



**The
Business
Council**

Testimony to

**The New York City Council Committee on
Civil Service and Labor**

*Hearing on Intro # 1059 regarding mandatory employee sick
time*

Presented by

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Mr. Chairman, and members of the Committee on Civil Service and Labor and other City Council members, my name is Tom Minnick and I am Vice President of Human Resources at The Business Council of New York State, Inc. We represent more than 3,000 private sector employers across New York State and more than 260 employers in the five boroughs employing over 217,000 employees. On behalf of those members, I appreciate this opportunity to provide you with our views on intro # 1059 which would mandate employers in the City of New York to provide up to nine days of sick leave per year.

The Business Council urges the City Council to reject this proposal. Here's why.

Mandated leave will increase absenteeism

Economics makes the case that work incentives matter. In a recent article in the New York Times, Casey Mulligan, economics professor at the University of Chicago, wrote that The International Monetary Fund studied American and European employees' absence from work for sickness from 1995 to 2003. The report found that the average European was absent from work for sickness more than American workers. In the Netherlands, Norway and Sweden specifically, workers stayed home sick twice as often as American workers.

No study has found that Europeans are sicker than Americans. Some have argued the contrary. So, why would European workers stay home sick more than their American counterparts? The answer is that mandated government social insurance systems in Europe reward employees' absence. Certainly, under such systems, sick workers are less likely to go to work when they are sick, but employees who are not sick are more likely to be absent saying they are sick. The labor market responds to the governments' sick leave program reward of paid absence by keeping European workers home sick more often. Don't do that here in New York City.

The five borough Chambers of Commerce, representing over 5,000 business, have a recent sample survey showing that 2 out of 3 businesses responding

already provide paid sick leave to their employees and of those businesses, nearly half provide more than 5 sick days per year.

Our experience has been that in small businesses who do not provide a formal sick leave program, they will work with their valuable employees and work out a win-win arrangement that works for both the employee in need and the small business owner.

Employers and workers are better positioned to provide a workable solution to time off needs, not governmental one-size-fits-all mandates.

This local government unfunded mandate puts City businesses in an uncompetitive position

The 215,000 private businesses in the five boroughs compete with other businesses both in and out of New York State. For years, they have toiled under a significantly heavier tax, fee and regulatory burden than their competitors outside of the city line. The additional cost and administrative requirements of this proposal which you hear from others testifying today, will further impede competition and hinder the already slow moving recovery. Don't put New York City businesses in this position. If there is to be further debate, discussion and action around mandated government paid leave and paid time off, let it be at the federal level so the effect would be consistent and spread across industries or geography.

Consider that the city has lost 7,200 private employers and 100,000 private sector jobs in the past year. Citywide real unemployment including discouraged and part-time workers that want full time employment is at 16.4 percent, nearly double the 8.9 percent rate of a year ago. 408,000 New York City residents are now officially counted as unemployed compared to 234,000 one year ago. This is no time to make it harder for businesses to create and retain private sector jobs.

Economic recovery will be driven by new private sector investment and job growth.

In the past year, using recent Department of Labor Data, New York State lost 207,000 private sector jobs. Official unemployment rates in New York City are over 10 percent and above 8 percent in many regions upstate.

Employers in New York City need to re-create those jobs, and create thousands more, simply to put the unemployed back to work and to keep up with a growing population. The alternative is a continued loss of young, talented people to states with more competitive economic climates and greater economic opportunities.

We, and a significant number of our members, believe the state legislature and the city council need to reduce the size and cost of state and local government, and the cost burdens it imposes on the private sector and job growth.

Statewide, 850,000 New Yorkers are out of work and searching for jobs while another 450,000 have given up looking or can only find part-time work. Only private sector employers can create real jobs that will offer out-of-work New Yorkers hope and opportunity. But, those private employers are being drowned in a sea of taxes, fees and new costs which discourage job creation. New York needs 500,000 new jobs just to return to pre-recession employment levels. Those jobs will come only with economic growth and that growth can't happen until government clears obstacles such as this out of the way.

It is inconceivable that the City Council would impose a new unfunded mandate on the backs of struggling city employers, driving up costs in the middle of the most profound recession since the Great Depression, just when New York City, facing staggering and protracted unemployment levels, needs private sector job growth. It makes no sense that the City Council is stepping forward to propose a burdensome new requirement with new added costs on the very same business owners they turn to for those new jobs.

Thank you for the opportunity to testify today.

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