



**House Labor Relations Committee
Public Hearing on House Bills 1155 & 1386
August 28, 2008, Philadelphia Convention Center**

**Testimony of Samuel Denisco, Director Government Affairs
Pennsylvania Chamber of Business & Industry**

Good morning Chairman Belfanti, Chairman DiGirolamo and members of the Committee. My name is Sam Denisco. I am Director of Government Affairs for the PA Chamber of Business and Industry. The Pennsylvania Chamber of Business and Industry is the state's largest broad-based business advocacy association, serving more than 24,000 members and customers. PA Chamber membership comprises nearly 50 percent of the private workforce. PA Chamber membership ranges from Fortune 100 companies to sole proprietors, and crosses all industry sectors.

Thank you for giving the Chamber the opportunity to testify today on House Bills 1155 and 1386. HB 1155 would require employers to provide employees with paid sick leave to be used to cover the employee's own illness or the illness of a family member. HB 1386 would require employers and employees to pay into a fund in order for employees to receive wage replacement benefits so they can care for a spouse, child or parent with a serious health condition or to bond with a new born or adopted child. While both bills are well-intended, they are very problematic for employers and employees.

First and foremost, these bills will restrict employer flexibility in meeting the needs of their respective workforces. Most businesses have structured their workforces in a fashion that adequately meets the needs of its employees while not comprising the work product of the employer. If an employer has to provide paid sick leave for the reasons set forth in HB 1155, it may not be able to do so for other valid reasons, such as military leave, bereavement leave and personal days for religious observances. Additionally, if an employer has to fund family leave pursuant to HB 1386, the employer may do so by cutting back on other employee benefit programs such as short term and long term disability policies in order to fund the family leave. In the end, many employers may look for relief in their wage structure, their 401k contributions, their health insurance contributions or other employee benefits.

The business community favors legislation that strikes a balance between the needs of employers and those they employ. This balance is key in our economically competitive market. Legislation that tips the scale one way could result in the loss of a business or limited growth for the state, both of which would hurt employers and employees equally. Paid leave is an example of legislation that tips the scale in the wrong direction. The business community believes that government should avoid stepping in between the employer and the employee from a benefit perspective. Some employees want a greater 401 (k) contribution. Others might want to work a full week in just 4 days. And still others might seek flextime. These options are accomplished when employers and employees work together and not when government steps in and mandates a one-size-fits-all benefit package.

Paid sick leave mandates reduce employers' flexibility to tailor benefits packages to their workforce's particular needs. For instance, young, single workers may have little interest in paid sick leave and would prefer higher wages and larger 401k contributions.

Similarly, workers with families may prefer better health insurance benefits with smaller co-pays and deductibles.

This legislation is especially burdensome and disruptive for small businesses that require skilled employees. For instance, if a business employs five people and one goes out for 12 weeks, there is no way to easily replace that person. The other four-team members will have to pick up the extra work, forcing them to work longer hours. This will not enhance the work environment and certainly does not do anything to lay a foundation for supporting families in the workplace. In fact, those left to maintain productivity will experience additional stress on themselves and their families, working longer hours to maintain profitability.

Currently there are a number of industries where it is difficult to find full time employees. The challenge will be made all the more difficult if HB 1386 is enacted. For instance, if a job is offered only for twelve weeks in duration, this will effectively allow the temporary employee, if eligible, to opt for a fully paid twelve week leave immediately upon arrival at his/her new employment. In addition, a number of industries require a license for employment. It would be very difficult to find a another licensed professional to work for twelve weeks, so the employer would either be forced to ignore the customer or add to the workload of the employees who didn't go out on leave. Either way someone loses in this scenario.

Additionally, there are other issues in the bills that are unclear which may lead to an unintended litigious environment. For instance, HB 1155 defines “family member” to include spouse, child, parent, grandparent, extended family member, or any other individual related by blood or affinity whose relationship with the employee is equivalent to a family relationship. Based on this definition, it will be near impossible to draw a fine line as to who is covered under this definition. Arguably, it can be anyone. This broad definition will inevitably invite abuses of this policy and fraudulent leave claims. In the end, employers who draw lines as to who is “family” may have to defend themselves in court.

Finally, these bills represent a costly mandate on employers. The bills, if enacted, will increase costs for employers at a time when many employers are laying off employees for economic reasons. Mandatory paid benefits that increase small-business costs would have to be recouped elsewhere, perhaps through reduced wages or fewer paid benefits in other areas. In cases where employees take leave with little or no notice, employers may even face double payments—pay for both the person taking sick leave and for the person called in to cover the shift.

Addressing the diverse needs of employers and employees is paramount to a successful workforce. By allowing businesses to meet the diverse needs of its workforce without government mandates, employers will be able to effectively operate in competitive markets and maintain the flexibility to support healthy families and a healthy workforce.

This concludes my testimony. Again, thank you for the opportunity to appear before you today.

