

# NEW JERSEY STATE AFL-CIO

106 West State Street  
Trenton, New Jersey 08608

(609) 989-8730

FAX (609) 989-8734

[www.njaficio.org](http://www.njaficio.org)

CHARLES WOWKANECH

LAUREL BRENNAN

CHARLES H. MARCIANTE



SCOTT ADAMS

JOYCE ALSTON

MICHAEL BARNES

JAMES R. CHEW, JR.

NOEL CHRISTMAS

JOSEPH DEMARK, JR.

WYATT EARP

SHARON EASTWICK

ROY FOSTER

THOMAS GIBLIN

SHERRYL GORDON

RAYMOND GREAVES

CHARLES HALL, JR.

HERBERT HALL

JAMES KEHOE

CHRISTINE KERBER

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DOMINICK MARINO

MATTHEW McCARTY

C. ROBERT McDEVITT

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ANTHONY SANTO

DAVID SCHNECK

JOHN SHINN

JOSEPH SORESI

RICHARD SWEENEY

BUDDY THOMAN

DERRICK THOMAS

RICHARD TOLSON

ANN TWOMEY

HARVEY WHILLE

October 9, 2014

Dear Members of the Assembly Labor Committee:

## **Re: Please Support A-2354 (Lampitt/Mukherji) Establishes an Earned Sick Leave Program**

The New Jersey State AFL-CIO would like to thank the Sponsors of this bill for their leadership in moving this policy forward, as well as Chairman Egan for posting the bill. The bill before you today is a win-win for consumers, employees and the communities that they live and work in and we respectfully ask for your support.

By advancing this legislation, New Jersey is once again acting where the federal government has not. While the federal government drags its feet on raising the minimum wage, the people of New Jersey, with the help of the legislature, acted. Where the federal government drags its feet on paid family leave, New Jersey acted. And now once again, as the United States lags all other wealthy first world nations in creating a paid sick leave policy, New Jersey is moving forward.

Unfortunately, over the last three decades, the federal government has mostly been unable to address many of the challenges of today's changing workforce. Gone are the days of single earner families and gone are the days of reliable wage growth. Economic security for the vast majority or low income workers and a large percentage of middle class workers continues to deteriorate and nowhere is this more evident than the failure of Congress to enact a paid sick leave program.

Sadly, the lack of a policy on paid sick days at the federal level has further eroded economic security already plagued by three decades of wage stagnation. The most recent study conducted by the Center for Economic and Policy research titled "Contagion Nation" (rankings are attached) compares paid sick day policies of the wealthiest 22 nations in the world as ranked by the United Nations using economic development statistics. Sadly, the United States is the only country that does not have a paid sick day law. Fortunately states like Connecticut and California have changed direction, as have many local governments, including New York City and several cities in New Jersey. Now is the time for our entire state to catch up to the rest of the world and implement a policy that is sorely lacking from today's workplace.

*"The Voice for Working Families in New Jersey"*

We are going to hear a lot of testimony today from both sides of this issue. One of the arguments that will be made against a sick leave policy is that it will result in a heavy financial burden for employers, which will result in job loss. A large volume of academic, independent research has been conducted on this exact issue and we would like to bring to your attention two specific examples.

The first is San Francisco, which now has had the law on the books since 2007. Fears that the law would result in job growth were never realized and for the last five years, job growth in San Francisco is twice that of neighboring counties that had no sick leave policy.

Connecticut is the second example. A study published this year titled "Good for Business?" was released by the Center for Economic and Policy Research and the City University of New York and surveyed Connecticut's employers after the law was implemented. The Executive Summary concludes that "most employers reported a modest impact or no impact of the law on their costs or business operations and that the administrative burden was minimal. After 18 months of implementation, 75% of employers expressed support for the law." A copy of the study summary is attached.

Of course, we acknowledge that there is a cost to this policy to employers. If someone calls out sick, they need to be replaced that day. But studies illustrate that this cost to business owners are practically negligible and is offset by reduced costs associated with turnover, recruitment and training.

In closing, the net benefit of this policy is a positive one. A benefit that all wealthy first world nations enjoy, but unfortunately is lacking here. It's time for New Jersey to adapt to the needs of a changing workforce and changing society and do the right thing by passing this bill into law.

Sincerely,



Charles Wowkanech  
President



Laurel Brennan  
Secretary-Treasurer

CW:LB:jd  
OPEIU:153  
Attachments (2)



**TABLE 1**  
**Main Features of National Paid-Sick-Day and Paid-Sick-Leave Systems in 22 High HDI Countries**

Country	Source of Payment		Minimum Job Tenure Requirement		Benefit Variations*
	5-Day Flu	50-Day Cancer	5-Day Flu	50-Day Cancer	
Australia	E	E	None	None	None
Austria	E	E & SI	None	None	Payment amount depends on job tenure after 5 years of service.
Belgium	E (white-collar)	E & SI	None	120 hours in 6 months immediately prior to illness (SI)	None
Canada	None	SI	N/A	600 hours work in the last 52 weeks or since last claim	None
Denmark	E (private-sector); SI if not E	E & SI	72 hours during 8 weeks of service (private-sector)	120 hours in 13 weeks immediately prior to illness	None
Finland	E	E & SI		1 month	50% if less than 1 month (E); Amount of SI benefits vary by income.
France	SI	SI	800 hours in preceding 12 months (200 hours of which in first three months)		If employed for less than 12 months (200 hours in the preceding three months), benefits paid for six months
Germany	E	E & SI	4 weeks of service		None
Greece	E-SI (50-50)	E & SI	1 year of service		If less than one year, 100% pay for 2 weeks only. Duration of benefits thereafter depends on insurance contributions.**
Iceland	E	E & SI	1 month	1 month (E); 2 months (SI)	Duration of payment depends on job tenure.
Ireland	SI	SI	104 weeks of insurance contributions		Duration of payment depends on insurance contributions; amount of payment depends on income.
Italy	SI	SI	None	None	None
Japan	None	SI	N/A	2 months of service	None
Luxembourg	E (SI refunds 80%)	E (SI refunds 80%)	None	None	None
Netherlands	E	E	None	None	None
New Zealand	E	E	6 months of service		None
Norway	E	E & SI	4 weeks of service		None
Spain	E (SI refunds)	SI	None	None	None
Sweden	E	SI	1 month of service or 14 consecutive days of work before illness		None
Switzerland	E	E	3 months of service		Payment amount depends on job tenure.
United Kingdom	E	E	None	None	SI benefit amounts depend on the phases of sickness assessment and the age.
United States	None	None	N/A	N/A	None

Note: E refers to employer-sponsored paid sick days; SI refers to social insurance.

\*See Rho, Schmitt, Earle, and Heymann (2009) for more details on benefit variations for each country.

\*\*Insurance contribution and tenure requirements are two separate cases. A worker with one month of employment with the same employer, for example, may have more than one month of insurance contributions due to prior employment.

Source: See Rho, Schmitt, Earle, and Heymann (2009) for specific sources of data for each country.

**TABLE 2**  
**Financial Supports in National Paid-Sick-Day and Paid-Sick-Leave Systems in 22 High HDI Countries**

Country	Sickness Pay	Social Insurance Benefit Ceiling	Waiting Period (calendar days)
Australia	10 days (100%, E)	None	0
Austria	6 weeks (100%, E), additional 4 weeks (50%, E) (25%, SI); SI benefits continue for 52 weeks (50%, 60% after 6 weeks)	€3,930 per month	0 (E); 3 (SI)
Belgium	1 month for white-collar workers (100%, E), 7 days for manual workers (100%, E) up to 2 weeks (60% plus supplemental, E); if still ill, up to 1 year (60%, SI)	€112.87 per day	0 (E); 1 (SI)
Canada	12 weeks of job protection (unpaid); 15 weeks (55%, SI)	CAD \$42,300 per year	14 (SI)
Denmark	2 weeks for private-sector (100%, E, reimbursed by SI for 2 more weeks); if still ill, 52 weeks in an 18-month period (61.7%, SI)	DKK 3,515 per a 37-hr work week	0
Finland	First 9 days (100%, E); if still ill, 300 days in a 2-year period, excluding Sundays (92.7%, SI)	70% x 1/300 earnings for low earners; €66.27 plus 40% x 1/300 earnings at median.	0
France	12 months in a 3-year period (50%, SI)	€47.65 per day	3 (SI)
Germany	6 weeks (100%, E); if still ill, 78 weeks in a 3-year period (70%, SI)	Up to 90% of net salary	0
Greece	2 weeks (100%, E&SI) (50%, E during waiting period); if still ill, from 180 to 720 days (50.5%, SI)	€15.68 per day for first 15 days, €28.81 thereafter	0 (E); 3 (SI)
Iceland	12 days per year (100%, E); from 15th day (if illness lasted >20 days), up to 52 weeks in a 2-year period (ISK 1,000 plus twice the 270 for 2 dependents, 13.5%, SI)	Flat rate of ISK 1,000 per day	0 (E); 14 (SI)
Ireland	Up to 52 weeks (36.6%, SI)	Flat rate of €204.30 per week.	3 (SI)
Italy	First 20 days (50%, SI); from 21st day, up to 180 days (66.7%, SI)	None	3 (SI)
Japan	Up to 18 months (60%, SI, serious illness only)	None	3 (SI)
Luxembourg	First 77 days (100%, E(80% reimbursed by SI)) until the end of the month during which the 77th day occurs.	None	0
Netherlands	2 years (70%, E), min. wage not guaranteed in the 2nd year.	None	0
New Zealand	5 days in a 12-month period (100%, E)	None	0
Norway	16 calendar days (100%, E); if still ill, up to 52 weeks (100%, SI)	None	0
Spain	First 16 days (60%, SI refunds E); from 16th to 20th day (60%, SI); 21st day up to 12 months (75%, SI), extension up to 18 months	75% of earnings up to €3,074.10 per month	3 (SI)
Sweden	First 14 days (80%, E); if still ill, up to 364 days over a 15-month period (80%, SI); extension possible up to 550 days (75%, SI); for more serious illness, no formal max (70%, SI).	SEK 321,000 per year	1 (E), 0 (SI)
Switzerland	3 weeks (100%, E)	None	0
United Kingdom	Up to 28 weeks (£75.40, 20.3%, E), if still ill, 13 weeks of assessment phase and additional periods of main phase (SI).	Flat rate of £75.40 per week for 28 weeks	3 (E), 3 (SI)
United States	None	N/A	N/A

Note: For full-time worker with six months or more job tenure and national median earnings (and, where relevant, with two dependents). Per-year basis if not noted otherwise. For Denmark, Finland, Greece, Iceland, we use the 2005 average worker earnings; for Ireland, average production worker earnings (as specified in OECD, 2007, p.185); for United Kingdom, 2008 weekly median wage (retrieved from UK office for National Statistics) to calculate full-time equivalent wage replacement rate. In Australia, Finland, France, Greece, Ireland, Switzerland, and United Kingdom, amounts of benefits vary by job tenure, insurance contributions, income, or age. See Table 1.

Source: See Rho, Schmitt, Earle, and Heymann (2009) for specific sources of data for each country.



# GOOD FOR BUSINESS? CONNECTICUT'S PAID SICK LEAVE LAW

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Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger



Center for Economic and Policy Research

The Murphy Institute  
The City University of New York

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## Executive Summary

On July 1, 2011, Connecticut became the first state in the nation to pass legislation requiring many employers to allow workers to earn paid sick leave; the law took effect six months later. It brought paid sick leave to large numbers of part-time workers in the state for the first time, especially in industries like hospitality and retail. The law also prohibits employers from penalizing covered workers who take paid sick leave, an important protection. The concerns articulated by many business associations that the law would impose heavy burdens on employers and invite worker abuse turn out to have been misplaced; instead the impact of the new law on business has been modest. One reason for this is that the coverage of the statute is limited, affecting only establishments with 50 or more workers and excluding manufacturing businesses as well as nationally chartered non-profit organizations. In short, this path-breaking legislation has brought paid sick leave to tens of thousands of Connecticut workers, with modest effects or none at all on the state's businesses.

This report examines the experiences of Connecticut employers with the state's paid sick leave law. Between June and September 2013, a year and a half after the law went into effect, we conducted a survey of 251 Connecticut employers covered by the new law using a size-stratified random sample. In addition, we conducted on-site interviews with managers, using a convenience sample of 15 covered organizations in the state, to assess the impact of the new law in more detail.

The survey results demonstrate, and the site visits and employer interviews confirm, that the Connecticut law has had a modest impact on businesses in the state – contrary to many of the fears expressed by business interests prior to the passage of the legislation. Among the factors limiting its impact are the many carve-outs in the law's coverage and the fact that the vast bulk of the employers who are covered – those with 50 or more employees – already provided paid sick leave to some or all of their employees before the law took effect.

The largest increases in paid sick leave coverage after the law went into effect were in health, education and social services; hospitality; and retail. Part-time workers, rarely covered before the law took effect, benefited disproportionately from its passage. Few employers reported abuse of the new law, and many noted positive benefits such as improved morale and reductions in the spread of illness in the workplace.

Most employers reported a modest impact or no impact of the law on their costs or business operations, and they typically found that the administrative burden was minimal. Finally, a year and a half after its implementation, more than three-quarters of surveyed employers expressed support for the earned paid sick leave law.

