

Testimony of Daniel A. Turner
Founder and CEO of TCG
To the Mayor's Working Group on Jobs, Wages and Benefits
October 26, 2016

My name is Dan Turner. I'm the founder and CEO of TCG, a 22-year-old company. TCG is a government contractor with, as of this week, 125 employees. I founded TCG in Ward 3, where I was born and raised, and our current headquarters is in Truxton Circle just a mile from here in Ward 5. And I live in Crestwood, in Ward 4.

Last year, TCG would have paid \$50,213.58 (1% of payroll for the DC residents), an almost trivial sum for a \$20m company. Even if all my employees in every state were covered, TCG's cost last year would have been \$87,275.17, less than our median salary for one employee. If we included the payroll for everyone covered by DC unemployment, we'd be talking about \$67,256.01. This year our costs would have increased by around 25%, as we've grown considerably since last year, but \$62,766.96 (that's the 1% for DC residents only) is still not a significant sum for TCG, now a \$25m company.

TCG currently offers 3 weeks' paid leave for new parents, to be taken as part of the 16 weeks of DCFMLA. We don't currently offer paid leave for other family leave reasons. If this legislation or something like it does not pass, competitive pressures in my industry may force me to offer the leave anyway. The potential liability to TCG could be substantially higher than \$87,000.

We have occasionally had employees take a few months off — I myself took off six months in 2012 after the birth of my twins, preemies, who spent their first 5 months at the NICU at Georgetown. It's never pleasant, and since employees are assigned to a particular contract, it's tough to get our clients to keep the position open. But giving leave is often what is needed to keep the employee from quitting. Personal crises can destroy an employee's productivity and distract the whole team; giving employees time off to deal with their family or personal situations is just good sense.

In my view, this legislation is a worthy and important change to our society's employee safety net. It's not cheap. But is it worth the cost for my company? I think it is. New TCG employees currently have a year until they qualify for paid parental leave; if this legislation passes, they will qualify immediately. This will make it easier for employees to come work for me even when they're about to have a baby. I'm in favor of anything that makes it easier to hire great people.

This will also help me recruit by drawing people to live in DC - a market with, effectively, 0% unemployment among the highly skilled labor pool from which I draw. And,

realistically, the 1% cost will eventually come from employee salaries or slightly reduced raises, so in the long run it will pay for itself in a way that's nearly painless. I think the fears of businesses are overblown, and the benefits are myriad.

I've looked into the 8-week mandatory leave paid for by employers. I don't know if I can get insurance for it, but I'd bet I can't, as there is too much probability of tomfoolery for the insurance company to be OK with it. I'd certainly lean on employees not to take the leave. And 8 weeks could cost me a fortune. From 1997 to 2002 we gave new parents 6 weeks' paid parental leave. 2002 was the last year because that year 12 out of our 30 employees had babies. The leave cost me the entire annual profit for the company and then some - well north of \$150,000, or three years of the cost we are contemplating. That was the year I reduced to 3 weeks' paid leave.

That's not common, certainly - nearly half the company having kids can't be normal! But it shows that this leave mandate would not work for small businesses, which would incur significant costs. If I had 12 employees take 8 weeks' leave this year, or 10% of my staff, it would cost me \$225,802.83. That's a tremendous sum, representing around 10% of my annual profit. But if a company with five employees had one person take that much leave, it would most likely eat their entire profit for the year. I don't think that's fair.

The reality, however, is that none of us knows what will actually happen when this law is in effect. Fortunately, laws aren't written in stone. If things do not go as planned, the Council can make adjustments. As a CEO, I am regularly tempted by analysis paralysis. But I've found that fear of the unknown is not an excuse for a failure to act.