



TO: Councilmember Vincent Orange, Councilmember Jack Evans, and members of the Committee on Business, Consumer, and Regulatory Affairs and Committee on Finance and Revenue

FROM: Elise Gould, PhD, Director of Health Policy Research, Economic Policy Institute

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Thank you for the opportunity to discuss how the Earned Sick and Safe Leave Amendment Act of 2013 would impact employers, workers, families, and the general public. The Economic Policy Institute's mission is to inform and empower individuals to seek solutions that ensure broadly shared prosperity and opportunity. I support the Earned Sick and Safe Leave Amendment Act because it gives all workers, particularly restaurant workers, the ability to earn paid sick days, protecting workers' ability to provide for and care for themselves and their families. In addition, while the costs to business owners are practically negligible, both businesses and the people of the District of Columbia will gain from a more productive and healthier workforce.

Earned sick time is a wise investment for DC's employers, workers, and general public. The many employers that already provide paid sick leave would have a level playing field with their competitors, and all would more easily maintain a healthy workplace. While any new labor standard generates concerns about the business climate and job creation, the evidence from jurisdictions that have legislated earned paid sick days has all been positive. The first jurisdiction to set a paid sick days standard was San Francisco, where employers have been required to offer earned paid leave since 2007. Fears that the law would impede job growth were never realized. In fact, during the last five years, employment in San Francisco grew twice as fast as in neighboring counties that had no sick leave policy. San Francisco's job growth was faster, according to the Institute for Women's Policy Research, even in the food service and hospitality sector, which is dominated by small businesses and viewed as vulnerable to additional costs.

There is no reason to think the impact on business in DC would be any different from the experiences in San Francisco. The DC Earned Sick and Safe Leave Amendment Act of 2013 explicitly levels the playing fields among all employers, raising the quality of jobs across the board. The earned paid sick time is accrued at a reasonable pace, one hour for every 37 hours worked, capped at seven full days per year for full-time workers. Paid sick leave is accrued more slowly and caps at 5 days for employers with between 25 and 99 employees and at 3 days for employers with fewer than 25 employees. Part-time workers are treated accordingly at a rate commensurate with their hours worked. This provides no extra burden to employers, and removes any incentives to reduce hours of workers who rely on full-time employment to provide for themselves and their families.

What is unreasonable is the waiting period under current law wherein workers need to work a full year before they can access any benefits. Eliminating the waiting period

would not induce hardship on employers and would make the sick and safe leave far more beneficial to workers.

My Economic Policy Institute colleague Doug Hall and I calculated the potential impact of DC's Earned Sick and Safe Leave Amendment Act of 2013. Our estimates and methods are displayed in the table below. We concluded that the cost of allowing employees to earn three to seven days of paid sick leave a year, for all workers, regardless of tenure, would be very small relative to sales. If DC employees with no sick leave are given the ability to earn seven days of paid leave and use it as much as employees who already have access to leave, the cost is predicted to be only 0.29 percent of sales, an overestimate because it assumes firms of all sizes are required to provide seven days. When looking specifically at the accommodation and food services industry, the sector which includes restaurant workers, the estimated cost of average use for seven days of paid sick leave is only 0.18 percent of total sales. Further, while any additional costs may be easily absorbed through small changes in other forms of compensation, hours, prices, or profits, earned sick time may actually save employers money through reduced turnover and higher productivity.

Estimated cost of implementing paid sick days, assuming no paid sick leave currently, as share of total sales, by number of days and industry sector

Industrial Sector*	Payroll as Share of Employer Sales**	Maximum Cost of 3 days (%)	Maximum Cost of 7 days (%)	Average Use (in days) of sick leave (given 24 hours of sick leave)***	Average Use (in days) of sick leave (given 56 hours of sick leave)***	Cost of Average Use as Share of Total Sales (3 days)	Cost of Average Use as Share of Total Sales (7 days)
Manufacturing	24.3%	0.28%	0.65%	1.8	2.5	0.17%	0.23%
Wholesale trade	10.2%	0.12%	0.28%	2.0	2.8	0.08%	0.11%
Retail trade	12.6%	0.15%	0.34%	2.0	2.8	0.10%	0.13%
Real estate and rental and leasing	22.7%	0.26%	0.61%	2.3	3.2	0.20%	0.28%
Professional, scientific, and technical services	35.4%	0.41%	0.95%	2.1	3.0	0.29%	0.40%
Administrative and support and waste management and remediation services	44.9%	0.52%	1.21%	2.2	3.1	0.39%	0.54%
Educational services	25.0%	0.29%	0.67%	2.2	3.1	0.21%	0.29%
Health care and social assistance	40.6%	0.47%	1.09%	1.9	2.7	0.30%	0.42%
Arts, entertainment, and recreation	36.4%	0.42%	0.98%	2.1	3.0	0.30%	0.41%
Accommodation and food services	28.9%	0.33%	0.78%	1.2	1.6	0.13%	0.18%
Other services (except public administration)	20.4%	0.23%	0.55%	2.1	2.9	0.16%	0.22%
Total (for available sectors)	29.6%	0.34%	0.80%	1.9	2.6	0.21%	0.29%

* NAICS industry sectors lacking data on payroll and/or sales excluded from analysis here include: Mining, Utilities, Construction, Transportation and Warehousing, Information, Finance and Insurance, and Management

** "Sales" refers to "employer sales, shipments, receipts, or business done," as defined in the U.S. Census Bureau's Economic Census.

*** Includes time taken for own illness, to care for ill family members, and for medical appointments.

Source: EPI analysis of U.S. Census Bureau (2007) and Miller (2011)

Currently, 40 percent of private sector employees nationwide cannot earn paid sick days, and lower-paid service workers in the restaurant and fast-food industries are particularly unlikely to have this safeguard. Food service workers, who come into physical contact with the public and handle our food, are among the least likely to be able to earn paid sick leave. There can be serious consequences when infected employees go to work, as happened with an estimated 8 million people during the peak of the H1N1 flu virus outbreak several years ago.

According to estimates from the Institute for Women's Policy Research, 20,306 DC workers will gain the opportunity to receive paid sick leave under the Earned Sick and Safe Leave Amendment Act. Opening access to paid sick days for more than 20,000 DC workers who do not have access will mean stronger, healthier families. Working parents are often forced to choose between staying home with a sick child and going to work. When parents cannot take off work, children are sometimes sent to school ill, diminishing their learning experience and exposing other students, teachers and staff to infection. When employees go to work sick, they endanger their own health and the health of their colleagues while jeopardizing safety and the quality of their work. At the same time, staying home without pay and putting one's own health first can result in overdue bills and not having enough food to eat.

You have the opportunity to give restaurant workers the ability to earn paid sick days, saving them from a choice between going to work sick or going without pay (and maybe even losing a job). Thank you for giving me the opportunity to provide evidence in support of the Earned Sick and Safe Leave Amendment Act of 2013. I also want to express my support for a substantial increase in the minimum wage for all workers. I respectfully urge you to seize the opportunity to take the lead in quality job creation and sensible public policy.