

**Strong Businesses, Strong Families:
Paid Sick Days Create an Economy That Works for All**

Testimony on HB 1155 for the Pennsylvania House Committee on Labor Relations

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Good morning, and thank you for allowing PathWays PA to appear before you today to discuss the need for a minimum paid leave standard as depicted in HB 1155 and 1386. My name is Marianne Bellesorte, and I am the Director of Policy for PathWays PA. While I'll be focusing most of my remarks on HB 1155 today, I do want to state that we are in support of HB 1386 as well.

PathWays PA began in 1978 as the Women's Association for Women's Alternatives, one of Pennsylvania's first residential programs to keep low-income, vulnerable women together with their children. It has grown to become one of the Greater Philadelphia region's foremost providers of residential and community-based services with a focus on serving women, teens and children. Each year PathWays PA serves nearly 5,000 clients with a full complement of social services; job training and employment assistance; as well as residential programs.

Through our work, we have seen many families struggle towards self-sufficiency, and observed firsthand how state and local policies affect their success. We believe, very simply, that workers shouldn't have to choose between their jobs and their families' well-being. Yet in the United States today, there is no minimum standard for paid sick days, leaving 59 million workers without paid time off for themselves, and even more (86 million) without paid time to care for their family members.¹ In Pennsylvania, 41% of our workers (over 2 million people) are without paid time to care for themselves and their families.²

Paid Leave Makes Businesses Stronger

Let me start by saying that when I talk about paid sick leave, I am not talking about unlimited paid time off without any regulation by employers. Paid sick leave would establish a minimum workplace standard, similar to the minimum wage, which would allow workers to take up to seven days off each year to care for themselves or their families.

Before I speak on behalf of the many people we work with at PathWays, I would like to speak first on behalf of ourselves as a nonprofit business. PathWays PA employs nearly 150 workers, most of whom are full-time. We have made a commitment to provide our employees with a comprehensive benefits package that includes paid sick, personal, and vacation time.

While we think this is the "right thing to do" from the standpoint of our mission, it is also the right thing from a business standpoint. Paid sick time gives our employees the opportunity to care for themselves and their children, ensuring that when they are in the workplace, they are giving full attention to their work.

Many businesses, both large and small, are already providing paid sick leave, and are doing so based on the benefits incurred by the business, as well as those gained by the employee. Employers who offer paid sick leave say it ultimately improves their bottom line, citing fewer absences, lower health care costs, and higher rates of worker retention.³

Shareholder returns have even been shown to increase due to flexible scheduling, which provides a surge in productivity and higher employee retention.⁴ As the National Federation of Independent Business (NFIB) notes on their website, "a sick staff infects a small business"

bottom line.”⁵ This infection is not because the business needs to pay for paid sick time, but because, simply put, “sick people are not productive.”⁶

When sick workers do come into the office, a concept termed “presenteeism,”⁷ they cost their businesses more than they would by staying home. According to a study by AdvancePCS, an organization providing health improvement services, 72% of lost productivity related to illness comes from presenteeism, while only 28% comes from workers staying home sick.⁸

Businesses that provide paid leave for workers profit in a number of ways, including higher productivity and morale, reduced absenteeism and “presenteeism” and lower turnover and training costs. These benefits often outweigh any direct costs of providing paid leave.

For instance, a national study of workers shows that 46% of employees with little job flexibility (such as paid sick time, paid family leave, etc.) plan to look for new jobs in the coming year, compared to just 27% of workers with higher flexibility.⁹ Staff retention alone saves businesses the high costs associated with employee turnover. Businesses often spend 150% of a worker’s annual salary to replace that worker, and the replacement cost for a worker earning \$8 hour can be higher than \$5,500. This would be equivalent to 687 hours or 87 days of 8-hour work.¹⁰

Studies show that many companies know and value the benefits of decreased turnover. Nearly 8 out of 10 companies surveyed responded that providing paid leave and other flexible work arrangements either outweighed costs or had a neutral fiscal impact.¹¹

Strong Working Families Need Paid Sick Days

In addition to creating a healthy workplace, paid leave plays a critical role in the health and economic well-being of working adults, their children, and their elderly relatives.

All working families must cope with common illnesses. Over one-third of American families have at least 2 weeks per year when a family member is sick. Approximately 1 in 4 working families face a family illness burden of 3 weeks or more each year.¹² When working family members are ill, paid sick days and paid leave help to bridge the income gap the family might otherwise suffer until the worker can return to the job.

At a time when many families are stretching their paychecks to meet ever-increasing costs, fewer families are able to afford even one day without pay. To give an example, in Beaver County, a family of two adults, one preschooler, and one schoolage child needs to earn \$47,916 to make ends meet according to the Self-Sufficiency Standard for Pennsylvania, or \$11.34 per adult. That same family needs to earn \$50,700 (\$12.00 per adult) in Lancaster County, and \$62,685 (\$14.84 per adult) in Bucks County.

These incomes allow families to meet a very bare bones budget, with no room for movies, cable, transportation outside of driving to and from work, daycare, and the grocery store – and no room for a missed day to recuperate from the flu or care for a sick child. Yet in Beaver County, 44% of all families earned less than \$50,000 in 2007. In Lancaster County, 35% of all families earned less than \$50,000, and in Bucks County, where \$50,000 is well below the income needed by a family of four to make ends meet, 22% of families still earned below that amount. Meanwhile, time to care for a sick child is available to only 26% of low-wage workers and 57% of high-wage

workers nationally, a significantly smaller amount than the number of workers who have access to paid leave to recover from their own illness.¹³

When parents participate in the care of sick children, these children recover more rapidly from illnesses and injuries and have better health outcomes. However, many parents report they often have no choice but to go to work when their children are sick.¹⁴ Among parents who are able to stay at home with their sick children, more than half say that some type of paid leave allows them to do so.¹⁵

Low-wage and low-income workers are even less likely to have access to paid sick leave compared to higher-wage workers. 76% of these workers do not have access to paid sick leave.¹⁶ For low-wage workers, paid sick days are critical because their families usually have less of an economic cushion to sustain them during unpaid leave. These workers also face a higher likelihood of being fired for staying home to care for a sick child. Even middle-class Pennsylvanians are likely to lack paid leave if they work part-time, work for a small company, or work in the service or construction industries.

Much of this testimony is an array of numbers, and I apologize if its been complicated or hard to follow. But I want to leave you with a story that is fairly simple, yet illustrates the need for paid sick days more clearly than any number can.

At PathWays PA, we have an employee named Cheryl who, in a former position managing a call center, had a version of paid sick leave a little different from what we are advocating for today. She was “allowed” to take a paid sick day, but every sick day was labeled as an “occurrence” in attendance records. More than three occurrences in a six-month period led to a written warning, and Cheryl watched as employees lost their job because they took paid sick time.

Cheryl went to work sick when she had to, even though it was hard. But the harder part came when her daughter entered Children’s Hospital for six days. While Cheryl lived in Philadelphia, she worked in Harrisburg, and in the middle of her daughter’s hospital stay, she had to decide between going to work, which meant being two hours away from her daughter, or staying at the hospital, which could mean losing her job.

This is a direct quote from Cheryl: “When I told my daughter that I had to go to work because I needed to make sure I still had a job to help support my family, it was very hard for her to understand. She was in the hospital, and she wanted me to be there with her. Instead, my older daughter, who was still in school at the time, had to stay home from school that day so that she could be at the hospital with her little sister.”

There are many more families in Pennsylvania that are like Cheryl’s – parents who must make a choice between work and family that should never need to be made; children who think their parents prefer work over spending time with them, or who must stay home from school to care for a sick sibling. Something as simple as paid sick days could ensure that children who need time with their parents can have it, and that parents can focus on their work while they are at work instead of wondering if their child is ok.

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- ¹ "Get Well Soon: Americans Can't Afford to be Sick." Washington, D.C.: National Partnership for Women and Families, 2004, p. 1.
 - ² Analysis using the Institute for Women's Policy Research (IWPR) Paid Sick Days Estimator, <http://www.paidicksdays.org>. The Estimator uses IWPR analysis of the U.S. Bureau of Labor Statistics' March 2006 National Compensation Survey (Vicky Lovell, Taking Care: Adequacy and Equity of Paid Leave, forthcoming), adjusted for eligibility with data from the November 2005 through October 2006 U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey, to calculate the percent of workers, by industry, lacking paid sick days at the national level. Data on the number of workers in PA by industry are from the U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages (downloaded from <http://data.bls.gov/cgi-bin/dsrv?en>).
 - ³ Jodie Levin-Epstein, "Responsive Workplaces: The Business Case for Employment That Values Fairness and Families." Center for Law and Social Policy. http://www.clasp.org/publications/responsive_workplaces.pdf. Accessed 8/26/08.
 - ⁴ Jodie Levin-Epstein, "Responsive Workplaces: The Business Case for Employment That Values Fairness and Families." Center for Law and Social Policy. http://www.clasp.org/publications/responsive_workplaces.pdf. Accessed 8/26/08.
 - ⁵ Shannon McRae, "Fighting the Flu: How to Keep Your Office Running in Sickness and in Health." The National Federation of Independent Business. http://www.nfib.com/object/IO_26096.html. Accessed 08/25/08.
 - ⁶ Shannon McRae, "Fighting the Flu: How to Keep Your Office Running in Sickness and in Health." The National Federation of Independent Business. http://www.nfib.com/object/IO_26096.html. Accessed 08/25/08.
 - ⁷ When workers are ill but stay on the job, their presence comes at a cost to employees in the form of reduced productivity. Presenteeism refers to workers who come to work even though they are sick because they cannot afford to take time off. Depending on the illness, these workers may also infect other workers, which could contribute to further absenteeism and/or presenteeism in the company. Jodie Levin-Epstein, "Presenteeism and Paid Sick Days." Washington, D.C.: Center for Law and Social Policy, 2005, p. 1. <http://www.clasp.org/publications/presenteeism.pdf>.
 - ⁸ Jodie Levin-Epstein, "Presenteeism and Paid Sick Days." Washington, D.C.: Center for Law and Social Policy, 2005, p. 1. <http://www.clasp.org/publications/presenteeism.pdf>.
 - ⁹ MultiState Working Families Consortium, "Summary Report: Family Values at Work: It's About Time!". <http://www.9to5.org/familyvaluesatwork/FV@workSummary.pdf>. Accessed 8/25/08.
 - ¹⁰ MultiState Working Families Consortium, "Summary Report: Family Values at Work: It's About Time!". <http://www.9to5.org/familyvaluesatwork/FV@workSummary.pdf>. Accessed 8/25/08.
 - ¹¹ Ellen Galinsky and James T. Bond, "The 1998 Business Work-Life Study: a Sourcebook." New York City, NY: Families and Work Institute, Executive Summary, 1998, p. IV.
 - ¹² Alison Earle, Ph.D., Testimony before Massachusetts Joint Committee on Labor and Workforce Development, May 4, 2005.
 - ¹³ Department of Labor, National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2006. Summary available at www.bls.gov/ncs/ebs/sp/ebsm0004.pdf.
 - ¹⁴ Alison Earle, Ph.D., Testimony before Massachusetts Joint Committee on Labor and Workforce Development, May 4, 2005.
 - ¹⁵ Alison Earle, Ph.D., Testimony before Massachusetts Joint Committee on Labor and Workforce Development, May 4, 2005.
 - ¹⁶ Vicky Lovell, No Time to Be Sick: Why Everyone Suffers When Workers Don't Have Paid Sick Leave. Institute for Women's Policy Research, 2004, downloaded from www.iwpr.org.