

**Statement for the Record**  
**Subcommittee on Workforce Protections**  
**Hearing on H.R. 2339, the Family Income to Respond to Significant Transitions**  
**Act, and H.R. 2460, the Healthy Families Act**

Strong Businesses, Strong Families:  
Paid Sick Time Creates an Economy That Works for All

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June 25, 2009

PathWays PA would like to commend the Subcommittee on Workforce Protections for holding hearings to discuss the need for a minimum paid leave standard as depicted in H.R. 2460, the Healthy Families Act (HFA), and H.R. 2339, the Family Income to Respond to Significant Transitions (FIRST) Act. Both of these bills would provide much needed opportunities for workers to earn time to care for themselves, their children, and their families.

In short, we support these bills for the following reasons:

- *Paid Leave is a Limited, Regulated Benefit Earned by Workers:* Paid leave bills establish a minimum workplace standard that would allow workers to earn a limited amount of time to care for themselves or their families.
- *Paid Leave Makes Businesses Stronger:* Paid leave programs increase productivity, decrease turnover, and provide substantial savings for businesses.
- *Paid Leave is Necessary to Strong Working Families:* Paid leave gives parents the opportunity to be with their children while they are ill, leading to faster recovery times and better health outcomes.
- *Paid Leave Makes Sense Even in This Economy:* Paid leave policies do not create job loss, but they do allow caregiving without loss of income.

### **Why PathWays PA Supports Paid Leave**

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 6,000 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.<sup>1</sup> In Pennsylvania, 46% of our workers are without paid time to care for themselves and their families.<sup>2</sup>

### **Paid Leave is a Limited, Regulated Benefit Earned by Workers**

An important distinction when talking about paid leave, either in the case of paid family leave (defined as several weeks of time used for serious illness) and paid sick time (defined as a small number of days workers earn to care for routine illness), is that paid leave in either case is a

***limited, regulated*** amount of time. Paid leave bills establish a minimum workplace standard, similar to the minimum wage, which would allow workers to earn a limited amount of time to care for themselves or their families.

### **Paid Leave Makes Businesses Stronger**

Many businesses, both large and small, already provide paid sick leave based on the benefits incurred by their businesses 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.<sup>3</sup>

Even the National Federation of Independent Business (NFIB) notes on their website “a sick staff infects a small business’ bottom line.”<sup>4</sup> This infection is not because the business needs to pay for paid sick time, but because “sick people are not productive.”<sup>5</sup>

Businesses that provide paid leave for workers profit in a number of ways, including higher productivity and morale, reduced absenteeism and “presenteeism<sup>6</sup>” and lower turnover and training costs. These benefits often outweigh any direct costs of providing paid leave.

- *Paid Leave Creates High Productivity and Low Presenteeism:* When sick workers do come into the office, they cost their businesses more in lost productivity 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.<sup>7</sup>
- *Paid Leave Creates Substantial Savings to Business:* A national study showed that 46% of employees with little job flexibility (including paid sick time and paid family leave, etc.) planned to look for new jobs in the next year, compared to just 27% of workers with higher flexibility.<sup>8</sup> 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 loss equals 687 work hours, or 87 days of 8-hour work.<sup>9</sup>

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.<sup>10</sup>

#### ***Our Own Story as a Business Offering Paid Sick Time***

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. In the past year alone, our employees have had access to paid sick time for the following reasons (among others):

- One employee was involved in a car accident and was able to use paid sick time to recover from the accident and her subsequent hand surgery. Without paid sick time, she says “she would have never been able to catch up on her bills.”
- At least one employee took short periods of leave to act as a caregiver for her father, using the time to take him to doctor’s appointments and to be with him when he was rushed to the hospital. Following his death a short time later, she said she “had the comfort of knowing that I had been with him when he needed me, and that my job was safe during the hours I spent with him.”

## **Paid Leave is Necessary to Strong Working Families**

In addition to creating a healthy workplace, paid sick time 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.<sup>11</sup> When working family members are ill, paid sick days and paid leave help to bridge the income gap and create needed benefits for the sick family.

- *Paid Leave Leads to Healthier Families:* When parents participate in the care of sick children, these children recover more rapidly from illnesses and injuries and have better health outcomes. But 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.<sup>12</sup> However, many parents report they often have no choice but to go to work when their children are sick.<sup>13</sup> 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.<sup>14</sup>
- *Paid Leave Impacts Everyone During an Economic Crisis:* 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. In Pennsylvania, 21 percent of all households earn less than the Self-Sufficiency Standard for Pennsylvania, a conservative measurement of the expenses families face to meet their basic needs.<sup>15</sup> The Standard sets a bare bones budget, with no room for movies, cable, or debt repayment – and no room for a missed day to recuperate from the flu or care for a sick child.

### **One Worker’s Story on the Need for Paid Sick Time**

At PathWays PA, we have an employee whose previous company “allowed” her to take a paid sick day, but labeled each day as an “occurrence.” More than three occurrences in a six-month period led to a written warning, and our employee saw others lose their jobs because they took “paid” sick time.

Although she worked while sick many times, when her daughter was admitted to Children’s Hospital in Philadelphia, our employee had to be with her child. During the hospital stay, she had to choose between working, which meant being two hours away, or staying at the hospital, which meant losing her job.

This is a direct quote: “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.”

## **Paid Leave Makes Sense Even in This Economy**

During times of economic crisis, paid sick days are critical because their families have less of an economic cushion to sustain them during unpaid leave or unemployment. Just as importantly, paid sick leave policies have no relationship to the national unemployment rate. In a recent study from the Center for Economic and Policy Research, the authors tested the impact of paid sick time on unemployment data for 22 affluent countries and found no correlation between sick time policies and unemployment.<sup>16</sup>

While paid leave impacts everyone, those closest to poverty are among those most impacted by being able to earn time to care for their families. 76 percent of low-wage and low-income workers do not have access to paid sick leave.<sup>17</sup> These workers also face a higher likelihood of being fired for staying home to care for a sick child. However, 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.

## **In Conclusion: Workers Need Paid Sick Time**

There are many more families in Pennsylvania that are like the families of our employees – 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 can have the time they need with their parents, and that parents can concentrate on work instead of worrying about a sick child from afar.

### Note on the FIRST Act:

*While PathWays PA supports both HFA and the FIRST Act, our testimony primarily concentrates on HFA. However, we would like to state the need for the FIRST Act as well. The FIRST Act, which provides grants to the states to implement and improve their paid family leave programs, would give workers the opportunity to care for their families in times of critical need. The Family and Medical Leave Act (FMLA) gives about 60 percent of American workers the right to take up to 12 weeks of unpaid leave following the birth or adoption of a child or because of the serious health condition of the worker or the worker’s child, spouse, or parent.<sup>18</sup> Yet studies show that among workers who need family and medical leave but do not take it, seventy-eight percent chose not to take leave because they cannot afford to miss a paycheck.<sup>19</sup> Without fully paid leave, nearly one in ten workers were forced onto public assistance to make ends meet.<sup>20</sup>*

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- <sup>1</sup> “Get Well Soon: Americans Can’t Afford to be Sick.” Washington, D.C.: National Partnership for Women and Families, 2004, p. 1.
- <sup>2</sup> 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>).
- <sup>3</sup> 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](http://www.clasp.org/publications/responsive_workplaces.pdf). Accessed 8/26/08.
- <sup>4</sup> 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](http://www.nfib.com/object/IO_26096.html). Accessed 08/25/08.
- <sup>5</sup> 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](http://www.nfib.com/object/IO_26096.html). Accessed 08/25/08.
- <sup>6</sup> 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>.
- <sup>7</sup> 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>.
- <sup>8</sup> 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.
- <sup>9</sup> 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.
- <sup>10</sup> 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.
- <sup>11</sup> Alison Earle, Ph.D., Testimony before Massachusetts Joint Committee on Labor and Workforce Development, May 4, 2005.
- <sup>12</sup> 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](http://www.bls.gov/ncs/ebs/sp/ebsm0004.pdf).
- <sup>13</sup> Alison Earle, Ph.D., Testimony before Massachusetts Joint Committee on Labor and Workforce Development, May 4, 2005..
- <sup>14</sup> Alison Earle, Ph.D., Testimony before Massachusetts Joint Committee on Labor and Workforce Development, May 4, 2005.
- <sup>15</sup> Diana Pearce, Ph. D., Overlooked and Undercounted: Struggling to Make Ends Meet in Pennsylvania. May 2009.
- <sup>16</sup> John Schmitt, Hye Jin Rho, Alison Earle, and Jody Heymann, “Paid Sick Days Don’t cause Unemployment.” <http://salsa.democracynaction.org/dia/track.jsp?v=2&c=AyxtewOJ3nJUGQyFIRmWZKMFa8fBupv7>. Accessed 18 June 2009.
- <sup>17</sup> 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](http://www.iwpr.org).
- <sup>18</sup> Workers are covered by FMLA protections if they work for companies with at least 50 workers or for public employers and have been with their employer for at least one year. With these restrictions, roughly 40 percent of workers are not covered by the FMLA.
- <sup>19</sup> Nicole Costa. “Highlights of the 2000 U.S. Department of Labor Report Balancing the Needs of Families and Employers: Family and Medical Leave Surveys.” Washington, D.C.: National Partnership for Women and Families, 2000, p. 5. Available at <http://www.nationalpartnership.org/portals/p3/library/FamilyMedicalLeave/2000DOLLaborReportHighlights.pdf>.
- <sup>20</sup> Nicole Costa. “Highlights of the 2000 U.S. Department of Labor Report Balancing the Needs of Families and Employers: Family and Medical Leave Surveys.” Washington, D.C.: National Partnership for Women and Families, 2000, p. 5. Available at <http://www.nationalpartnership.org/portals/p3/library/FamilyMedicalLeave/2000DOLLaborReportHighlights.pdf>.