

## **NYC BUSINESS TESTIMONIALS REGARDING FINANCIAL IMPACT OF PAID SICK TIME (intro 1059)**

*Submitted by the 5 Borough Chambers of Commerce – November 2009*

“The legislation mandating nine sick days in effect costs my business \$77,884.62 per year (9 days x \$21.64 per hour x 50 employees, average annual salary is \$45,000). Based on hours worked per year and the paid sick hours it's a 3.5% increase in my payroll costs for nine days and a 1.9% increase for those companies mandated to give five days (72/2080 and 40/2080).

Then there is the additional cost generated by the employees using sick time. The simplest way to estimate that is to double the cost of the paid sick time because the work still must get done and for many businesses that means calling someone else in or paying overtime for other employees to pick up the slack.”

*Submitted by Tom Scarangelo  
Vice President  
SCARAN  
(heating & a/c company)  
Staten Island*

\*\*\*\*\*

“We have 13 full time and 12 part time employees and this bill will cost me an additional \$30,000 per year. Coupled with our struggles to keep business alive during the 2<sup>nd</sup> Ave. Subway construction , this will be a crushing blow.”

*Submitted by Dave Goodside  
President  
The Beach Café  
(restaurant)  
Manhattan*

\*\*\*\*\*

“The legislation mandating nine sick days in effect costs my business \$99,900 per year (9 days x \$24.67 per hour x 60 employees, average annual salary is \$48,100). Based on hours worked per year and the paid sick hours it's a 3.5% increase in my payroll costs for nine days and a 1.9% increase for those companies mandated to give five days (72/2080 and 40/2080).

This is an additional cost that we cannot afford to pay. We are subsidizing 85% of medical costs for our employees and we give generous vacation and personal days off. This mandate will force us to scale back on some of the other benefits in order for the measure to become expense neutral. This proposed mandate of 9 paid sick days will not have the intended effect that the City Council believes that it would.

Additionally, the ridiculous rationale for extending paid sick days is for the swine flu. The swine flu has been around for years with the last outbreak in 1976 and we certainly survived without this unnecessary and onerous proposal.”

*Submitted by Ralph M. Branca  
President & CEO  
VSB Bancorp, Inc.  
Staten Island*

\*\*\*\*\*

Our printing company has 32 full time employees. We currently offer 6 paid sick days and forcing us to offer 9 paid sick days will cost our business another \$30,000 per year and that will be a burden on our company which is challenged by this current economy. I will have to cut down on their vacation time to cover these costs.

*Submitted by Ivy Chow  
Vice President  
GM Printing  
LIC*

“Our 21 employees work a total of 38,219 hours per year. Dividing this figure by 30 hours results in the potential of our firm having to pay 1,274 hours of paid sick time based upon the pending legislation that gives employees 1 hour of paid sick leave for every 30 hours worked up to 9 days. Multiplying 1274 hours by \$23.81, the average hourly rate of pay for our employees, is an increase in direct hourly salaries of \$30,333.94. On top of this we would have to add the associated employer charges such as FICA, unemployment, disability, etc, increasing this figure to approximately \$33,000.00. As a result, our payroll will rise by 3.6 percent.

Additionally, the absence of employees in a firm of our size where every employee has a role to fill will mandate additional costs to the firm for overtime and/or per diem hiring. In essence this can result in as much as doubling the cost associated with the paid sick leave as required under the bill.

Since our budget is not equipped to handle added expenses of this magnitude we may be forced to lay off personnel, diminish other discretionary benefits that we currently provide to our employees, and decrease the existing number of discretionary days off that we currently provide. All of these steps are likely to have a net result of a decline in morale, which we fear will be passed on to our clients.”

*Submitted by Annmarie Gulino Gentile  
 Angiuli Katkin & Gentile, LLP  
 (law firm)  
 Staten Island*

\*\*\*\*\*

We calculated each of our company’s total by; using the total number of employees multiplied by the average of total hours worked per day. Then we multiplied that total by the average hourly rate of about \$11 per hour, and then multiplied it by 9 sick days.

<b>Stylists</b>				
# Employees	Hourly Avg	Hours Per Day	Sick Days	Dept Total
	\$			
14	10.00	10	9	\$12,600.00

Here are the estimated total costs per company for hourly/salary employees and the estimated total lost revenue for commissioned employees.

<b>Corporate Staff</b> Total Cost Of 9 Sick Days	\$ 19,719.36
<b>Shannon Marie</b> Total Cost Of 9 Sick Days	\$ 66,296.88
<b>Hudson Max</b> Total Cost Of 9 Sick Days	\$ 25,194.24
<b>Maximillian</b> Total Cost Of 9 Sick Days	\$ 43,398.72
<b>Grand Total Annual Cost of 9 Sick Days, Per Employee</b>	<b>\$154,609.20</b>
<b>Grand Total Lost Revenue for Commissioned Employees</b>	<b>\$265,811.00</b>
<b>Grand Total Lost to Business</b>	<b>\$420,420.20</b>

*Submitted by Scott Buchanan  
 Scott J Salons  
 (hair stylists)  
 Manhattan*

**November 17, 2009**

**To the members of the NYC Council,**

Please be advised that Town Sports International is opposed to the passing of the **proposed bill Int 1059** and would like the following entered as part of today's hearing:

Town Sports International, LLC, operating under the name of the New York Sports Clubs in the 5 boroughs would be adversely affected if this bill is passed. Just like the budgets of NYC and NY State, we have been impacted by the recession. We provide a high quality gym membership experience at a competitive rate and do not want to pass along any additional cost to our members in order to balance our budget because of this legislation.

Just a couple of bullet points related to Town Sports' impact if the proposed legislation is passed:

Based on our last NYC payroll:

- We have 55 New York Sports Clubs operating in the 5 boroughs
- Our business model (like many other companies) use 30 hours per week as the eligibility requirement for employee benefits including paid time off.
- 1300 employees would be impacted – the rest already are eligible for full benefits.
- Average hourly wage of the 1300 is \$18.00
- Annualized Gross Pay for this group is \$10.8 million
- 3.33% of this amount (1/30) equates to an extra \$360,000 of additional payroll expense for this group
- This amount doesn't consider the time lost that would have to be replaced possibly at overtime rates
- Doesn't consider the extra cost pertaining to the added administrative burden

Furthermore, by the time employees would be eligible for the full benefit – hopefully it will no longer be needed since this current flu epidemic will have passed. Plus if this group handles Paid Time Off in the same way as many employees do in our company and other companies, they are not saving this time in the event of a medical necessity. Another approach needs to be taken in order to meet the concerns of the Council regarding employees staying home due to the H1N1 flu.

We hope that a better solution can be developed that will not have such a negative impact on the local business community.

Thank you.

Respectfully,

*Tom Brzostowski  
Director of Compensation and Benefits  
Town Sports International  
New York Sports Clubs –all 5 boroughs*