



Testimony Presented to the House Committee on Michigan Competitiveness

Senate Bill 1175 – Paid Sick Leave

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Good morning, Chairman Chatfield and members of the House Committee on Michigan Competitiveness. Thank you for the opportunity to testify today. I am Peter Ruark, senior policy analyst with Michigan League for Public Policy, a nonpartisan policy institute dedicated to economic opportunity for all.

On September 5, the Michigan Legislature passed Public Act 338, the Earned Sick Time Act. This act enables employees to earn one hour of paid sick time for every thirty hours worked, up to a total of 72 hours (equal to nine eight-hour work days) of sick time as needed per year. For businesses with fewer than 10 employees, the first 40 hours must be paid sick time and if more sick time is needed, the remaining 32 hours may be unpaid. All other employers are required to provide 72 hours of paid sick time per year as needed.

The Michigan League for Public Policy asks you to reject Senate Bill 1175, which would amend this new law to exclude nearly 55% of the workforce in Michigan, specifically:

- workers at businesses with fewer than 50 employees within a 75-mile radius (39.6% of Michigan workers);
- workers who have been at their jobs for less than one year;
- part-time workers working less than 25 hours per week on average;
- workers in occupations such as trucking and sales who are not covered by the Fair Labor Standards Act; and
- workers covered by union contracts.

In addition to leaving behind many workers who need earned sick leave, this bill creates a substantial loophole for many who are covered—allowing any kind of paid leave, such as vacation time or personal time off (PTO), to count as sick leave. An employer who offers paid vacation with a requirement that the employee submit the request for time off two weeks in advance would be able to dock the pay of, or otherwise penalize, an employee who calls in sick the same day. In keeping with the spirit of the proposal favored by Michigan residents, it is important that any paid leave time employers provide that counts in lieu of paid sick time be subject to the same requirements as paid sick time.

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Sick leave is a form of insurance, and that is how most employees see it. It is important to recognize that although nine full workdays' worth of sick leave per year sounds like a lot, most employees with paid leave don't use anywhere near that amount. Nationally, workers with access to paid sick time use an average of 2.2 days a year in small firms and 3.1 days a year in large firms.

In San Francisco, one of the first places to enact a sick time requirement, the median utilization was just three days per year. More than one quarter of workers surveyed in San Francisco did not use any paid sick days at all in the previous year. In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after the paid sick days law was implemented.

Business groups in Michigan are predictably opposing the new law, yet experiences in other states show that paid sick leave does not impose a significant cost burden to employers:

- In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only about 0.4% of total firm revenue for the year, and 70% of surveyed employers expressed support for the policy a year after implementation.
- In Connecticut, nearly half of employers surveyed reported having no increased overall cost, and 19% of employers reported an increased cost of less than 2%.
- In San Francisco, six out of seven employers reported no adverse effects on profitability and most reported that implementing the Paid Sick Leave Ordinance was not difficult.
- National survey data collected in 2016 from current members of the national U.S. Chamber of Commerce and state and local chambers found that 73% said they support paid sick day policies.
- Even a prominent Michigan business organization that opposes this bill recently published a blog saying that companies across the nation that offer sick day policies "are finding that the policies are not abused and have actually increased productivity, reduced absenteeism (because fewer workers overall are getting sick), and increased morale."

When workers cannot take time off to properly address health issues, their families become increasingly sicker and family stress is increased. When workers in the restaurant, retail and caregiving industries come in sick, it endangers public health. In addressing this problem, the Earned Sick Time Act passed by this Legislature improves quality of life for Michigan families and creates safer, healthier work and school environments for all. Please preserve it.

Thank you, and I'll be happy to answer any questions.