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For more information contact:
David Black, Seattle SHRM
206.626.6431
BlackD@jacksonlewis.com

Human Resource Professionals Urge Economic Impact Study of Mandatory Paid Sick Leave Proposal With Anticipated \$100-million-a-year Price Tag For Local Business

SEATTLE – Calling a proposal for mandatory paid sick leave in Seattle one of the city's most significant fiscal and policy decisions in decades, the Seattle Chapter of the Society of Human Resources Management (SHRM) today urged city officials to commission an independent economic impact study before deciding the issue.

"It would be imprudent in the extreme for the city to impose mandatory paid sick leave requirements on employers without fully investigating the fiscal and policy implications of such a far-reaching proposal," said David Black, an employment law attorney at Jackson Lewis, LLP and Seattle SHRM Legislative Director. SHRM is the leading association of human resources professionals and has over 370 members in its Seattle chapter.

"If proponents are correct in estimating there are 190,000 employees without paid sick leave in Seattle, then this proposal could easily cost employers more than \$100 million a year. And the policy implications of mandatory paid sick leave are equally important," Black said.

The information from an economic impact study could help ensure that a mandatory paid sick leave policy does not further harm Seattle's competitiveness. This is especially important in light of the Puget Sound Regional Council's report last week that the City of Seattle lost 40,000 jobs between 2000 and 2010 and is losing employment share relative to the region. The losses in employment between 2000 and 2010 in Seattle represents an 8% decrease in total jobs in the city. During the same period, all areas outside of Seattle - within King County - experienced just a 1.4% decrease in employment. Bellevue actually added jobs in the last decade. They had approximately 1,500 more jobs in 2010 than in the year 2000.

Black said a well-done economic impact study could provide answers to questions like these:

- **How much would the proposal mandatory paid sick leave proposal cost Seattle employers?** Included in this calculation should be compensation, operating, accounting, administration and compliance costs.
- **How much would a mandatory paid sick leave proposal cost local governments in Seattle, directly and indirectly?** Examining the same set of costs recommended for employers, what would be the various costs to local governments in Seattle, including the city, school district and port? How much revenue would these local governments stand to lose from lower property and sales taxes collections, and what would be the resulting effect on government services?

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- **How much of this cost would be abated by cutting other costs – such as wages, health care or retirement benefits – and what are the human and policy implications of such abatement?**
- **What would be the business and employment effects of a mandatory sick leave proposal?** How would a mandatory sick leave proposal affect Seattle's economic development and growth? How much would a mandatory sick leave proposal disadvantage Seattle businesses in competition with employers outside the city? Would jobs be lost or businesses refuse to locate in Seattle as a result of the policy? Would mandatory sick leave have inordinate impacts on non-profit organizations and very small, disadvantaged or low-profit businesses? What would be the effects of imposing mandatory sick leave requirements on businesses located outside the city but which sometimes do business within Seattle? What would be the affect on businesses that insist mandatory sick leave is ill-suited for their industry?

Some important policy questions should be carefully studied as well, Black said, including:

- **Are there better alternatives or approaches?** A voluntary policy would maintain flexibility for HR professionals and allow them discretion to manage and implement compensation and leave in the appropriate quantities for their organization.
- **Is there a health threat sufficient to warrant an unprecedented intrusion on employer-employee relations by local government?** While there is anecdotal testimony by proponents of sick-on-the-job restaurant workers, available data suggests the health threat in Washington, at least, is minimal. Confirmed cases of food-borne illness are at the lowest levels since the Washington State Department of Health began records in 1986. There are approximately 13,000 restaurants statewide, but – statewide – were less than less than 30 confirmed cases food-borne illnesses last year. Why so low? One, because it is not in a business' interest to allow employees to come to work sick. And two, because Washington arguably has the most progressive food safety laws in the nation.
- **Should workers covered by collective bargaining agreements be covered by government-mandated sick leave policy?** Union negotiators have the ability to negotiate for sick leave and many have. Those that have not presumably have bargained sick leave away for other benefits, such as health care or higher wages. For the government to now graft additional sick leave requirements onto collective bargaining agreements creates bargaining inequities and tension with the federal policy underlying the National Labor Relations Act.