



**Does NYC Need a Prescription for Paid Sick Days . . . And Can We Afford It?
Unpublished BLS data for the NYC Region Provide Some Answers**

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As the debate continues over a New York City bill to require employers to provide a minimum amount of paid sick time to all employees, battling reports have fueled a controversy over the scope of the problem and the costs to businesses.

Previously unpublished data from the U.S. Bureau of Labor Statistics (BLS) for the New York City metropolitan area today provides definitive answers from an objective source.

New Federal Data on Access to Paid Sick Leave in New York City Area

Until now, the BLS had only published detailed figures for the nation. On request, the BLS provided data on access to paid sick leave and current costs to business of providing this benefit for the New York City metropolitan area based on the National Compensation Survey.

The newly available data confirm the widespread lack of paid sick leave among private sector low-wage workers, service workers, and workers in smaller firms. Table 1 shows that, while overall a somewhat higher percentage of New York area private sector workers have access to paid sick leave than in the country as a whole (73 percent compared to 62 percent nationally), wide disparities by wage level, occupation and firm size also exist here:

- Thirty-seven percent of workers in the bottom wage quarter get sick leave compared to 84 percent of those in the top quarter.
- Barely half (54%) of private industry service workers have paid sick leave compared to 86 percent of management and professional workers.
- And, while 62 percent of workers in firms with fewer than 100 employees have sick leave, 87 percent of those in large firms of 500 or more have paid sick time.

The complete data from the BLS are provided in Appendix A.

Table 1. Access to Paid Sick Leave for Private Industry Workers from the U.S. Bureau of Labor Statistics National Compensation Surveys, 2008 and 2010

Characteristics	Percent with paid sick leave	
	United States	NY-Newark-Bridgeport NY-NJ-CT-PA
All workers	62	73
<i>Selected worker characteristics</i>		
Management, professional, and related	86	86
Service	42	54
Sales and office	67	76
<i>Average wage</i>		
Lowest 25 percent	32	37
Second 25 percent	66	67
Third 25 percent	75	84
Highest 25 percent	84	84
<i>Establishment size</i>		
1-99	53	62
100-499	67	81
500+	81	87

Source: national data from the U.S. Bureau of Labor Statistics, March 2010 National Compensation Survey, Economic News Release, July 27, 2010 and New York metropolitan data from the U.S. Bureau of Labor Statistics, 2008 National Compensation Survey, unpublished data.

BLS Cost Data for New York Area

The other major question in the paid sick debate has been: “What will it cost business?”

The BLS has released findings showing the current cost of providing paid sick days. Nationally, paid sick days for private industry cost 23 cents per hour worked, or .8 percent of total compensation (March 2009 NCS data reported in Program Perspectives on Paid Sick Leave, March 2010, U.S. Bureau of Labor Statistics). In response to our request, the BLS produced comparable figures for the New York City region. Providing paid sick leave based on current utilization costs just 39 cents per hour worked or 1.1 percent of total compensation for private industry workers in the New York area (unpublished BLS data from the March 2010 NCS).

These numbers are well in line with past research on the topic. Kevin Miller, senior researcher at The Institute for Women’s Policy Research (IWPR) estimated the costs of expanding paid sick days to workers who currently lack this benefit. His detailed cost-benefit analysis of New York City’s proposed law took into account:

- estimates of how many and which workers do not now have paid sick days,
- the wages earned by those workers,
- assumptions about how much sick time workers will actually use,

- the proportion of workers that might need to be replaced, for example by extending the shifts of other workers and how much can be absorbed by co-workers and customers (e.g., slightly longer waits for service) or made up when the sick employee returns,
- estimates of offsetting savings, for example from reduced spread of contagious diseases to co-workers,
- and estimates of how much productivity is already lost from “presenteeism” or sick workers coming to work but not performing well.

In their October 2009 report, the IWPR estimated that the short-run cost of implementing the paid sick days measure in New York would be 15 cents per hour worked for smaller firms and 23 cents per hour worked for larger firms. Costs for small firms are lower because they would be required to provide fewer sick days annually (5 versus 9 for larger firms) and because wages tend to be lower in small businesses.

If anything, implementation of a paid sick days standard would likely see these costs only drop over time. With a level playing field across all employers, some if not most of these costs could be passed along to consumers or workers. In the absence of a law, small businesses do not have the market clout to pass along higher costs from providing better labor practices. If all employers have to provide paid sick leave by law, then no business will be at a competitive disadvantage.

Some opponents like to claim that even costs of the mere magnitude estimated by the BLS and IWPR would be enough to have an adverse impact on New York City jobs, driving businesses to close their doors and move elsewhere, ignoring the costs of relocation and risks of losing their customer base.

The experience of San Francisco offers compelling evidence on this front. Their paid sick days law has been in effect since 2007, the longest of any city. *The Wall Street Journal*, seeking to settle conflicting claims about the law’s impact on local businesses, called The San Francisco Chamber of Commerce to find out and reported: “The burden, according to Senior Vice President [of the San Francisco Chamber] has been minimal.” (Will Sick Days Cost Billions for NYC Businesses? San Francisco Says No, *The Wall Street Journal*, May 13, 2010).

This impression has been backed up by the Drum Major Institute, a public policy think tank. They examined the change in employment levels in San Francisco between December 2006, immediately before the paid sick leave law went into effect and December 2009. To provide a comparison, they also tracked the change in employment in the five neighboring counties, none of which have a paid sick leave law. What they found was that employment remained stronger in San Francisco than in neighboring counties without such a law (“Paid Sick Leave Does Not Harm Employment,” by John Petro, DMI). Another study, by the Urban Institute, interviewed San Francisco employers and concluded that “most employers were able to implement this mandate with minimal impacts of their business.” (Employers’ Perspectives on San Francisco’s Paid Sick Leave Policy by Boots, Martinson, and Danzinger, March 2009.)

New BLS data confirms previous findings on lack of sick leave for low-wage workers in New York

Most notably “Sick in the City,” a report from The Community Service Society of New York (CSS) and A Better Balance (Reiss, Rankin and Pietrangelo, October 2009), has also tracked the percentage of working New Yorkers without paid sick days. This research found that 34 percent of low-income workers reported having paid sick days, a figure similar to the BLS New York area estimate of 37 percent for the bottom quarter of wage-earners. The CSS and ABB analysis is based on findings from The Unheard Third, an annual survey of New York City adults conducted for CSS by the national firm, Lake Research Partners. The 2009 findings are from a sample of 1212 New York City residents, reached by telephone

using random digit dialing. The margin of error for the entire sample is +/- 2.8 percent, and +/- 3.5 percent for the low-income sample.

Not unexpectedly, however, estimates of overall access to paid sick days from the two surveys differ because of differences in the geographic areas covered and how the surveys were conducted. The Unheard Third, which surveys New York City households and asks workers directly about their jobs, found that overall only 52 percent reported they had paid sick days, leaving 48 percent of working New Yorkers without paid sick days, a higher estimate than that provided by the local BLS data. By looking beyond New York City's service-heavy economy to the metropolitan area for their sample, the BLS included more higher-income suburban workers, who are more likely to have paid sick days. Moreover, since the BLS figures are based on the National Compensation Survey (NCS), a survey of establishments, it captures commuters into New York, who would also tend to have higher wages and benefits like sick leave.

On the other hand, as an establishment survey, which asks employers about their policies, the NCS leaves out workers who are not employed by establishments, like most low-wage domestic workers and the self-employed, two groups that generally do not have paid sick time. The Unheard Third is more likely to pick up low-wage workers, first because it is a household survey, second, because as a non-government survey it is less threatening, and third because it polls in Spanish and Chinese, in addition to English. Even with these and other differences, both sources significantly find that just over a third of low-wage earners – the workers most in need of the proposed legislation – have access to paid sick leave.

Despite all the other studies mentioned, the Partnership for New York City, an opposition group representing large businesses, has launched its own online survey of employers, reaching out to employers through business networks and asking firms that choose to participate to email their responses back. Their findings are due out September 20th.

The BLS figures provide the most accurate data available on the lack of access to paid sick days in the New York area by industry, wage levels and business size.¹ Like the anticipated Partnership report, the BLS figures are based on a survey of business establishments reporting their policies; neither one surveys workers directly. The BLS data, however are based on a scientific sample that is carefully constructed to be representative of all establishments whereas the Partnership relies on self-selection of firms who want to participate. Firms who seek out and take the time to fill out the online forms are apt to be those with strong opinions on the issue. This is likely to introduce bias that will limit the ability to generalize the Partnership's findings to the broader universe of all NYC businesses. Moreover, the Partnership survey was widely distributed online, with respondents urged to forward it to their business clients and associates, and was publicized in the press. As a result, it would be hard to control who was able to respond and insure their legitimacy.

Conclusion

Unpublished data from the BLS for the New York City metropolitan area confirm the central findings from previous studies: there is a widespread lack of paid sick days among workers in low-wage jobs, private sector service jobs and in smaller firms. Local data from the BLS, the IWPR analysis and follow-up studies of the experience of San Francisco, the first U.S. city to adopt a paid sick days law, all suggest

¹ Though the BLS numbers are the most accurate available estimates, they nonetheless in some ways do not fully capture access to sick leave. Workers who have access to paid sick leave may face significant restrictions on their use of leave, such as workers are unable to take leave because they do not yet have enough time on the job to qualify for benefits. Similarly, many workers with paid sick leave cannot use it to care for a family member, or may receive demerits or face other negative consequences as a result of using their leave.

that the cost of establishing a floor of paid sick leave, akin to the minimum wage, would be minimal and easily absorbed.

Concerns about the fairness of the wide disparities in access to paid sick leave – as well as the very real public health consequences – has led to a nationwide movement to enact paid sick days laws. Measures that establish a floor of paid sick time as a basic labor and public health standard have already been passed in San Francisco, Washington, D.C. and Milwaukee. The Paid Sick Time Act, which would require that all employees in New York City earn a minimal amount of paid sick time, was introduced in the City Council last year, and reintroduced this past March. With 36 out of 51 Council Members supporting the bill, it has a veto-proof majority, but the Speaker of the Council, Christine Quinn has not yet taken a public position or agreed to allow the measure to come to a vote. She has sought additional data on the extent of the problem and estimated costs of expanding paid sick days to those who need it.

New local figures from the BLS confirm the same fundamental conclusions of previous studies: lack of paid sick days affects a vast number of workers in New York and the city could institute a minimal floor of sick leave without harming businesses.