

### **Pittsburgh's Sick Leave Bill: Where Are the Advocates of Free Enterprise?**

In a recent *Policy Brief* (Volume 15, Number 35), the sick leave bill pending before Pittsburgh's City Council was roundly criticized as being unfair, anti-business and a governmental overreach. So far, the only organization voicing opposition to the bill seems to be the National Federation of Independent Businesses (NFIB) as quoted in a newspaper article on July 7<sup>th</sup>. But where are the local business organizations in terms of public, vocal opposition?

Philadelphia passed sick leave legislation that went into effect in May. Earlier enacted versions were vetoed by their Mayor who presumably listened to the business community's opposition, including the Chamber of Commerce. However, the proponents who seem bent on remaking free enterprise in the state and nation are relentless and got it through. Now they have turned their sights on Pittsburgh. Armed with seriously flawed and easily debunked studies of sick leave mandate effects in other cities and Connecticut that claim there are mostly positive or neutral effects on businesses with few negative impacts, they will push ahead in Pittsburgh where there is a willing Council.

For example, last year after winning office the current Governor of Pennsylvania indicated he would be pushing for a sick leave law "mirrored" on the now three year old Connecticut law. A study by the Center for Economic Policy and Research found that after the law was implemented three quarters of businesses surveyed supported the law. The law applied only to companies with 50 or more employees and exempted manufacturing and nationally chartered non-profits.

Both our review of the March 2014 study from the Center for Economic Policy and Research entitled, "*Good for Business? Connecticut's Paid Sick Leave Law*", and one performed by the Freedom Foundation found that, quoting the Freedom Foundation, "Of the employers surveyed, the vast majority (88.5 percent) already offered at least five days of paid sick leave per year to some or all employees before the Connecticut law was passed." Some 97 percent of covered unionized firms already offered sick leave benefits. Little wonder three quarters of firms supported the law. The new mandate forced their competition to incur higher costs.

Indeed, 53 percent of firms surveyed said their costs had risen. Most were small (at least so far) but 6.5 percent reported increases of five percent or higher. Moreover, one-third of surveyed businesses reported an increase in unscheduled absences, another 10.6 percent reduced employee hours and 15.5 percent increased their firm's prices.

Thus, it appears the Connecticut law has had little benefit for the vast majority of workers in the state who do not currently have sick pay while reinforcing the perception that the state is not terribly friendly to businesses.

Note that in a recent survey of Pennsylvania businesses by the Lincoln Institute, 75 percent of firms responding said they were opposed to a sick leave mandate being imposed in Pennsylvania. A mere six percent said they would be in favor of a sick leave mandates for all firms and only 19 percent would go along with mandates for firms of more than 50 employees—one wonders if these are companies that offer sick leave already and would not be affected.

Pittsburgh's sick leave bill will impose a requirement that includes all firms regardless of size but provides more generous benefit for workers in firms with more than 15 employees. The law will impose significant record keeping and reporting burdens on the businesses.

In light of the strong business opposition to a paid sick leave law across the state, it seems reasonable to assume that the overwhelming majority of smaller firms in Pittsburgh that do not currently provide this benefit will be against the bill before Council. Who from the business organizations is speaking for them?

The Greater Pittsburgh Chamber of Commerce has a mission statement that says the Chamber "advocates in Harrisburg and Washington, DC for economic climate improvements that enhance competitiveness encouraging employers to invest and grow here." Now they have an opportunity to weigh in against a sick leave bill in the City that will work diametrically opposite the goal of enhancing competitiveness or encouraging businesses to invest and grow. Here's a chance for the Chamber to show it really means what it says in its website statement of purpose.

Then too, if the Chamber will take the initiative, perhaps other business groups will feel comfortable and encouraged about adding their voice of resistance to this unfair, anti-free enterprise legislation. Pittsburgh already has enough problems without adding more. The City is still in distressed status, and only Act 47 offers any protection against huge arbitration settlements in police and fire labor negotiations, a large element in the process that created the distressed status in the first place. The City needs to be four square behind growth in the private sector that does not rely heavily on taxpayer subsidies. Additional mandates that put more burdens on businesses are simply not the way to go. Faster growth of good jobs with good pay is the real answer.

Besides, all the big employers, the governments and government agencies, the universities, the hospitals and most large private sector firms already offer sick leave pay.

But a healthy, dynamic small business community is very important for the City's future. Why endanger that or make it more difficult with more heavy handed government?

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