers
3 are only asked to cover the cost of replacement to get
4 the work done, assuming the work needs to get done,
5 which, presumably, you wouldn't have the employee if
6 you didn't need the work to get done in the first
7 place.

8 The second problem is that our best
9 employers who currently provide paid leave suffer from
10 adverse selection, that is --- and I know this from my
11 students, who are largely seniors at Penn State and
12 are in the work life course, and they get to the end
13 and they've thought about all these issues and they
14 say, I'm going to work for one of those employers ---
15 if they want to have children soon, one of those
16 employers that has paid leave. Well, guess what? If
17 everybody who wants to use paid leave and have
18 children goes to work for an employer that has a paid
19 leave policy, that employer's at a competitive
20 disadvantage. And that's why most of the Working
21 Mother Top 100 do not provide a full 12 weeks, because
22 if they did so, it would be very expensive because of
23 adverse selection. They are going to get all the
24 people who want to use those policies. And the cost
25 is simply prohibitive.

1 Now, finally, I'll mention that both ---
2 actually, two things. Both Acts, I think, serve to
3 level the playing field. One of the questions that
4 came up earlier was, well, if most employers are doing
5 this, why don't all? Well, if you, on the Committee
6 and in the House and in the Senate in Pennsylvania,
7 had reduced the minimum wage to \$1 an hour, I'm
8 convinced some employers would've reduced their wage
9 to \$1 an hour because they would've been under
10 competitive pressure to do so.

11 If you provide paid sick days, the
12 employers who feel I'm at a competitive disadvantage
13 if I provide this two and a half percent boost in my
14 cost structure to my employees, would see that, okay,
15 the person across the street faces the same increase
16 in cost. It's small, but it's still ---. It's an
17 argument. If you really need to keep your costs down,
18 at least you want a level playing field in terms to
19 the others. And the same goes with 1386 and the
20 Temporary Care Fund in terms of leveling the playing
21 field. And that's particularly important for our best
22 employers who are already paying for these benefits
23 and want to be more competitive in terms of other
24 firms in the state.

25 Finally, both Acts would reduce employee

1 turnover. You know, I've also done some studies of
2 turnover. And obviously, some turnover is good and
3 healthy. If an employee takes a job they aren't fit
4 for or that they don't like, then we want to see them
5 leave. If they don't fit in with the team --- and we
6 have a lot of teamwork in our corporations today ---
7 then they probably don't belong there. If somebody is
8 ambitious and talented and wants to move up, we want
9 to see them go ahead and move up. And that's also a
10 good thing.

11 But in today's economy, many times, good
12 employees lose good jobs either because they become
13 ill or because their child becomes ill. Many
14 employees are forced, as others have said here, to
15 choose on a day-to-day basis, and this plays
16 particularly to single mothers, between holding down a
17 job and taking care of an ill child. And in the
18 current economic environment, that choice has gotten
19 more stark because many families are on the brink of
20 foreclosure or face foreclosure due to the meltdown in
21 the sub-prime mortgage market. And that means that
22 for many Pennsylvanians today, the choice is not just
23 between a job and a child. The choice is between
24 holding onto your house and being able to take care of
25 an ill child.

1 Now, I am thankful that the vast majority
2 of employees who face that choice will take care of an
3 ill child. But that's an awful choice. It's an
4 unnecessary choice. And with passage of these bills,
5 I think you can help to eliminate those terrible
6 choices and improve the Commonwealth for both
7 employees and employers. Thank you.

8 CHAIRMAN GERGELY:

9 Thank you, Professor Drago. Any of the
10 statistics that you referred to in the reports that
11 you've completed, if possible, if you could forward
12 any of those to the Committee for --- so that they
13 could look at them, it'd be greatly appreciated, for
14 all the members.

15 DR. DRAGO:

16 Certainly.

17 CHAIRMAN GERGELY:

18 Any questions to the ---? Representative
19 Mantz?

20 REPRESENTATIVE MANTZ:

21 Dr. Drago, do you believe that an
22 employee should be paid for his or her accrued but
23 unused sick leave provided at the termination of his
24 or her employment with that particular employer?

25 DR. DRAGO:

1 Well, I have accumulated sick leave
2 coming from the University of Wisconsin when I retire
3 in, I guess, ten years or so. And as an employee, I
4 think that's a great thing. And as an economist, I
5 think the bill is probably much better. And if you
6 want to provide pay to people that are done with
7 employment, you do that through a pension system.

8 REPRESENTATIVE MANTZ:

9 Do you think that an employer paying an
10 employee for unused sick leave is, I guess, being
11 penalized when the intent of sick leave is to provide
12 for a person who is presumably sick, but not to pay
13 him when he doesn't need it?

14 DR. DRAGO:

15 My understanding of the bill is that
16 that's exactly the way that it works, that the
17 employer is not obligated to provide any sort of
18 payout --- up to 40 hours can be paid out, which is
19 the maximum that can be carried over. So you would
20 have to have not used any sick leave or use the
21 maximum of 12 hours in the previous year in order to
22 get that 40-hour payout. So there is a benefit of
23 reward for people not being absent. Those sorts of
24 systems and that sort of incentive will keep
25 absenteeism down. There's no question. Absenteeism

1 responds to financial incentive. But it's not --- we
2 aren't talking about a large ---. We're talking about
3 a week's pay at 40 hours a week, so ---.

4 REPRESENTATIVE MANTZ:

5 There's no payouts.

6 DR. DRAGO:

7 There's no pay?

8 CHAIRMAN GERGELY:

9 There's no payouts, just carryover.

10 DR. DRAGO:

11 Just carryover?

12 REPRESENTATIVE MANTZ:

13 Sorry about that.

14 CHAIRMAN GERGELY:

15 Thank you, Doctor. Marianne Bellesorte,
16 director of policy from Pathways Pennsylvania, who has
17 also provided us with a book?

18 MS. BELLESORTE:

19 Yes.

20 CHAIRMAN GERGELY:

21 Thank you very much.

22 MS. BELLESORTE:

23 Thank you. So good afternoon and thank
24 you so much for allowing me to appear before you today
25 to discuss the need for a minimum paid leave standard

1 as depicted in HB 1155. My name is Marianne
2 Bellesorte, and I am the director of policy for
3 Pathways PA. I do want to let you know if you're
4 following along in my testimony, I'm cutting out a
5 little bit of it since I think you've heard some of it
6 already. But I'm happy to answer questions on any of
7 it.

8 Pathways PA has grown to become one of
9 the greater Philadelphia region's foremost providers
10 of residential and community-based services with the
11 focus on serving women, teens and children. Every
12 year Pathways PA serves over 5,000 clients with a full
13 complement of social services, job training and
14 employment assistance as well as residential and
15 community programs. Through our work, we have seen
16 many families struggle towards self-sufficiency and
17 observed firsthand how state and local policies affect
18 their success. We believe, very simply, the workers
19 shouldn't have to choose between their jobs and their
20 family's well-being. Yet in the United States today,
21 there is no minimum standard for paid sick days,
22 leaving 59 million workers without paid time off for
23 themselves and even more, up to 86 million, without
24 paid time to care to for their family members. In
25 Pennsylvania, 41 percent of our workers, which is over

1 two million people, are without paid time to care for
2 themselves or their families.

3 I want to start a little bit by talking
4 from the business standpoint and why paid sick leave
5 is a good thing for businesses. And I also want to
6 note, as we've said, I think several times today, that
7 when talking about paid sick leave, it's not unlimited
8 paid time off. It is simply a minimum standard, which
9 would allow workers to take up to six and a half days
10 off each year to care for themselves and their
11 families.

12 I'd also like to speak on behalf of
13 Pathways as a non-profit business. We employ nearly
14 150 workers, most of whom are full-time employees.
15 We've made a commitment to provide our employees with
16 a comprehensive benefits package that includes paid
17 sick, personal and vacation time. While we think this
18 is the right thing to do from the standpoint of our
19 mission, it's also the right thing from a business
20 standpoint. Paid sick time gives our employees the
21 opportunity to care for themselves and their children,
22 ensuring that when they are in the workplace, they're
23 giving full attention to their work. Many businesses,
24 both large and small, are already providing paid sick
25 leave and are doing so based on the benefits they

1 incur as well as those gained by the employee.
2 Employers who offer paid sick leave say it ultimately
3 improves their bottom line, citing fewer absences,
4 lower healthcare costs, and higher rates of worker
5 retention. As the National Federation of Independent
6 Business notes on their website, a sick staff infects
7 the small business's bottom line. This infection
8 isn't because the business has to pay paid sick time,
9 but because, simply put, sick people are not
10 productive.

11 A national study of workers shows that
12 almost one half of employees with little job
13 flexibility, such as paid sick time or paid family
14 leave, are planning to look for new jobs in the coming
15 year. If you can hold onto your staff, it saves
16 businesses a lot as far as the costs associated with
17 employee turnover. Businesses can spend up to 150
18 percent of a worker's annual salary in order to
19 replace the worker. The replacement cost of a worker
20 earning \$8 an hour could be equivalent to the cost of
21 87 days of that eight-hour work.

22 In talking about the needs of families,
23 we do really need to address the fact that all working
24 families cope with common illnesses. Over one third
25 of families have at least two weeks per year when a

1 family member is sick. When working family members
2 are ill, paid sick days and paid leave help bridge the
3 income gap the family might otherwise suffer until the
4 worker can return to the job. At a time when many
5 families are stretching their paychecks to meet ever-
6 increasing costs, fewer families are able to afford
7 even one day without pay.

8 I'm going to give some examples now from
9 the Self-Sufficiency Standards, which I did hand out
10 to all of you earlier. I encourage you to look at
11 your own counties within the standard as I go through.
12 To give an example of some of the costs that families
13 face just in trying to meet their basic needs, in
14 Beaver County, a family of two adults, one preschooler
15 and one school-age child needs to earn \$47,915 to make
16 ends meet, which is \$11.34 per adult. That same
17 family needs to earn \$50,700 in Lancaster County and
18 \$62,685 in Bucks County.

19 These incomes are allowing families to
20 meet a very bare bones budget with no room for movies,
21 cable, any transportation outside of work and picking
22 up kids at daycare, with no room for a missed day to
23 recuperate from the flu or to care for a sick child.
24 It's hard enough for many families to make ends meet.
25 Even one day missed from a paycheck can mean the

1 difference between paying the mortgage or defaulting
2 on it. If a missed day means losing a job, paid sick
3 days become even more important. Among those parents
4 who are able to stay at home with their children, more
5 than half say that some type of paid leave has allowed
6 them to do so.

7 I'd also like to mention that as our
8 state continues to age, more and more workers are
9 going to be called on not only to care for their
10 children, but also for their parents. By 2020 we're
11 going to have more people in Pennsylvania who are over
12 age 65 than those who are under age 15. As we reach
13 that point, many of our older adults are going to want
14 to stay in their homes. And that is, in fact, less
15 expensive for the state for them to be able to do so.
16 In order for them to stay in their homes with dignity,
17 they definitely need the support of their children in
18 order to help them to be there.

19 I feel like I've brought a lot of numbers
20 here, and I apologize if that's confusing. I do want
21 to end with a story that I think is a little more
22 clear and really illustrates the need for paid sick
23 days. At Pathways PA, one of our employees, whose
24 name is Cheryl, before coming to our workplace, was
25 employed as a manager of a call center. And she had a

1 version of paid leave that's kind of different than
2 what we're advocating here today. She was allowed to
3 take a paid sick day. But every sick day was labeled
4 as an occurrence in her attendance records. More than
5 three occurrences in a six-month period led to a
6 written warning. And Cheryl actually saw other
7 employees lose their jobs because they were written
8 up. And she also mentioned that this call center made
9 a point of hiring disabled workers, but then did not
10 give them a chance to take time off for even a
11 doctor's appointment without writing them up.

12 Cheryl went to work sick when she had to
13 so that she wouldn't get written up. But then her
14 daughter needed to stay at Children's Hospital for six
15 days. While Cheryl lived in Philadelphia, she was
16 working in Harrisburg. In the middle of her
17 daughter's hospital stay, she had to decide between
18 going to work, which meant being two hours away from
19 her daughter, or staying at the hospital, which could
20 mean losing her job. This is a direct quote from
21 Cheryl. When I told my daughter that I had to go to
22 work because I needed to make sure I still had a job
23 to help support my family, it was very hard for her to
24 understand. She was in the hospital, and she wanted
25 me to be there with her. Instead, my older daughter,

1 who was still in school at the time, had to stay home
2 from school that day so she could be at the hospital
3 with her little sister.

4 There are many more families in
5 Pennsylvania that are like Cheryl's. Parents must
6 make a choice between work and families that should
7 never need to be made; children who think their
8 parents prefer work over spending time with them or
9 must stay home from school to care for a sick sibling.
10 Something as simple as paid sick days could ensure
11 that children who need time with their parents could
12 have it and that parents can focus on their work while
13 they are at work instead of wondering if their child
14 is okay.

15 I do also very briefly want to come back
16 to something that was asked earlier. I believe we
17 were --- there was some discussion earlier about
18 whether any workplaces had been closed down because of
19 a public health threat. And I can certainly get more
20 information together about that, but back in April
21 there was a Chik-Fil-A Restaurant in Ohio where
22 workers had no paid sick time and were complaining of
23 vomiting and other issues. What actually happened was
24 that they had a Norovirus, which ended up sending
25 about 500 people to the hospital. It did shut down

1 that Chik-Fil-A. The conservative cost estimate right
2 now of that problem is between \$130,000 and \$300,000.
3 Thank you very much. I'd be happy to answer any
4 questions.

5 REPRESENTATIVE GIBBONS:

6 Thank you. Representative Gergely had to
7 step out, so I'll ---. Questions, anyone?
8 Representative Metcalfe?

9 REPRESENTATIVE METCALFE:

10 Thank you for your testimony. And I
11 think when you hear, you know, Cheryl's choices, I'm
12 sure that everybody can feel for her in trying to make
13 a decision of how do you handle your family
14 responsibilities at the same time as handling your
15 job. And those of us that have worked outside of the
16 legislature in the past, which many of us have, and
17 had businesses or worked for corporations and had to
18 make decisions on whether we're going to be with
19 family or whether we're going to meet the demands that
20 an employer's putting on you --- but I think there's
21 many of us that believe that, ultimately, government
22 will try and dictate the answer to that problem isn't
23 going to show true compassion. Because the
24 government's not perfect in the wisdom that they try
25 and put forward, either in legislation that ends up

1 staying in the letter of the law or being amended in
2 the future to try and correct mistakes that are made
3 when initial legislation is written, which happens
4 quite often.

5 So I think, ultimately, for me to look to
6 either compassion from politicians or compassion from
7 the marketplace adjusting and employers being held to
8 the accountability of the marketplace and their own
9 employees that they can attract or not based on how
10 they treat their employees, I trust the marketplace
11 more than I trust government. So I think that's where
12 we would differ on how do we find a solution to that
13 problem, because I think we all have compassion for an
14 individual that's struggling with that situation. And
15 good employers are going to help to work out the
16 situation to keep a good employee.

17 MS. BELLESORTE:

18 Sure. I definitely agree that good
19 employers would work to do that, and I hope that every
20 employer would. I guess we do differ a little bit. I
21 do kind of feel like government is there to help
22 correct the marketplace when something like that comes
23 up. But I do certainly think that everyone here has
24 that same goal of making sure that something like
25 Cheryl's plight would never happen again.

1 REPRESENTATIVE METCALFE:

2 I think in the end, the government can't
3 make good employers, because ultimately, when you look
4 to many of the scandals and things that happen in the
5 government, we see that many times, government's not a
6 good employer. So how do we expect government to
7 force good employers? I mean, that's where we depend
8 upon elections to actually sort out problems that we
9 end up having in government. But sometimes it doesn't
10 happen as fast as the marketplace would correct a
11 situation of a private sector employer. Do you
12 have ---? I appreciate the example in Ohio of the
13 restaurant in April. You did say it was April?

14 MS. BELLESORTE:

15 Yeah.

16 REPRESENTATIVE METCALFE:

17 Do you have any examples in Pennsylvania
18 of that type of situation where a health department's
19 identified that, you know, here we've had employees
20 that were forced to come to work sick and we've had an
21 outbreak of the influenza in this region of the market
22 or ---?

23 MS. BELLESORTE:

24 I don't have any example right offhand,
25 but I'd be happy to look into that. I know that there

1 are Norovirus outbreaks throughout the country at any
2 given time, so I'd be happy to look into one
3 specifically on Pennsylvania and get back to you.

4 REPRESENTATIVE METCALFE:

5 Thank you very much.

6 MS. BELLESORTE:

7 Thank you.

8 REPRESENTATIVE GIBBONS:

9 Thank you, madam. Representative Mustio,
10 I believe, has a question.

11 REPRESENTATIVE MUSTIO:

12 Thank you for your testimony. You had
13 made some comment about the NFIB?

14 MS. BELLESORTE:

15 Yes.

16 REPRESENTATIVE MUSTIO:

17 And could you just maybe expand upon that
18 a little bit for me?

19 MS. BELLESORTE:

20 Sure. The NFIB has a small business tool
21 kit on their website, which I think several other
22 people here have mentioned. Within their small
23 business tool kit, they do have a page that looks at
24 different ways to take care of sickness in the
25 workplace. And it's actually cited in my notes. I'd

1 be happy to figure out exactly which one it is and let
2 you know. But on that page it's talking specifically
3 to an employer who offers paid sick days and why that
4 employer offers it. At the end of the page, it does
5 list several different reasons for offering paid sick
6 time as well as ways that business can make sure that
7 if someone's out, that work is still continuing to get
8 done and everyone's still working with each other.

9 REPRESENTATIVE MUSTIO:

10 On that same website, what's their
11 position on government mandating?

12 MS.BELLESORTE:

13 I don't believe that the NFIB is a
14 supporter of paid sick time, but they are recommending
15 in this case that ---. I'm sorry. I should say
16 they're not a supporter of paid sick time in this
17 sense as we're talking here that's coming from the
18 government. But they are very interested in making
19 sure that employers offer it.

20 REPRESENTATIVE MUSTIO:

21 I actually dialed up their website on the
22 computer here and it talks a little bit about it and
23 indicates that 96 percent of small business owners do
24 offer some sort of flexible time because of ---
25 because they do want to maintain a good workforce and

1 are sensitive to the needs of the employee. It does
2 talk a lot on their website about the cost to small
3 business and the impact that this will have on the
4 growing small businesses, trying to keep them under a
5 certain number of employees. So in reference to the
6 website, I think that's a good thing. There's a lot
7 of resources on there, the NFIB website, actually,
8 speaking specifically on this issue.

9 MS. BELLESORTE:

10 Sure.

11 REPRESENTATIVE MUSTIO:

12 So I applaud you for bringing it up and
13 also encourage people to use this as a resource as
14 well.

15 MS. BELLESORTE:

16 Certainly. I hope that they do. One
17 thing that I would like to point out, I believe, about
18 a study that is on their website regarding paid sick
19 time is that there are some issues, I think, with the
20 way that study was conducted as far as the assumptions
21 that it makes about how much time people would take
22 and some things like that. So I would hope that
23 people would certainly look at both sides of that
24 study and every other study.

25 REPRESENTATIVE MUSTIO:

1 Yeah. I'm assuming what they probably
2 --- like they did in the past, surveyed their own
3 members. But it is really small print. It talks about
4 the mandate taking away some of that flexibility. And
5 I think that's what I was referencing earlier with
6 Representative Gergely, was those companies that do
7 have programs in place that have been tested over
8 years. Rather than upsetting the cart here, those
9 businesses that do have one, should something like
10 this become legislation, I hope that we're sensitive
11 to particularly the smaller businesses that have these
12 things in place already.

13 MS. BELLESORTE:

14 Sure.

15 REPRESENTATIVE MUSTIO:

16 Thank you.

17 REPRESENTATIVE GIBBONS:

18 Thank you. Okay. Representative Boyd.

19 REPRESENTATIVE BOYD:

20 Real quickly. I asked a question of the
21 prior speaker. I want to ask you the same question.

22 MS. BELLESORTE:

23 Sure.

24 REPRESENTATIVE BOYD:

25 Why, if it's such a good deal for

1 employers, workforce retention, you know, the whole
2 bit, why aren't they doing it?

3 MS. BELLESORTE:

4 I hate to disappoint you by answering it
5 in a similar way the other speaker did, but I do think
6 that a lot of it is a lack of education. And I do
7 think part of it is also, you know, it's something
8 where you're almost a little bit afraid to be the
9 first one to offer it. If you have a close competitor
10 and you know they're not offering it, even though you
11 want to be good to your employees, I think there is a
12 little bit of hesitation about what is this going to
13 cost me. Whereas if you know that everyone's going to
14 do it, similar to knowing that everyone's increasing
15 their wage, makes it that much easier to go ahead.
16 And as we've seen many times with the minimum wage
17 studies versus the actual outcome, the sky hasn't
18 fallen yet with the minimum wage. I think the same
19 would be true here.

20 REPRESENTATIVE BOYD:

21 I mean, I understand. If it's education,
22 then why don't we focus on a program that educates
23 people? And I brought that up. Incentives. I don't
24 understand. If it's something that the market would
25 benefit from and it's just an issue that people don't

1 realize it's out there, my question is then why are we
2 focusing on the mandate as opposed to incentives,
3 programs that demonstrate the benefit of this for
4 employers?

5 MS. BELLESORTE:

6 I think that, certainly, education would
7 be helpful. And I would hope that even something like
8 this hearing would be educational. I'm sure there
9 will be many small businesses who want to know what
10 people had to say. And I hope that this would be
11 helpful to them. And I think further education would
12 be great. I'm not enough of a tax specialist or
13 really any kind of a tax specialist to be able to say
14 that an incentive might work better or worse than
15 this. But I certainly think that if ---- from what I
16 do remember learning in economics was that if you're
17 looking to do a certain thing, you should probably
18 just go ahead and do that rather than try to get
19 around it either by tax incentives or subsidies or
20 other things like that. But I'm not an economist, so
21 don't hold me to that.

22 REPRESENTATIVE BOYD:

23 Okay. Yeah. There's certainly, also,
24 the vein of thought with basic economics that tax
25 policy always drives business to avoid them.

1 MS. BELLESORTE:

2 Sure. And I will let someone who's a
3 little bit more knowledgeable in tax policy handle
4 that.

5 REPRESENTATIVE BOYD:

6 Okay. Thanks.

7 CHAIRMAN GERGELY:

8 Thank you, Representative. Thank you
9 very much.

10 MS. BELLESORTE:

11 Thank you.

12 REPRESENTATIVE BOYD:

13 Mr. Jim Walsh? Program Director of New
14 Jersey Citizen Action. Thank you for coming across on
15 the train.

16 MR. WALSH:

17 It's a great train ride. Thanks for
18 having me.

19 CHAIRMAN GERGELY:

20 Very good.

21 MR. WALSH:

22 Gave me a chance to read a little bit.
23 Good afternoon. As Representative Gergely --- I'm
24 sorry, I'm from New Jersey, so I'm not familiar with
25 everyone's names --- said, I'm the program director

1 for New Jersey Citizen Action. We're the state's
2 largest citizen watchdog coalition with 110
3 organizations who are affiliates of ours from labor,
4 tenant, faith-based, community organizations, women's,
5 environmental groups, senior organizations. And we
6 also have 60,000 family members across the State of
7 New Jersey who are members of our organization.

8 And we, as an organization, have been
9 dedicated to improving quality of life for New Jersey
10 families and seniors. And we're here to actually
11 encourage all of you to pass 1386, the Family
12 Temporary Care Act. And when asked to come testify on
13 this, I didn't realize that there was a bill dealing
14 with paid sick time. But after reading this bill
15 while sitting here, it actually seems like a good bill
16 that we would urge you to support as well, although
17 I'm not really ready to comment a lot whole on that
18 today.

19 Our organization played a really critical
20 role in the paid family leave --- or family leave
21 insurance campaign in New Jersey, and really as a step
22 towards helping workers and families balance the
23 competing demands that come about between a workplace
24 and need to care for your families. And you know, you
25 have the Federal Family Leave Act, which is a really

1 good step towards getting employees that time to take
2 off. But it doesn't actually offer, as many of us
3 know, a paid benefit that makes that leave actually
4 available for many workers. And we actually got a
5 tremendous boost in our family leave effort when
6 California actually became the first state to pass the
7 temporary leave policy where people could take time to
8 take care for a sick loved one or a newborn or a newly
9 adopted child.

10 And at that time, we formed the Time to
11 Care Coalition, which is a group that --- made of over
12 70 organizations that included labor, small
13 businesses, women's, seniors groups, parents, child
14 advocacy, faith-based, citizen, community, research
15 organizations across the state. I mean, there's
16 really broad-based support for this. One of the first
17 things that our coalition did was actually commission
18 a poll and found that 78 percent of respondents
19 supported this proposal in New Jersey. And really,
20 what we found most interesting, it didn't matter if
21 they were old, young, rich, poor or even Republican or
22 Democrat, which was surprising, because this bill very
23 much comes down on ideological grounds, in many
24 instances, between Democrats and Republicans,
25 particularly in our state legislature. I'm not sure

1 what the breakdown is here. But your constituents, if
2 you're Republican, support this overwhelmingly.

3 There also is data from Lake Research
4 Partners that did a poll of this that found 84 percent
5 of all respondents favored a labor standard with
6 guaranteed sick days. And 76 percent of the people
7 favored expanding the Family Leave Act to include a
8 set number of paid days for people that cared for a
9 sick loved one at an average cost of \$1 for an
10 employer and \$1 for employee.

11 And there's something else that we found
12 that was really interesting, is that small businesses,
13 when you talk to them one-on-one about these policies,
14 and I know that you've done it, but we went around and
15 talked to them as well, found that once they
16 understood more about the law, that they were more apt
17 to support it and the passage of the law. And we
18 actually had a number of small businesses from across
19 the state that came out to support this legislation in
20 New Jersey after they became more educated about the
21 program.

22 What we find now is that the workforce is
23 changing. You know, we don't live in this Ozzy and
24 Harriet, you know, My Three Sons, Leave It To Beaver
25 lifestyle anymore, where June's able to stay at home

1 with the kids and take care of them if they get sick.
2 We have, you know, Baby Boomers who are retiring. And
3 many people are going to be taking care of their
4 parents. We have two incomes that are needed for
5 households to be able to actually make ends meet. And
6 so when somebody becomes sick, they're out of work
7 because they need ---. And then you lose that second
8 income if somebody else needs to take time to care for
9 that person. And this can put families in really
10 difficult situations.

11 So we believe that this program actually
12 provides a needed benefit that will actually help
13 workers meet these demands. It will actually go a
14 long way towards strengthening families. And you
15 know, missing a day of work can cause hardships for
16 families, but it can cause many problems in businesses
17 as well. If somebody comes to work and they're ill,
18 and they're in a dangerous work environment, that can
19 cause --- that can put other workers in danger. And
20 with family leave, if somebody is at work and they're
21 worried about how their spouse is doing or how their
22 child is doing or how their parents are doing that
23 needs that care, and they're not able to take that
24 time, they're not concentrating on their job, which
25 can cause a tremendous danger to other employees at

1 that workplace as well, and not just their own safety.

2 Something else that we found with this
3 legislation is --- particularly looking at California,
4 is that this bill actually goes a long way to help low
5 and moderate-income workers because low-income workers
6 are less likely to actually have paid benefits than
7 higher-wage workers. And 50 percent of all workers in
8 the country don't have any paid sick days, let alone
9 trying to care for a sick loved one.

10 But one of the things that through
11 California --- you can learn a lot about the
12 California law and how to craft the legislation here.
13 One of the things that's been found is that a lot of
14 low-wage workers actually disproportionately use this
15 benefit as opposed to high-wage workers, because the
16 benefit amount probably ---. It's a percentage of
17 their income. So a low-wage worker still can't afford
18 to take time off even if they get a paid benefit
19 during that time, because it's still --- it's even
20 more reduced over their minimum-wage job that they're
21 already taking.

22 So one thing that I think is encouraging
23 with your bill is that it actually has a contribution
24 from the employer and the employee, which actually
25 allows a more generous benefit, which could increase

1 benefits to actually increase utilization amongst low-
2 wage workers who are in greater need of using this
3 benefit.

4 You know, I think something else that,
5 you know, is important with this looking at ---
6 there's a lot of mixed and misinformation that's out
7 there about this bill that we faced in New Jersey.
8 You know, one thing is that this is going to adversely
9 impact businesses because people are going to take
10 time off. Well, there's nothing in your bill and
11 there's nothing in the New Jersey bill that actually
12 forces an employer to maintain somebody's job. If the
13 employer recognizes that that employee needs to leave
14 and they can't keep that job open, they can replace
15 them if they have fewer than 50 employees. And the
16 Federal Family Leave Act has done that since the early
17 '90s. And so all this does is create an insurance
18 program that gives employees the time to care for a
19 sick loved one so they can pay their bills.

20 Many small businesses, we hear, you know,
21 that testify and come up and say, well, you know, we
22 can't afford to lose one employee, we ask them, well,
23 what do you do now? What do you do now when somebody
24 asks to take off or they have to go? And the person
25 who came up here and talked on behalf of businesses

1 actually said businesses are willing to work with
2 employees to take that time off. And if they are
3 willing to work with employees, then this benefit
4 actually gives them a little more flexibility because
5 the employee actually can afford to take that time
6 off. And so I think that's a really important thing
7 to recognize, that this bill actually provides some
8 flexibility to employers and employees in that
9 relationship, because the employees, in many
10 instances, can't afford to take that time. And if the
11 employer is genuine in their request to give that
12 time, then this actually gives them that ability for
13 that employee to make his time more affordable.

14 Something else that's important to
15 recognize is there's been talk since I've been here
16 about a carve-out of businesses and maybe not
17 including certain businesses because they're smaller
18 and may run into these struggles. Looking, again, at
19 that California model, we've seen about a one percent
20 utilization rate in the first year of the program,
21 which means if you have an employer with ten
22 businesses that means, on average, you're going to
23 have one employee use Family Leave Insurance every ten
24 years. This isn't something where there's going to be
25 a run on the bank where everybody's going to rush to

1 use this leave and use it. It hasn't been the case.
2 We haven't seen it.

3 And I think that, you know, looking
4 further than that, this benefit exists in other
5 countries all over the world. There's only four
6 countries in the world that don't offer some sort of
7 paid leave benefit, and we're one of them. And so the
8 sky hasn't fallen on other places because this
9 program's been enacted.

10 You know, and, actually, something as
11 important as in California, the business community has
12 actually even said, you know what? The concerns we
13 had actually weren't as bad as they were. There's a
14 number of articles --- and I didn't bring them today,
15 but they actually --- where you have business leaders
16 quoted as saying, you know what? Actually, it really
17 hasn't impacted us that much. It hasn't had that much
18 of an impact. But still we hear these voices coming
19 from the business community.

20 And it was asked by Representative Boyd,
21 I believe, you know, why aren't businesses supporting
22 this, then? And to that I'd say I think it really
23 comes down to an ideological argument that these are
24 the same people that 100 years ago were opposing child
25 labor laws in the country. Because ideologically,

1 they didn't want the government coming in and telling
2 them how to run a business. Ideologically, these are
3 the same folks that told us the sky would fall if the
4 minimum wage was passed. And this hasn't happened.

5 By doing things like increasing paid
6 family leave, we can actually strengthen our
7 communities and strengthen our families. When workers
8 have money in their pocket, they're able to spend it
9 in the economy and spur growth in the economy and spur
10 growth in business. And if anything, we've learned
11 that --- and we've heard from numerous people
12 testifying today that this is a benefit that will,
13 actually ultimately help businesses in the end.

14 And to speak further to your concern, Mr.
15 Boyd, I'm on the board of directors of a small
16 business in the town where I live. And we don't have
17 --- until the state passed this law, we didn't have a
18 paid benefit, and I guess we won't really have it
19 until July of next year. But when we created the ---.
20 Our general manager, her husband had a stroke, and she
21 needed to take time off to take care of her husband.
22 And we said, take the time that you need. Take the
23 time. You know, figure out what you need. Work it
24 out with your family. Let us know what you need. We
25 couldn't afford to pay her that time, though, because

1 we had to have additional resources come in. So she
2 wound up having to work part-time through that period
3 so that she would have resources still coming in to
4 pay her while she was there. If we could afford a
5 paid family leave benefit, we would've had it.

6 And the program that's been implemented
7 in New Jersey is actually making it possible for us to
8 now provide that benefit. And that's also going to
9 help us to recruit better employees because it levels
10 the playing field with larger employers who offer
11 those benefits, that we now can offer those same
12 benefits and afford to offer those same benefits as
13 larger employers in the state.

14 So to that I'd say a lot of businesses,
15 you know, once we've talked with them one-on-one, they
16 learned about the benefits of it, that even once they
17 learn about it, they still can't afford to do it. But
18 by creating a universal program that includes
19 everyone, you can actually, help collectively to bring
20 the cost down of the entire program to make it more
21 affordable for all businesses.

22 I'd like to close just, you know, with a
23 quote, actually, by the late Senator Daniel Patrick
24 Moynihan. He wrote in his book, Family and Nations,
25 no government, however firm might be its wish, can

1 avoid having policies that profoundly influence family
2 relationships. This is not avoided. The only option
3 is whether we'll be purposeful in intended policies or
4 whether these will be residual, derivative and, in a
5 sense, concealed. Everything you do as legislature
6 has an impact on families of this state. And you have
7 before you a piece of legislation that will greatly
8 improve the quality of life for the residents of the
9 State of Pennsylvania. And I urge you to pass that
10 legislation. And I thank you very much for having me
11 here today.

12 And in the packets that I included with
13 my testimony, I also included an editorial from the
14 Philadelphia Inquirer supporting this, an editorial
15 from the New York Times supporting New Jersey's
16 legislation, as well as a packet of information from
17 the State of California talking about their own
18 personal policies. And so I guess if you guys have
19 questions, I'd be happy to do my best to answer them.

20 REPRESENTATIVE GIBBONS:

21 Let me start real quick, because --- just
22 pointing out that we are now moving --- this is your
23 testimony towards House Bill 1386. Most of the
24 comments made earlier today, while they may have
25 reached out to both bills, were primarily targeted to

1 1155. But we realize that certain people, because of
2 conflicts, weren't able to make their schedules. The
3 majority of our testimony tomorrow will concentrate
4 towards this bill. We appreciate having yours today,
5 as well. And you know, we certainly appreciate your
6 support and your input on the process as it took place
7 in New Jersey. I'm just letting everyone know that we
8 will hear from Senator Sweeney tomorrow, who is the
9 prime sponsor of the New Jersey bill. With that said,
10 I will move on to some questions from the members.
11 Representative Boyd?

12 REPRESENTATIVE BOYD:

13 Thank you very much. As the
14 Representative said, up until now, we've been on 1155.
15 This is the first pass we have at 1386. 1386 has a
16 payroll tax in it, does it not?

17 MR. WALSH:

18 Yes. It's my understanding there's a
19 payroll tax for employees and employers.

20 REPRESENTATIVE BOYD:

21 What's the rate of the tax?

22 MR. WALSH:

23 You know, I'm not sure of the taxable
24 rate. Maybe somebody that ---. I don't have the bill
25 in front of me.

1 REPRESENTATIVE GIBBONS:

2 I believe that it is established by the
3 Department, and I believe it is based on the same
4 standards that the unemployment compensation, if I'm
5 correct --- let me find the section --- Section Eight
6 of the publication of contribution rate, the Secretary
7 shall determine on an annual basis the amount of money
8 necessary to provide a benefit under this package, and
9 a uniform contribution rate shall be paid. And the
10 fund should be established in the same treasury ---.
11 If memory serves me correct, though --- and I'm not
12 finding it here exactly, but I believe it is based on
13 the unemployment comp rates.

14 REPRESENTATIVE BOYD:

15 I mean, it would seem to me that, based
16 on the language that was just read, it would be based
17 on how much the fund's used. And at some point,
18 someone has to say, hold it.

19 MR. WALSH:

20 That's how the New Jersey program is.
21 It's actually adjusted annually based on the previous
22 year's usage.

23 REPRESENTATIVE BOYD:

24 Is the Jersey program up and running at
25 this point?

1 MR. WALSH:

2 It will start collecting money from
3 employees starting January 1st. And people will first
4 be eligible to take the paid benefit July 1st.

5 REPRESENTATIVE BOYD:

6 And what's the initial tax rate on
7 employers and employees in New Jersey?

8 MR. WALSH:

9 It was estimated it'd be about 33 cents
10 per week.

11 REPRESENTATIVE BOYD:

12 Per employee and per ---?

13 MR. WALSH:

14 Yes, per employee.

15 REPRESENTATIVE BOYD:

16 Thirty-three (33) cents per employee?

17 MR. WALSH:

18 Uh-huh (yes).

19 REPRESENTATIVE BOYD:

20 All right. And did you say in your
21 testimony California has a program similar to this?

22 MR. WALSH:

23 Yes, sir. They were actually the first
24 state to do it.

25 REPRESENTATIVE BOYD:

1 What's the payroll tax rate in
2 California?

3 MR. WALSH:

4 I'm not sure what the payroll tax rate is
5 in California. And actually, how California does this
6 is they have a temporary disability insurance Program,
7 as we do in New Jersey. And so the resources are
8 collected through the temporary disability insurance.
9 What your bill actually does is use the state
10 unemployment insurance, which I think would function
11 in the exact same manner.

12 REPRESENTATIVE BOYD:

13 Right. Right. The reason I'm bringing
14 it up is, historically, have programs that've been
15 funded by payroll taxes, have the payroll taxes
16 increased or decreased or stayed stable through the
17 life of those policies?

18 MR. WALSH:

19 Well, I look at a program like Social
20 Security and, you know, TDI benefits. Those have
21 remained consistent. And you know, I think that's one
22 of the longest-standing, most successful social
23 programs that our country's put together.

24 REPRESENTATIVE BOYD:

25 And that's solvent right now?

1 MR. WALSH:

2 Absolutely. It's very solvent. When you
3 look at the, you know, Social Security, it's actually
4 the only part of the federal government that's running
5 a surplus right now.

6 REPRESENTATIVE BOYD:

7 So why is everybody so worried about not
8 getting their Social Security benefits? And why did
9 we just recently, under the Clinton administration,
10 start taxing Social Security benefits? Why am I
11 getting yelled at by my seniors that their cost of
12 living adjustments in their Social Security benefits
13 aren't high enough?

14 MR. WALSH:

15 Uh-huh (yes). Well, I'm not necessarily
16 here to testify about this, but a simple thing that
17 could be done is to increase the taxable rate on
18 Social Security where --- right now, a little over
19 \$90,000 a year, any income above that is not taxable
20 by Social Security. Simply by increasing that rate
21 and going up and taxing people that are above that
22 income level, you could actually provide a much more
23 generous benefit. Depending on how much further you
24 wanted to go, you could probably even reduce the
25 retirement age in the country.

1 REPRESENTATIVE BOYD:

2 Right. But that cap's there because of
3 the amount of income that you can collect out of
4 Social Security is capped also.

5 MR. WALSH:

6 Yes, but ---.

7 REPRESENTATIVE BOYD:

8 The idea is that you're --- it's a self-
9 funded fund because you can't collect more.

10 MR. WALSH:

11 Well, it's not a self-funded fund. We
12 aren't funding our own Social Security. We are paying
13 for the Social Security of our grandparents.

14 REPRESENTATIVE KILLION:

15 It's a pay-as-you-go.

16 REPRESENTATIVE BOYD:

17 It's a pay-as-you-go. It was intended to
18 be a self-funded fund. Those that worked supported
19 those at the time; correct?

20 MR. WALSH:

21 Yes. We're not funding ourselves,
22 though.

23 REPRESENTATIVE BOYD:

24 How many other countries have this
25 program for this federal --- like a paid leave?

1 MR. WALSH:

2 I think it's like 167 or something. It's
3 all but four. It's Papua, New Guinea, Nigeria ---.
4 It's two other countries.

5 REPRESENTATIVE BOYD:

6 That don't have a government-funded
7 program?

8 MR. WALSH:

9 That don't have some sort of benefit
10 that's out there, whether it be, you know, required by
11 employees to provide it or a government program. I'm
12 not familiar with all 166 programs.

13 REPRESENTATIVE BOYD:

14 How about our major international
15 competitive nations?

16 MR. WALSH:

17 All of them. Every European nation has
18 this program and --- has some derivative of this
19 program. Canada, Mexico ---.

20 REPRESENTATIVE BOYD:

21 China?

22 MR. WALSH:

23 China.

24 REPRESENTATIVE BOYD:

25 So the companies that are paying about \$2

1 an hour to employees have this program?

2 MR. WALSH:

3 Some of the countries that ---. Many of
4 these countries that you're talking about have some
5 sort of benefit leave program for paid leave.

6 REPRESENTATIVE BOYD:

7 House Bill 1155, I'm very interested in
8 the conversation. My concern is when you start
9 assessing payroll taxes. Payroll taxes are not
10 related to income. So an employer is forced to pay
11 taxes even if they're losing money. They're not
12 related to the success of your business at all.
13 Payroll taxes are the direct expense. And those taxes
14 --- 33 cents per week per employee, I could have \$33
15 per week per employee. And I want to see some history
16 of what the use of this kind of a program --- this is
17 pretty broad. This is not just for childcare or ---
18 yeah. And it's 12 weeks per year. That means I can
19 take 12 weeks this year and I can take 12 years (sic)
20 the next year and I can take 12 weeks the next year.

21 MR. WALSH:

22 Yeah, and ---.

23 REPRESENTATIVE BOYD:

24 Those are serious ramifications to
25 employers.

1 MR. WALSH:

2 One thing that we can look at from
3 California is that their plan actually allowed six
4 weeks. But most people actually take less than five.
5 So we're not finding people are actually, on average
6 --- The average is less than five weeks. So most
7 people are not taking that full six-week, benefit, let
8 alone going up to the 12th. The people who take that
9 time are the ones who need to do it.

10 REPRESENTATIVE BOYD:

11 So then we should amend this bill and
12 make it five weeks?

13 MR. WALSH:

14 Well, I don't think they should amend the
15 bill, because there are people who might need that
16 full 12 weeks that are allowed by the Federal Family
17 Leave Act. It's an average. It's not the number that
18 everyone's using.

19 REPRESENTATIVE BOYD:

20 But if the experience is that you only
21 used five, let's go with five.

22 MR. BOYD:

23 Well, if people need to use that 12
24 weeks, then why would you want to deter them from
25 using it?

1 REPRESENTATIVE BOYD:

2 My issue is that you are assessing a
3 payroll tax that is related to nothing, that is about
4 the success of a business. Payroll taxes are onerous
5 on employees and employers. And my personal opinion
6 is, you know, if you want to fund something like this,
7 why don't we create a statewide plan and let
8 businesses opt into whether or not they want to do
9 this?

10 MR. WALSH:

11 One of the problems that happens when you
12 make it an optional program is that you actually make
13 the program then unaffordable for many businesses. By
14 creating a universal program, you can actually create
15 a more affordable cost matrix for people and
16 businesses across the state as opposed to if you have
17 a few businesses. Which is why it isn't offered by
18 private insurance companies, because as an optional
19 benefit for private insurance companies, the cost
20 would be too prohibitive for too many businesses to
21 actually provide it. So you can actually create an
22 affordable program when you make it universal.

23 And the other statement that you made
24 about, you know, payroll taxes and things being
25 onerous on businesses, we need to be building an

1 economy that is stronger for our families. And we
2 need to create businesses that can provide workers
3 with these benefits. And I'll tell you, looking back
4 at child labor laws and getting rid of child labor
5 laws, should we have kept businesses around that
6 weren't able to support child labor? If they could
7 only exist because of child labor, then the business
8 that's running that practice, maybe we need to rethink
9 what those businesses are doing and look for a new
10 model and a new way that those businesses should be
11 run. And the same way with this benefit.

12 REPRESENTATIVE BOYD:

13 I'd like some data on this, if I could.
14 And the data I'd like to have is of the capitalistic
15 countries, not communist, not government-controlled,
16 of the capitalistic nations, how many of them provide
17 and have a payroll tax on the employers and the
18 employees to provide for this leave. I'm not talking
19 about countries that the government controls
20 everything.

21 MR. WALSH:

22 Uh-huh (yes).

23 REPRESENTATIVE BOYD:

24 I'm talking about of the capitalist
25 nations. And then I'd like to compare that with the

1 economies that we compete with, because we are not an
2 island. My company competes with China. Do you think
3 I'm cost-competitive with China? Do you think I'm
4 cost-competitive with China in manufacture?

5 MR. WALSH:

6 Yeah. You know, my father-in-law
7 actually works for a company that competes directly
8 with China. And you know, a couple of years ago, they
9 actually started losing business to China. And that
10 business has hence come back with them because the
11 quality of the product that they have far exceeds the
12 quality that China was able to put out in areas.

13 So that's one of the things we're finding
14 now, too, with these cheap imports that are coming in
15 from China aren't safe, you know, for our children.
16 You know, we have lead paint in toys. You know, our
17 government still allows phthalates to be used in
18 plastics, which we know have impacts on children's
19 hormones and their development. So, yeah, I think
20 that there are things.

21 And when you look at businesses and their
22 decisions to move to locations, taxes aren't the
23 number one thing businesses look for. Infrastructure
24 is one of the things at the top of the list. And
25 infrastructure is created by government spending. We

1 have built roads and rails and those sorts of things
2 through government spending. Education is above the
3 list on things that government --- that the businesses
4 look for. And education is provided by federal, state
5 and local taxes.

6 REPRESENTATIVE BOYD:

7 I guess I was ---. I still haven't
8 gotten the answer to my question.

9 MR. WALSH:

10 Well, I haven't gotten the answer to one
11 of the questions you asked me, either, so ---.

12 REPRESENTATIVE BOYD:

13 I mean, payroll taxes have an impact.
14 And we don't compete just against North Carolina. We
15 compete nationally. This is a big issue. The other
16 one I'm with you guys on. You know, there's some
17 things I like about it. But payroll taxes are an
18 issue. And we are losing. And in the last ten years,
19 we have lost hundreds of thousands, not thousands, not
20 tens of thousands, hundreds of thousands of
21 manufacturing jobs. And those jobs are the absolute
22 core. We're replacing them with, you know, the
23 hospitality industry and tourism.

24 But I got news for you. Those jobs are
25 not as strong as the pro-labor union manufacturing

1 jobs that many folks in this room on both sides of the
2 aisle support. Payroll taxes have an impact here.
3 That's my concern. We have to understand that we're
4 competing globally. That's all I was trying to tell
5 you.

6 CHAIRMAN GERGELY:

7 You're going to be able to, after the
8 fact, do some more follow-up. I'd like to request
9 that many times when we have the hearings so the
10 Committee can look over from the testimony when you
11 cite some of the information, that we can get some
12 follow-up with that and some statistics.

13 REPRESENTATIVE BOYD:

14 Thanks.

15 CHAIRMAN GERGELY:

16 Representative Killion?

17 REPRESENTATIVE KILLION:

18 Thank you. I have a question, not about
19 the testimony, but I do have to comment on one thing.
20 I just thought it was very cavalier in saying, well,
21 we can increase Social Security benefits simply by
22 raising the income level from where it's at now, where
23 it would come from 65 to 80 and now --- you know, we
24 have small business owners who risk their homes, their
25 life savings, their kids' college funds for their

1 businesses. And then they get to the point where
2 maybe they're making \$200,000 a year. Social Security
3 tax, I think, is about seven and a half percent.

4 REPRESENTATIVE BOYD:

5 It's 15.2.

6 REPRESENTATIVE KILLION:

7 Well, you're paying 15. Now, you're
8 telling me --- and it's just cavalier that --- there's
9 no problem to go from \$90,000 to \$200,000, let's say,
10 so you're going to charge them 15 percent more on a
11 \$110,000 income on top of the 36 percent they're
12 paying now, likely to go up later?

13 I'm not running the caucus, but it's not
14 that simple. You're talking about the people who are
15 creating jobs in this Commonwealth, the entrepreneurs
16 that took great risks, like testimony earlier where
17 people didn't take salaries for years in order to grow
18 a business and create jobs for people. You can't be
19 that cavalier about tacking on another 15 percent tax
20 on their income. I'm not looking for a comment at
21 this point.

22 I'm just a little confused. There was
23 some testimony where collective bargaining came up.
24 And just sitting here --- and I promised I wouldn't
25 talk --- I'm sorry. But I wasn't sure if I heard

1 correctly. If you are an employer with a collective
2 bargaining agreement, would you accept these two
3 pieces of legislature?

4 CHAIRMAN GERGELY:

5 One of the things that we'll follow up
6 more with, Representative, but they can negotiate
7 that, the unit. They can take it higher. If they
8 already have it higher, they're not ---.

9 REPRESENTATIVE KILLION:

10 Okay. Let me give real quick what my
11 concern would be.

12 CHAIRMAN GERGELY:

13 Okay.

14 REPRESENTATIVE KILLION:

15 The process of collective bargaining is
16 give and take between an employer and an employee. So
17 the employee may intentionally agree to a lower sick
18 time in order to get, maybe, less co-pay on their
19 medical, higher wages. My concern would be if we have
20 companies going through that process and the employees
21 decided to take less sick time, and we put it in as
22 greater, would they get that benefit even though they
23 might have gained elsewhere?

24 CHAIRMAN GERGELY:

25 Part of it is they can give back. That

1 negotiation is they are not married to the six days.
2 They can go to the three and use that for other
3 benefits --- trade off on the other benefits.

4 REPRESENTATIVE KILLION:

5 Okay. I just wanted to --- as we debate
6 and go forth, I wanted to make sure we protected folks
7 with a collective bargaining agreement.

8 CHAIRMAN GERGELY:

9 I think Representative Mustio did ask the
10 same --- similar question; correct? Thank you.

11 MR. WALSH:

12 Thank you all very much for your time.

13 CHAIRMAN GERGELY:

14 Do you have a question?

15 REPRESENTATIVE MANTZ:

16 Sorry, I do. I know it's unrealistic to
17 expect a worker on a one-hour lunch break to fly to
18 Canada or Mexico to buy a hamburger. But sort of
19 interesting would be the immediate cost of the
20 hamburger, say, at Wendy's or McDonald's in the
21 capital of a foreign country of their choice and what
22 would be the average hourly take-home wage of a fast
23 food service worker in that country.

24 MR. WALSH:

25 You know, I don't eat fast food in this

1 country, so I don't know what the prices are there.
2 So I'm not sure what they would be in other countries,
3 but I would imagine that they would be much lower as
4 with the, you know, costs of many goods and services
5 in other countries tend to be lower in other
6 economies. But in some economies, they might be
7 higher. It depends on where you are, I guess. I
8 don't know. Where do you ---?

9 REPRESENTATIVE MANTZ:

10 I think this direct --- this legislation
11 is directed to benefit that kind of industry right
12 here. The consumer's captive. You know what I mean?
13 He's not going to, like I say, fly to Mexico for
14 lunch. So would you say the consumer's happy ---?

15 MR. WALSH:

16 Are you saying we're going to pay more
17 for hamburgers here? You might. I think that there's
18 probably ---. If you're concerned about the price of
19 food, there's probably other things that you could do
20 in terms of, you know, looking at U.S. farm subsidies
21 and our foreign trade agreements and things like if
22 that's your concern and something you'd like to
23 address.

24 REPRESENTATIVE MANTZ:

25 I'm just concerned with hot dogs and

1 hamburgers here.

2 MR. WALSH:

3 Well, they're all commodities that are,
4 you know, raised on farms here in this country. But
5 yeah, I think that there's things that could be done
6 which we could talk about in another hearing maybe.

7 CHAIRMAN GERGELY:

8 Thank you, Mr. Walsh, for your testimony.

9 MR. WALSH:

10 Thank you. Have a wonderful afternoon.
11 Thank you very much.

12 CHAIRMAN GERGELY:

13 Thank you for your patience as we've gone
14 through this process. Carol Tracy, the executive
15 director of the Women's Law Project.

16 MS. TRACY:

17 That's right. Thank you. Good day,
18 gentlemen. As you've said, I'm the executive director
19 of the Women's Law Project. And I thank you for the
20 opportunity to present testimony today in support of
21 the adoption of legislation establishing paid leave
22 from employment due to sickness of the employee and/or
23 family members. I, like others, will do my best not
24 to duplicate testimony that's been given.

25 Adoption of such legislation will

1 tremendously benefit employees and employers and
2 respond to overwhelming public interest in providing
3 paid sick leave for employees. The increase in
4 households with two working adults and single working
5 parents has justifiably led to greater demand for paid
6 family leave.

7 The Women's Law Project is a non-profit
8 legal advocacy organization that seeks to advance the
9 legal status of women through litigation, public
10 education and individual counseling. A significant
11 portion of our work involves efforts to improve the
12 status of women, economic status of women, including
13 in particular women who have been victimized by
14 domestic violence, stalking and sexual assault.
15 Because caregiving falls heavily on women and because
16 most victims of domestic violence, sexual assault and
17 stalking are women, paid leave will markedly improve
18 the well-being of these women.

19 I do want to mention that Americans
20 believe employers should provide paid sick leave. I
21 don't think anyone has presented this testimony
22 earlier. A poll conducted on behalf of the Wall
23 Street Journal in 2007 found that 80 percent of U.S.
24 adults favored legislation requiring employers to
25 provide paid sick leave.

1 The Women's Law Project knows firsthand
2 how important adoption of this bill is to victims of
3 abuse and sexual assault. Through both our telephone
4 counseling service and policy initiatives, we hear
5 from women who are unable to obtain protection orders
6 or seek the assistance of other social services to
7 help them address the abuse to which they are
8 subjected because their jobs do not give them time off
9 for such activities. Unable to risk losing their
10 ability to support their families, these individuals
11 continue to live in fear and suffer abuse without
12 legal protection or other support. Those who take
13 time off from work to address domestic violence and
14 sexual assault, even though they lack leave time, risk
15 loss of employment, destitution and homelessness.

16 Except for 24-hour hotlines and emergency
17 services, the courts and most medical, social, legal
18 and other services operate on a 9:00 to 5:00, Monday
19 through Friday schedule. While someone faced with
20 imminent danger may call 911 or file a petition for
21 Emergency Protection from Abuse Order at any time,
22 anyone seeking a final order of protection or relief
23 from the criminal justice system or the civil courts
24 must ultimately appear in court during the workweek,
25 typically for many hours, and often on a repeated

1 basis. Women pursuing their legal remedies have told
2 us they simply could not take more time off from work
3 to return to court again. If the plaintiff in the
4 civil matter or a victim in a criminal matter does not
5 appear for a hearing, the court dismisses the case and
6 no relief is granted. This bill, if adopted, will
7 enable victims of abuse and sexual assault to
8 effectively seek and obtain legal redress and
9 protection.

10 We have known for a long time that
11 domestic violence causes employees to lose time from
12 work. In 1990 the Bureau of National Affairs
13 estimated that domestic violence costs U.S. employers
14 \$3 million to \$5 million annually in lost work time,
15 increased healthcare costs, high turnover rates and
16 low productivity. In a 2003 report on the study of
17 the cost of domestic violence, the Centers for Disease
18 Control and Prevention found that victims of rape,
19 physical assault and stalking lose an estimated eight
20 million days of paid work due to intimate partner
21 violence. Work time is lost to obtaining medical
22 care, going to court, receiving counseling, and
23 addressing children's needs, sometimes resulting in
24 exhaustion of paid leave, and loss of employment due
25 to absenteeism.

1 I'd also just like to make a few comments
2 about the issues that have been raised several times
3 about the ineffectiveness of government mandates in
4 the labor force. Were it not for government mandates,
5 children would still be working in factories in the
6 United States. Were it not for government mandates,
7 women would still be chained to their sewing machines,
8 as those who perished in the infamous Shirtwaist
9 Factory. Were it not for government mandates, people
10 like my grandfather would be denied jobs because there
11 were signs posted saying Irish and Catholics need not
12 apply. And were it not for government mandates,
13 women, minorities, people of religion and of foreign
14 nationalities would be able to be denied employment
15 simply based on their gender, their race, their
16 religion, their alienage. Government mandates have
17 had a profoundly positive effect on the labor force in
18 the United States, and I urge you to recognize that
19 the role of government is to promote the health and
20 well-being of its citizens. And do not shy away from
21 all government mandates that are related to
22 employment.

23 I also just want to add that I,
24 essentially, run a small business. It's a non-profit
25 business. And while we don't have profit margins, we

1 sure worry about whether we're going to make payroll
2 or make payroll taxes, to be sure. And in my small
3 organization of 12 people, it is --- and we do, of
4 course, have sick leave. But many people try to come
5 to work when they're sick. I mean, I am in the
6 position of telling people to go home, because for
7 small employers, it's one thing to have one person
8 sick one day, but the next week have four more people
9 sick. It really has a very deleterious effect on the
10 productivity in the work force.

11 And I think we all know that many people
12 who may not have contagious diseases but who are ill
13 do come to work. I've certainly had colleagues
14 undergoing chemotherapy and radiation come to work
15 with their bald heads because they want to be there.
16 And I'm sorry that Representative Metcalfe isn't here,
17 because I think what we saw with Senator Kennedy was a
18 man suffering from brain cancer, getting out of a
19 hospital --- I just read in today's Inquirer where he
20 was in excruciating pain with kidney stones --- to go
21 to work.

22 People go to work. The malingerer is
23 really the exception. People work, believe in their
24 work, and don't take advantage. In all the years that
25 I've been the director of the Women's Law Project, I

1 don't --- I've never had one employee who has been
2 what we would call a malingerer. And if that person
3 was a malingerer abusing sick leave, that person
4 probably wouldn't be doing their job effectively, and
5 there are other ways of dealing with that.

6 So I strongly urge you to support this
7 bill. I think it's very important, and it would be
8 really nice for Pennsylvania to be among the first
9 states to really be proactive. I think there's plenty
10 of data. And I think the issues around educating the
11 labor force are very important about these issues. I
12 think most that we've heard, that this kind of
13 research has only been around since the year 2000.
14 Since the year 2004, it really has been effectively
15 scrutinized scientifically to support how important it
16 is. If we can eliminate some of the fear of employers
17 about this and recognize that it's really good for
18 employers to do this, I think we'd go a long way. So
19 I thank you for the opportunity to address you today.

20 CHAIRMAN GERGELY:

21 Thank you for your time, Ms. Tracy.
22 Being from Philadelphia --- correct?

23 MS. TRACY:

24 Yeah.

25 CHAIRMAN GERGELY:

1 We read from previous testimony that
2 Philadelphia was considering enacting paid sick days.

3 MS. TRACY:

4 That's right.

5 CHAIRMAN GERGELY:

6 Were you involved in that process?

7 MS. TRACY:

8 Yes.

9 CHAIRMAN GERGELY:

10 Could you explain any of that?

11 MS. TRACY:

12 There were two bills in Philadelphia, and
13 one related to sick leave specifically for domestic
14 violence victims. And the other was more general sick
15 leave. And in, for example, issues around domestic
16 violence, we have in Philadelphia anywhere between
17 90,000 and 120,000 911 calls specifically associated
18 with intimate partner violence. I don't think any
19 other place in the state collects the data on the 911
20 calls like Philadelphia does.

21 We have 14,000 individuals who petitioned
22 for protection from abuse. And we have, in reviewing
23 that data, recently realized that 9,000 of them
24 dropped out of the system. They've gone to the
25 trouble to come to court to get either an emergency

1 order in the middle of the night or to get a Temporary
2 Protection Order. But they don't stay in the system.
3 In part, some inefficiencies in the court process, but
4 in part, what we have learned from the women we've
5 talked to is they just can't keep taking off all this
6 time. They can't afford to do it. They can't risk
7 the loss of their job.

8 CHAIRMAN GERGELY:

9 That's where I want to go with this, the
10 domestic violence. How many days, on average, does it
11 take for them --- what would you estimate they would
12 need to take off to deal with the issues that are
13 relevant to that?

14 MS. TRACY:

15 Well, if a person is pursuing both
16 criminal and a civil protection, there are, at a
17 minimum, if things go well, for a best case scenario,
18 which is rarely the case, four court appearances. And
19 those are not appearances that work efficiently. So
20 that's, for the most part, four days off.

21 CHAIRMAN GERGELY:

22 And in Philadelphia, are they pursuing
23 both pieces of legislation or one or the other?

24 MS. TRACY:

25 I believe they're pursuing both and I

1 think are reconvening to discuss it in the fall.

2 CHAIRMAN GERGELY:

3 Okay. Any other additional questions?

4 Representative Boyd.

5 REPRESENTATIVE BOYD:

6 Just out of curiosity sake, is the
7 incidence of domestic violations higher in
8 Philadelphia than in other areas of the state?

9 MS. TRACY:

10 There's very, very little data about
11 domestic violence --- about the prevalence of domestic
12 violence. We look at data from the point of view of
13 those who filed for protection orders. So given the
14 population in Philadelphia, it's a very high
15 proportion compared to the rest of the state. But it
16 does appear that about a third to two thirds of those
17 who petition drop out of the system statewide. And no
18 one has analyzed why. I mean, we --- because the
19 volume is so high in Philadelphia we at the Women's
20 Law Project have taken that on as a project to find
21 out why.

22 REPRESENTATIVE BOYD:

23 Is domestic violence growing?

24 MS. TRACY:

25 It's not slowing down.

1 REPRESENTATIVE BOYD:

2 Well, I mean, say, over the last ten
3 years, is it more prevalent?

4 MS. TRACY:

5 I think it's more prevalent in different
6 populations. Certainly in teenagers it is growing.
7 The laws have changed. Institutions have changed.
8 Unfortunately, the behavior-related domestic violence
9 has not changed much here or anywhere else.

10 REPRESENTATIVE BOYD:

11 Do you have any data as to why? Why is
12 it growing?

13 MS. TRACY:

14 There are minimal resources available to
15 help people, Representative Boyd. I mean, I think if
16 you look at just in our state, \$26 million out of the
17 huge budget that the state has goes towards providing
18 services for domestic violence. There aren't enough
19 resources. There aren't enough safe houses. There
20 aren't enough counseling programs. There aren't
21 enough shelters.

22 REPRESENTATIVE BOYD:

23 I guess the question that I'm trying to
24 get to is that --- I'll be 50, so in my lifetime, it
25 seems to me, and I don't know how you guys feel, but

1 the incidence of domestic violence, it seems that it's
2 growing, that it's becoming more and more --- it's
3 becoming more and more commonplace. So are we saying
4 that there's ---. Please try and answer the question
5 directly. Is there more domestic violence per capita
6 in 2008 than there was in 1958?

7 MS. TRACY:

8 Representative Boyd, I don't know that,
9 and I don't think anyone knows that because no one
10 collected that data in 1958, because domestic
11 violence ---. What we know today is there's much more
12 awareness and public awareness about domestic
13 violence. In 1958 it was shrouded in secrecy. There
14 were absolutely no legal protections for a battered
15 woman in 1958. So we don't have the data. And I
16 can't emphasize enough how marginal this issue still
17 is to public policy that something that is as
18 widespread as it is is not studied, that we don't know
19 enough about it.

20 REPRESENTATIVE BOYD:

21 Well, my question's not a trick question.

22 MS. TRACY:

23 I understand that.

24 REPRESENTATIVE BOYD:

25 I want to know why. We're looking at,

1 you know ---. This is the Labor Committee. It's not
2 Public Welfare. I'm trying to figure out why are
3 these issues growing? I believe that you are a
4 recognized expert on the topic. So I thought there
5 might be some empirical data that says, yes, since,
6 1998 to 2008, the incidences of domestic violence have
7 increased 30 percent and we attribute it to ---. But
8 you're saying there are no studies like that ---?

9 MS. TRACY:

10 The attribution to --- well, not that I'm
11 aware of.

12 REPRESENTATIVE BOYD:

13 Okay. That's all I was trying ---.

14 MS. TRACY:

15 I wish that there were. It's important.
16 It's critical information. There's very little
17 research on this. We certainly should fix it. And
18 you know, quite frankly, the vast majority of victims
19 of domestic violence are women and the perpetrators
20 are men. And these are people who allegedly loved one
21 another at one point in their life. This is not
22 stranger violence. This is intimate violence. And
23 it's very alarming.

24 REPRESENTATIVE BOYD:

25 Okay. Thank you.

1 CHAIRMAN GERGELY:

2 Representative Mantz?

3 REPRESENTATIVE MANTZ:

4 I don't think there's anyone that
5 disagrees with the importance of the social
6 legislation that you've mentioned, improving working
7 conditions, living conditions of the American worker.
8 The kind of corrective action or assistance that this
9 particular piece of legislation seeks to provide, my
10 question is, would this really adequately correct some
11 of those ills of that or would the corrective action
12 be better taken elsewhere? And who would pay for the
13 cost? Who should appropriately pay for the cost of,
14 say, the inefficiency of the legal system, perhaps?

15 MS. TRACY:

16 Well, that's worth a whole other day's
17 hearings. I think that it's incremental. And I think
18 that issues of domestic violence and stalking and
19 sexual assault are very complex. And I think there
20 are issues from labor that can support it. There are
21 issues from health and human services that can support
22 it. There are economic issues. There are issues
23 around housing. If there were a quick fix, if anyone
24 knew what that quick fix was, we'd get the Nobel
25 Prize. It's not something that's simple. We can't

1 just come up with one solution to say we're going to
2 be able to fix this problem. It's a major social
3 problem.

4 You know, it's been deeply rooted in our
5 laws and in our institutions. And you know laws and
6 institutions historically allowed men to beat their
7 wives. You know, those laws said marriage was the
8 civil legal death of women. Rape was a crime against
9 property, not a crime against a person. It was the
10 theft of, you know, the father's property and
11 inheritance rights of his daughter.

12 So you know, these issues are very, very
13 deeply rooted in our culture and in our laws. And
14 it's going to take a lot to turn them around and to
15 change the behavior that we want to change. So I
16 think incremental steps make a difference. If it's
17 going to be four court appearances and this woman's
18 going to get six paid leave days to be able to go to
19 court, and that will result in the safety of her and
20 her children, boy, that's worth it. I think that's
21 really worth it.

22 REPRESENTATIVE MANTZ:

23 Is that more appropriately taken on by
24 the employer, that cost, or by the general ---?

25 MS. TRACY:

1 Well, again, I think if we're talking
2 about the issues of worker productivity and the
3 research that is emerging, it makes a big difference
4 for the employer to have someone who's able to take
5 those four or six days, take care of the legal
6 matters, and then come to work not being in constant
7 fear or, you know, constantly distracted. I think
8 that those issues are really important to understand.
9 I think the research on productivity and sick leave is
10 something that I hope this committee will look at very
11 seriously because I think that it's in the employer's
12 interest.

13 REPRESENTATIVE MANTZ:

14 I'm more concerned about the equity of
15 the cost bearing distribution of this corrective
16 action that you're advocating.

17 MS. TRACY:

18 Well, where do you think the cost, may I
19 ask ---?

20 REPRESENTATIVE MANTZ:

21 I'm not sure. That's why I'm asking you.

22 MS. TRACY:

23 I think this is just an incremental, and
24 frankly, minimal place for it to occur. And I think
25 much more needs to be done in our public policy

1 related to domestic violence.

2 REPRESENTATIVE MANTZ:

3 Thank you.

4 MS. TRACY:

5 Thank you. Thank you very much.

6 CHAIRMAN GERGELY:

7 Thank you for your time. And if anything
8 breaks with the Philadelphia legislation, if you could
9 forward that to us and our staff, we'd greatly
10 appreciate it.

11 MS. TRACY:

12 Absolutely.

13 CHAIRMAN GERGELY:

14 And it's just interesting that there were
15 two --- that's the first I've heard that there was a
16 domestic violence aspect of this individually.

17 MS. TRACY:

18 Oh, we'll send you all the material on
19 that. I'll ask Representative --- I mean, Councilman
20 Greenley's (phonetic) staff to send you all the
21 testimony.

22 CHAIRMAN GERGELY:

23 Thank you very much.

24 MS. TRACY:

25 Thank you. Thank you for your time.

1 CHAIRMAN GERGELY:

2 And our last testifier for the day is
3 Jenna Mehnert.

4 MS. MEHNERT:

5 Last but not least.

6 CHAIRMAN GERGELY:

7 The executive director of the National
8 Association of Social Workers of Pennsylvania.

9 MS. MEHNERT:

10 My name is Jenna Mehnert. I am the
11 executive director of the Pennsylvania Chapter of the
12 National Association for Social Workers. I obviously
13 have prepared testimony, but given the time of day, I
14 just wanted to talk about two different aspects about
15 why, representing over 6,100 degreed social workers in
16 Pennsylvania, we support both of these pieces of
17 legislation. And actually, I want to thank
18 Representative Gergely and Representative Gibbons for
19 their well-crafted pieces of legislation.

20 First I'm going to talk about the social
21 worker's perspective. Social workers are individuals
22 who've gone to school, thanks to the fact that there's
23 now title protection in Pennsylvania, to secure a
24 social work degree. Social workers are the folks who
25 work in the trenches with folks, whether it's in Child

1 Welfare, County Assistance Offices. We do a lot of
2 advocacy work for domestic violence, rape, crisis.
3 We're the individuals who deal with, I always say, the
4 mess of people's lives. The things that you all want
5 to think and other folks want to think never happen is
6 the reality for a social worker every day.

7 So when you talk about something like
8 paid sick leave, which we strongly support, who it's
9 going to really impact are often individuals of
10 minority backgrounds who are working in service
11 industry jobs where they don't have a choice. I heard
12 comments earlier about workplace --- let the workplace
13 correct it. When a good job is all you're hoping for,
14 the fact is they might not have sick leave is
15 something that --- well, it's a good job. It pays a
16 decent salary. I don't have the option. I don't have
17 an Ivy League education where ten people are competing
18 for me. So this job will provide me with some basic
19 ability to feed my family. So from a social work
20 perspective, obviously, NASW supports this.

21 We also are big advocates on issues of
22 poverty, because poverty, in my opinion and in the
23 social workers' opinion, is one of the greatest evils
24 of society. If you look at --- you know, sure, child
25 abuse and domestic violence all happen in wealthy

1 families as well, but when you take away a person's
2 ability to have choice, which is what poverty does,
3 you have many more challenges that they face. When
4 you talk about domestic violence ---. When you think
5 about leaving your house, your spouse significantly,
6 you know, tried to beat you up when you went home, you
7 have credit cards in your wallet, you can go somewhere
8 else. If you have an education, you have strong
9 employment; you have lots of options for just finding
10 a new apartment. When you don't have those things,
11 when you don't have a great job, when you don't have
12 education, when you don't have any credit cards, you
13 lack that ability to have such choice. So poverty
14 really creates a lot of the challenges that social
15 workers face.

16 And while paid sick leave is a very
17 minimal step to addressing poverty, it does help
18 someone keep their job when they're sick. And I go
19 back to --- and I, of course, wasn't poor ever, but I
20 was a waitress for many, many years in sports bars and
21 a receptionist. Yes, imagine the blond jokes. And it
22 was a situation that if I had called in sick, they
23 would've said sorry, tootsie, we'll just replace you,
24 because there were plenty of other college students
25 who would do those jobs. And I did, you know ---

1 while I wasn't poor and wasn't paying for my basic
2 necessities, I did need gas in my car. I did need my
3 textbooks. And I didn't call in sick. And I can
4 guarantee there were people who ended up with colds
5 two days later because I had no sick leave. It was my
6 fault. And I didn't have that ability.

7 So whether it's true poverty or sort of
8 the student poverty, paid sick leave makes a
9 difference in people's lives. And whether it's
10 minimal paid sick leave, it still some ability to have
11 some basic protection, which, to me, the bill, while I
12 commend that it's really well-drafted, is really a
13 very basic step. And so from a social work
14 perspective --- and all of my folks who are strong
15 advocates for what is right for people, which is what
16 social workers are primarily about, is what is right
17 for people --- we obviously are big supporters.

18 Now, the second part, and sometimes I
19 seem like I have a split personality, is that I am a
20 very frugal business operator. You can ask my staff.
21 I inherited an agency that was operating in the red.
22 And my first year there was significantly operating in
23 the black. I'll go pick up the bagels from Panera to
24 save the delivery fee. You name it. I am very frugal
25 and very careful about the way that we spend my

1 members' dues. And we absolutely offer paid sick
2 leave. I only have a staff of six. Whether you're
3 full time or part time, we have a pro-rated sick leave
4 policy. In fact, I did a little mathematical equation
5 to make sure I wouldn't mess it up in here. So in my
6 office, a person who works 21 hours a week receives
7 3.5 hours of sick time a week for a total of 42 hours
8 annually of both sick and paid. And you know, that's
9 still more than what Representative Gergely is
10 proposing. But it provides, in my opinion, some basic
11 protection for folks and recognizes their value,
12 because I think our natural greatest resources, as ---
13 I think it was the representative next to you who
14 said, you know, people build companies. It's people
15 that build them. And so we need to take care of them.
16 And so I guess I sort of want to end ---.
17 I had this great 93-year-old grandmother who used to,
18 you know, have all these pieces of wisdom. And one of
19 her pieces of wisdom was, you know, you pay now,
20 honey, or you pay later. But, you know, either way
21 you're going to end up paying. And so from my
22 perspective, as an employer, I would rather provide
23 the benefit that makes my employees feel respected and
24 valued with paid sick leave and paid vacation time
25 than pay a greater debt to society in terms of, you

1 know, that never-ending cycle of poverty, which, as a
2 welfare-to-work site, I watch women struggle with
3 every single day. They don't have their GEDs.
4 They've come from families with lots of violence. It
5 just doesn't magically happen.

6 I mean, I've read tons and tons of case
7 files as a former Juvenile Probation Officer where
8 kids are starting to get sexually assaulted at three.
9 You know, you wonder what their life outcomes are
10 going to be like. And then you wonder why, well, why
11 can't they just get up out of poverty? Why are they
12 taking that domestic violence? Well, they've been
13 conditioned their entire lives for that.

14 So if we don't think about how do we make
15 sound investments that provide people with basic
16 protection, how do we build better systems --- and I
17 obviously have lots of suggestions for that, but paid
18 sick leave is one of --- in my opinion now, as a
19 frugal employer and a do-gooder social worker, one of
20 the basic things that we should all be able to do that
21 should make us all sleep better at night because we're
22 taking care of each other as a society. So if you
23 have any questions, come on.

24 CHAIRMAN GERGELY:

25 Representative Mantz?

1 REPRESENTATIVE MANTZ:

2 I think that the mix of remedies being
3 provided, to some extent, it seems we're treating the
4 symptoms, and in some cases we're getting right to the
5 disease in the mix here of what this legislation is
6 designed to do. And sort of talking about providing
7 leave to defend and pursue Protection from Abuse
8 Orders, perhaps the remedial action should be taken in
9 the legal system rather than under this Act. But then
10 in other aspects, I think the coverage advocated is
11 correct. It seems so broad and perhaps too
12 comprehensive.

13 MS. MEHNERT:

14 Well, you know, one of my favorite
15 stories is about ---. Imagine yourself walking down
16 the road and all of a sudden you look at a river. And
17 forgive me if you've heard this, but you look at a
18 river. And there's a man in the river. And there are
19 all these babies going by. And the guy's throwing the
20 babies out. He's trying to save as many babies as he
21 can. It's just massive amounts of babies floating
22 down the river. And he's throwing them all out. And
23 he says, come on, get in here. Help me save the
24 babies. The person looks at him and takes off running
25 up the stream. He says no, no, no. I'm going to

1 figure out where these babies are coming from. We've
2 got to stop the flow of the babies. There's got to be
3 a way. So in reality, we have to do both things. We
4 have to jump into the stream and save the babies as
5 they're coming. And then we also have to go up to the
6 source of whoever's throwing the babies into the water
7 and stop that from happening. So it is a challenge.
8 And it is, you know, very difficult. But we have to
9 do both things.

10 REPRESENTATIVE MANTZ:

11 I don't think there's one silver bullet.
12 I think there is a shotgun of silver bullets here
13 rather than just one.

14 MS. MEHNERT:

15 There's not just one solution. Right.
16 There's lots of things we need to do.

17 CHAIRMAN GERGELY:

18 Representative Boyd?

19 REPRESENTATIVE BOYD:

20 I just want to clarify for the record
21 that particularly with the prior speaker, I was under
22 the impression that we were talking about 1386 and
23 that domestic violence was a part of 1386. It's not.
24 That would be taking time off, you know, sick days ---

25 MS. MEHNERT:

1 Yes.

2 REPRESENTATIVE BOYD:

3 --- all right, as opposed to having
4 family leave appropriated for 12 weeks for those
5 issues. I had confused the two. So to that extent, I
6 certainly apologize.

7 At some point in time, if you have some
8 data on whether or not domestic violence is on the
9 increase ---. I mean, I think all of our perceptions
10 are that it is, that it's getting more serious. If we
11 can find out why ---. I'd still like to talk about
12 getting into that. I'd jump in and then I'd swim
13 upstream. I'd try and do both, but I'm not right in
14 the head most of the time.

15 But with that said, you know, I
16 certainly, as an employer, would provide as much time
17 off as any employee needed to take care of those kind
18 of issues. And I commend any employer for doing that.
19 I don't know that the statewide mandate is the best
20 solution, but it's certainly a solution that is worth
21 discussing. And I'm very open to ideas in terms of
22 how that process might be able to move forward without
23 adversely affecting employment. And it sounds like we
24 wouldn't be adversely affected. So I think it's
25 something to talk about.

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MS. MEHNERT:

I would agree. It doesn't adversely affect my ability to operate an agency.

CHAIRMAN GERGELY:

Thank you for your time today. Thank you for coming down from Harrisburg. It's always been a pleasure working with you and the accomplishments we've had this year.

MS. MEHNERT:

Absolutely.

CHAIRMAN GERGELY:

And this is an important issue and I think we did have a very good exchange of ideas and comments today representing 1155. Thank you. And with that, I'll bring this hearing to a close.

* * * * *

MEETING CONCLUDED AT 4:49 P.M.

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