



U.S. House Committee on Education and Labor
Subcommittee on Workforce Protections

**Hearing on “*The Healthy Families Act (H.R. 1784):
Examining A Plan to Secure Paid Sick Leave for U.S. Workers*”**

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Chairwoman Adams, Ranking Member Byrne, and members of the Education and Labor Subcommittee on Workforce Protections, thank you for this opportunity to testify today regarding (H.R. 1784) The Healthy Families Act.

My name is Renee Johnson, and I am the Senior Government Affairs Manager at Main Street Alliance, a national network of over 30,000 small business owners. Our network creates opportunities for small business owners to speak for ourselves on matters of public policy that impact their businesses, their employees, and the communities they serve. Our members are focused on policies that level the playing field so small businesses can be creators of good jobs in our communities and power a stronger and more equitable economy. Paid sick days, is such an issue.

Our members across the country support a standard baseline of paid sick days that covers all workers. It is a policy that empowers small businesses, improves their bottom lines and strengthens our communities and our economy.

At the national level, Main Street Alliance and our members support the Healthy Families Act, which guarantees paid sick days. At the state level, Main Street Alliance members have shared the small businesses case for paid sick days standards and been part of the successful campaigns to win paid sick days in 11 states, the District of Columbia, and 22 cities and counties across the country. From New Jersey to Oregon and from Minneapolis, Minnesota to Austin Texas, Main Street Alliance and small business owners have been instrumental in ensuring millions of workers have access to paid time off to see a doctor, recover from an illness, or make sure their children get the care they need.

Productive workers make for stronger businesses. As Main Street Alliance member Janet Jones of Source Booksellers in Detroit says, “When employees are healthy they are happier, make good recommendations, and take better care of customers. Customer service keeps our readers coming back to the store. Policies such as earned paid sick time are a win-win situation for the business, the employees and the community.”

Along with increasing productivity, a baseline standard for paid sick days boosts businesses’—including small businesses’—bottom lines by helping to increase employee retention and reduce costs associated with employee turnover. The combined expenses related to employee turnover—including the exit of departing employees, recruitment and hiring, and the training phase for new hires—add up to significant costs for employers.¹ Replacing an employee can cost thousands of dollars per position.² Workers who earn paid sick time are less likely to leave their job than those who do not.³ Retaining well-trained and valued employees and thereby reducing turnover costs, helps businesses of all sizes, but can be especially important for small businesses, where the loss of just one employee can have a significant impact on operations and labor costs.

Increasing access to paid sick days strengthens small businesses and the economy by boosting economic productivity. When employees go to work sick, they not only fail to perform to their full potential, but

¹ For a review of the many contributors to turnover costs, see the Center for Law and Social Policy and the Center for Economic Policy Research online turnover calculator at: http://cepr.net/calculators/turnover_calc.html

² Sasha Corporation, “Compilation of Turnover Cost Studies,” accessed August 2018,

<http://cabenefits.com/wp-content/uploads/2009/07/Sasha-Corp-Employee-Turnover-Cost-Studies.pdf>

³ Philip F. Cooper and Alan C. Monheit, “Does Employment-Related Health Insurance Limit Job Mobility?” *Inquiry*, 30, Winter, 1993.,

they also risk infecting coworkers and further harming productivity.⁴ The loss in productivity to the U.S. economy due to illness in the workforce has been estimated at \$160 billion annually⁵ or about \$234 billion when adjusted for inflation,⁶ with a major portion of this coming from workers going to their jobs sick.

The value of offering paid sick days to employees has been borne out across the Main Street Alliance network. As New Jersey member Tony Sandkamp of Sandkamp Woodworks has attested: “Since I started providing paid sick days at my business, employees have been happier and more productive. Far from abusing it, my employees saved the paid sick days they earned for when they really needed it. Since introducing the policy at Sandkamp Woodworks we have not lost a single employee, in fact we have added two.”

In addition to the direct benefits to small businesses associated with higher productivity and reduced turnover, providing all workers access to paid sick days will help lower system-wide health care costs, saving taxpayer dollars for individuals and businesses. Sick workers recover faster when they can rest and recuperate. Taking a sick day also helps slow the spread of illnesses. Preventing illness from worsening and lowering infection rates can contribute to lower health care costs. It should also be said that workers without access to paid sick days have lower access to preventative care and rely more on emergency room visits to treat health issues. Ensuring access to paid sick time for workers who currently do not have any could prevent an estimated 1.3 million emergency department visits per year, saving \$1.1 billion in health care costs annually.⁷

Improving the health of our communities while lowering health care costs is important to small business owners. As Main Street Alliance member Peter Frigeri of Gaia Flowers in Las Vegas Nevada put it: “My business is only as healthy as our communities, and giving people a chance to stay home and recover from an illness is crucial for public health. When people work sick it stresses our healthcare system, hurting all of us, including small businesses that face higher and higher health care costs.”

It’s for these reasons that we see small business owners support paid sick days. A 2017 survey of nearly 1,800 small business owners in 17 states found that 64% of respondents supported a nation-wide paid sick days minimum standard like the Healthy Families Act. This increased to 73% when just looking at women small business owners and business owners of color.⁸ In states and municipalities where a baseline for paid sick days has been adopted, support from small businesses continues to be strong. In 2007, San Francisco became the first city in the United States to adopt a paid sick time policy. Three

⁴ Sandy Smith, “Vast Majority of Employees Work While Sick,” *EHSToday*, 2004, accessed August 2018, https://www.ehstoday.com/news/ehs_imp_36898

⁵ Walter F. Stewart, et al, “Lost Productive Work Time Costs From Health Conditions in the US - Results from the American Productivity Audit,” *Journal of Occupational and Environmental Medicine*, Volume 45, Number 12, December 2003. Accessed August 2018, <http://www.nationalpartnership.org/research-library/work-family/psd/lost-productive-work-time-american-productivity-audit.pdf>

⁶ National Partnership for Women and Families, “Paid Sick Days are Good For Business” February 2020, Accessed 2020, <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-sick-days/paid-sick-days-good-for-business-and-workers.pdf>

⁷ Kevin Miller, Claudia Williams, and Youngmin Yi, “Paid Sick Days and Health: Cost Savings from Reduced Emergency Room Visits,” *Institute for Women’s Policy Research*, November 2011.

⁸ Main Street Alliance, “Earned Sick and Safe Time: Fact Sheet,” March 2020. Accessed 2020. https://www.mainstreetalliance.org/esst_fact_sheet

years after passage of the law, two-thirds of employers supported it.⁹ Even once-skeptical business groups, like the Golden Gate Restaurant Association came to see the benefits of the law, with the director of the association saying “paid sick days is the best public policy for the least cost.”¹⁰

The case of San Francisco shows that employer support for paid sick days increases as fears about its impact prove unfounded. Far from abusing paid sick days, as some warned, employees use their sick days responsibly. Two years after passage of the paid sick days policy in San Francisco, the median usage rate was just three days, while a quarter of workers took no sick days at all.¹¹ These rates track with national usage rates, where workers with access to paid sick time use an average of 2.2 days per year in small firms and 3.1 days per year in large firms.¹² Given that this is the average, we are in full support of a baseline of seven paid sick days per year for a national policy -- understanding that some people are more prone to illness, and some illnesses like the flu necessitate a longer stay at home.

Moreover, fears regarding paid sick days policies’ effects on job growth, business formation and business relocation have not borne out. In Connecticut, for example, business formation increased following the adoption of paid sick days.¹³ Likewise, in Seattle, one year after the policy’s adoption the city showed stronger job growth and business formation.¹⁴ And in Washington, D.C., a report from the District’s Auditor found its 2008 paid sick days bill did not discourage business owners from locating in the District. Implementation of new laws also is relatively smooth.¹⁵ An evaluation of Seattle’s paid sick time law found that over two-thirds of employers did not have difficulty implementing the law, and those that did cite challenges, found them to be temporary.¹⁶

When paid sick days policies go into effect, it is critical that there is direct outreach and clear, factual, straightforward education about the new policy, as well as a venue for addressing any questions as they arise. As we have been part of paid sick time implementation in numerous jurisdictions, the biggest needs we heard from small business owners were: 1) clarity about the rules and quality materials to share with employees 2) support in understanding how the new paid sick day policy interfaces with existing workplace policies, and 3) strategies for small businesses to track and authorize employee access to this new policy. These are simple, but critical questions to address during the roll out of the program. We advocate that outreach funding be built into the budget for this program, especially for small businesses that lack Human Resource departments. The Healthy Families Act includes a provision for outreach and education; we recommend some portion of that funding to be tailored to small business outreach—including store to store and information sessions.

⁹ Robert Drago and Vicky Lovell, “San Francisco’s Paid Sick Leave Ordinance: Outcomes for Employers and Employees,” *Institute for Women’s Policy Research*, February 2011, accessed August 2018

https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/A138_edited.pdf

¹⁰ James Warren, “Cough If You Need Sick Leave,” *Bloomberg BusinessWeek*, June 3, 2010. Accessed August 2018, <https://www.bloomberg.com/news/articles/2010-06-03/cough-if-you-need-sick-leave>

¹¹ Drago and Lovell, “San Francisco’s Paid Sick Leave Ordinance.”

¹² Institute for Women’s Policy Research, Analysis of data from the 2008 National Health Interview Survey, 2010.

¹³ Connecticut Secretary of State, “2012 Business Starts and Stops Index.”

¹⁴ Main Street Alliance, “Paid Sick Days and the Seattle Economy: Job Growth and Business Formation at the 1-Year Anniversary of Seattle’s Paid Sick and Safe Leave Law,” September 2013, accessed February 2020, https://d3n8a8pro7vhmx.cloudfront.net/mainstreetalliance/pages/268/attachments/original/1535041767/psst-report-main_street_alliance_2013.pdf?1535041767

¹⁵ Office of the District of Columbia Auditor, “Audit of the Accrued Sick and Safe Leave Act of 2008,” accessed August 2018, <http://www.dcauditor.org/sites/default/files/DCA092013.pdf>

¹⁶ City of Seattle, “Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance. Accessed March 2020, <http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf>

The experiences in cities and states across the country demonstrate the positive effects of improving access to paid sick days, both for workers and businesses, especially small businesses. But the fact remains that one in three private sector workers and as many as seven in ten low-wage workers still lack access to even one paid sick day.¹⁷ Also, 38% of African American workers lack access to paid sick days,¹⁸ while 54% of Latinx workers lack access.¹⁹

Workers and small businesses need a federal solution to the economic, public health and equity challenges caused by inadequate and unequal access to paid sick days. Access to paid sick days should not depend on where you work or where you live. The reasonable standards provided by the Healthy Families Act reflect the growing consensus about the positive effects for workers and businesses that expanded access to paid sick days provides.

With that said, it is important that any federal paid sick days bill not impede states and municipalities from expanding access to paid sick days beyond federal standards. Localities should be free to increase the number of days earned by workers. Should they opt to, they should also be allowed to more broadly define for what reasons workers may use paid sick days. Likewise, cities and states should not be restricted from reducing exemptions from paid sick days policies.

“Large, multi-state companies have plenty of advantages as it stands. Letting them bypass local laws aimed to protect workers and small businesses would be going too far,” shared Jim Houser, a Main Street Alliance member from Portland Oregon. “In Oregon, like so many other cities and states, we’ve come together to find regional solutions to the challenges of keeping talented employees powering a small-business economy. Support the Healthy Families Act, which would complement the paid sick days laws passed in Portland and Oregon and create a robust national paid sick days standard, helping to level the playing field for small businesses across the country.”

As things stand, the Healthy Families Act is *the only* proposed federal legislation that adequately addresses the need for paid sick days. Other legislation was introduced as proposed solutions, but these fall considerably short. One such bill, The Working Families Flexibility Act is limited to employees who have worked over a year with the employer, and then forgo their overtime pay for days off.

Additionally, employers maintain the discretion to deny which days they take off or even if they can take the day off. This is hardly a solution that meets employee or public health needs for paid sick days.

¹⁷ Bureau of Labor Statistics of the Department of Labor, “News Release: Employee and Benefits in the United States - March 2019,” accessed February 2020, <https://www.bls.gov/news.release/pdf/ebs2.pdf>

¹⁸ National Partnership for Women and Families. “African Americans and Their Families Need Paid Sick Days,” January 2017, accessed February 2020, <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-sick-days/african-american-workers-need-paid-sick-days.pdf>

¹⁹ National Partnership for Women and Families. “Latinos and Their Families Need Paid Sick Days,” January 2017, accessed February 2020, <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-sick-days/latino-workers-need-paid-sick-days.pdf>

Our country's small businesses support a fair and reasonable baseline for paid sick days for all workers because they know that it is a policy that speaks to their values and their pocketbooks. On behalf of our small business members, I strongly encourage the Committee to help ensure a stronger, more equitable economy by securing paid sick days for all workers.

I want to thank the Chairwoman and Ranking Member for hosting this hearing on paid sick days. I look forward to member's questions and continuing to work with you to determine if there are ways that Congress can support these important efforts.