

## **Paid Sick Leave Does Not Harm Employment**

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This report provides new evidence that legislation currently before the New York City Council to guarantee paid sick leave to every working person will not harm employment. The Council bill is modeled on the paid sick leave law in San Francisco, and a close analysis of the latest employment data in San Francisco reveals that, despite the recession, the labor market there is performing better than in neighboring counties that do not have a paid sick leave law. Therefore, New York City's employers and elected officials have little cause for concern that employment in New York City would be affected if paid sick leave becomes a new workplace standard.

Some opponents of the Council bill contend that “paid sick leave... could leave some businesses to re-think hiring plans or even worse, lay off workers”<sup>1</sup> But the proven success of San Francisco's paid sick leave law shows that this concern is unwarranted.

Based on the positive results from San Francisco, the New York City Council should act quickly to pass and implement a bill with broad support that would guarantee every worker the opportunity to earn paid sick leave. An estimated 1.65 million working New Yorkers do not receive any paid sick leave.<sup>2</sup> But despite the fact that three-in-four New Yorkers support requiring employers to provide paid sick leave to their workers,<sup>3</sup> New York City has yet to pass a bill that would guarantee this basic workplace right. When workers cannot take off of work to recover from illness, or to care for a sick child or other relative, they are more likely to go into work when sick or to send a sick child to school. This represents a threat to public health due to the spread of contagious disease.

### **Key Findings**

- Employment remains stronger in San Francisco, the first city in the country to implement a paid sick leave law in 2007, than in neighboring counties without such a law.
- Total employment in the five neighboring counties fell by 5.2 percent between December of 2006, immediately before the paid sick leave law went into effect, and December of 2009. Total employment in San Francisco fell by only 3 percent during that period, even in the midst of the worst recession since World War II.
- San Francisco experienced stronger employment growth than neighboring counties from December 2006 to December 2008 in the industries that are most affected by paid sick leave: retail, leisure and hospitality, and accommodation and food services.<sup>4</sup>

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<sup>1</sup> “5 Boro Chamber Alliance Formed to Oppose Mandated Paid Sick Time.” Press release from the Manhattan Chamber of Commerce. September 10, 2009. See also Daniel Massey, “Chambers unite against sick-days bill.” *Crain's New York Business*, September 8, 2009.

<sup>2</sup> Jeremy Reiss, Nancy Rankin, and Krista Pietrangelo, The Community Service Society, and A Better Balance. *Sick in the City: What the lack of paid leave means for working New Yorkers*, Community Service Society, 2009 October.

<sup>3</sup> *Sick in the City*, 2009.

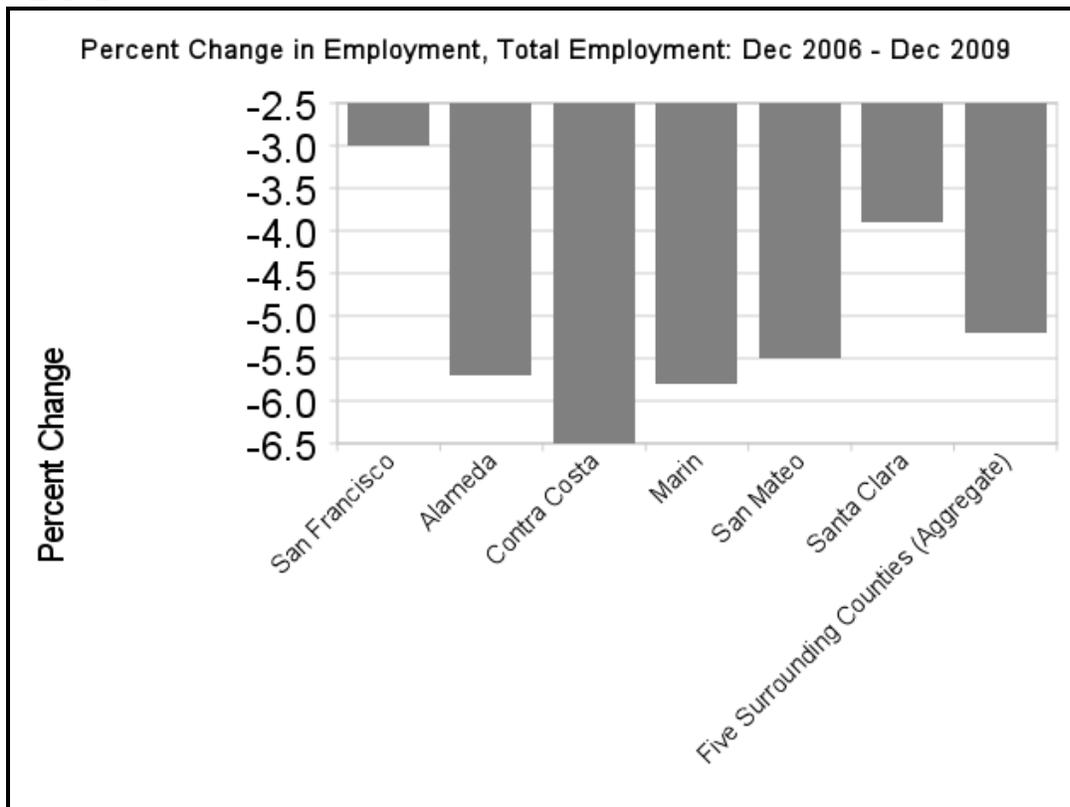
<sup>4</sup> 2008 is the most recent year for which industry-specific data are available.

## Paid Sick Leave Does Not Harm Employment

To assess the validity of claims by opponents that guaranteeing paid sick leave will harm employment, we examined data from the California Employment Development Department, a state agency which tracks employment levels in California. We 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, the last month for which county-level employment data are available. To provide a comparison, we also tracked the change in employment in the five neighboring counties, none of which have a paid sick leave law.

If the claims of opponents of the paid sick leave bill were correct, we would expect to see San Francisco lose more jobs or create fewer new jobs than the surrounding counties that lack a paid sick leave law. However, the data clearly show that San Francisco has performed better than the surrounding counties in terms of total employment, even in the midst of the worst recession since World War II.

**Chart 1**



*Source: Drum Major Institute analysis of data from the California Employment Development Department*

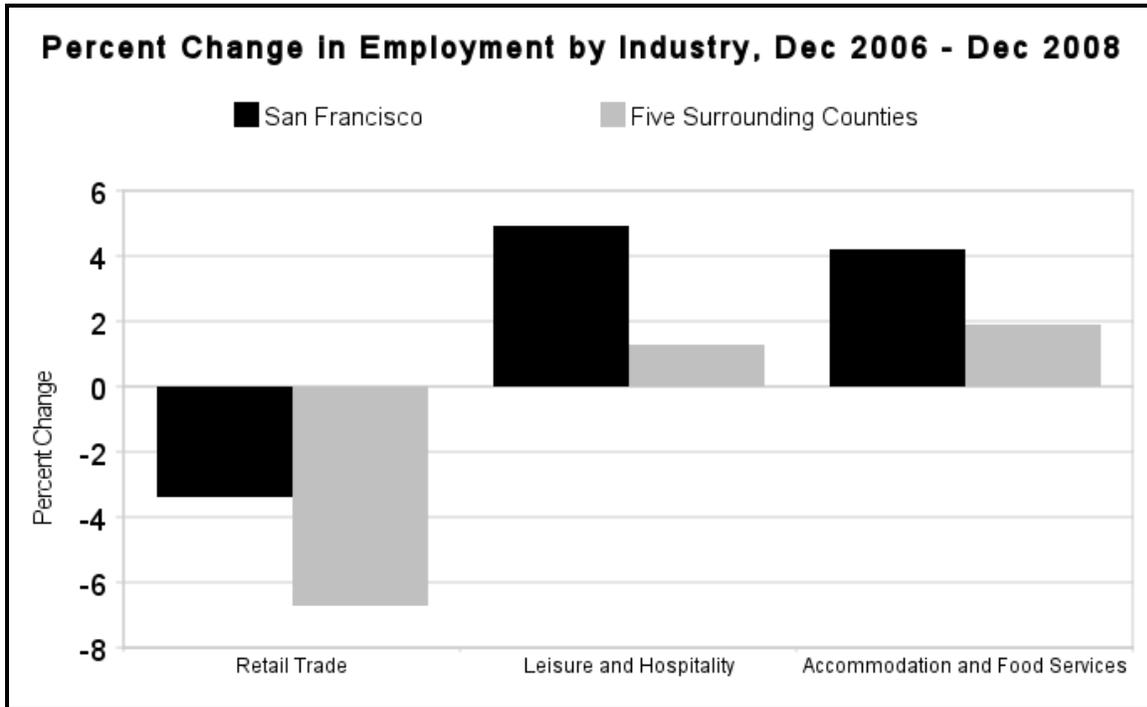
Chart 1 shows that total employment in San Francisco has declined less than employment in the neighboring counties: San Francisco saw total employment decline by 3 percent, while in aggregate the five surrounding counties saw employment decline by 5.2 percent.

This data is consistent with earlier research on employment levels in San Francisco that concluded that paid sick leave did not harm employment in San Francisco in the first year after

the law's implementation.<sup>5</sup> Similarly, research from the Center for Economic and Policy Research examined data from over 100 countries around the world and found no relationship between the availability of paid sick leave and unemployment.<sup>6</sup>

We also examined industry-specific employment data to gauge whether certain industries in San Francisco were harmed by the city's paid sick leave law: retail trade, leisure and hospitality, and accommodation and food services. These industries were the least likely to provide paid sick leave before the new law was passed in San Francisco. So they are the industries where we would expect to see the most impact on employment.

**Chart 2**



*Source: Drum Major Institute analysis of data from the California Employment Development Department*

We examined employment data in these industries from December 2006 and December 2008, the last month in which industry-specific data are available. The data illustrated in Chart 2 clearly indicate that San Francisco outperformed the five neighboring counties in terms of employment growth in these industries.

<sup>5</sup> Vicky Lovell and Kevin Miller. "Job Growth Strong With Paid Sick Days," Institute for Women's Policy Research. 2008 October.

<sup>6</sup> John Schmitt, Hye Jin Rho, Alison Earle, and Jody Heymann. "Paid Sick Days Don't Cause Unemployment," Center for Economic and Policy Research. 2009 June.

## **Research Review: New Yorkers Need Paid Sick Leave, and New Yorkers Support Paid Sick Leave**

Nearly one in two, or 1.65 million, working New Yorkers do not receive any paid sick leave.<sup>7</sup> When workers without paid sick leave become ill, they are faced with an unfortunate choice: they can come into work and risk infecting those that they come into contact with, or they can call in sick and lose a day's pay (and in some cases risk losing their job). Additionally, these workers are unable to take time off in order to care for their children when they become ill. Parents must decide whether to send their sick children to school and daycare or face the consequences of missing work.

Low-wage workers living paycheck-to-paycheck are the least likely to have paid sick leave, and they can least afford to miss work, no matter how ill. Two-thirds of low-income workers in New York City have no paid sick leave, a fact that remains constant regardless of whether the worker is foreign or native born.<sup>8</sup> Additionally, the data suggest that paid sick leave is becoming a much less common benefit for moderate and high income earners as well. In 2002, 75 percent of moderate and high income workers received paid sick days. In 2009, that figure dropped to 63 percent.<sup>9</sup>

Guaranteeing paid sick leave enjoys wide support from city residents. Seventy-five percent of New Yorkers support requiring employers to provide paid sick leave to their employees.<sup>10</sup> Mayor Bloomberg expressed support for the concept of paid sick leave in July of 2009,<sup>11</sup> though he has yet to endorse the bill under consideration in the City Council. Regardless, the bill is currently sponsored by 34 City Council members representing enough votes to override a mayoral veto.

Research from the Institute for Women's Policy Research has indicated that a paid sick leave bill will cost employers in New York City only \$7.52 a week per covered worker, or less than 25 cents per hour worked.<sup>12</sup> The estimated cost is lower than some may expect in part because workers with paid sick days tend to miss only a few days a year. Workers with paid sick leave miss, on average, only 1.7 work days a year for illness or injury, according to the 2007 National Health Interview Survey from the Center for Disease Control and Prevention.<sup>13</sup>

Finally, the New York City paid sick leave bill addresses the needs of small businesses by requiring businesses with fewer than 20 employees to provide fewer sick days than large businesses. Small businesses are required to allow workers to earn up to five days of paid sick leave a year, while large businesses are required to allow workers to earn nine days a year. Originally, the bill defined small business as having fewer than ten employees. But in response to the concerns of small business owners, the definition was changed to fewer than 20 employees.

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<sup>7</sup> *Sick in the City*, 2009.

<sup>8</sup> *Sick in the City*, 2009.

<sup>9</sup> *Sick in the City*, 2009.

<sup>10</sup> *Sick in the City*, 2009.

<sup>11</sup> David W. Chen, "At Working Families Party forum, Bloomberg declines to toe the liberal line," *The New York Times*, July 2, 2009.

<sup>12</sup> Kevin Miller, Ph.D. and Claudia Williams. "Valuing Good Health in New York City: The Costs and Benefits of Paid Sick Days," Institute for Women's Policy Research. 2009 October.

<sup>13</sup> See "Valuing Good Health in New York City," 2009.

### **An Overview of New York City’s Paid Leave Days Bill**

- The bill guarantees all workers—part-time, full-time, and temporary—the right to earn paid sick leave.
- Workers accrue one hour of paid sick leave for every 30 hours worked.
- Workers in small businesses, defined as businesses with fewer than 20 employees, can accrue up to forty hours of paid sick leave at a time. Workers in businesses with 20 or more employees may accrue up to 72 hours of paid sick leave.
- Unused sick time will carry over into the next year; however, no employee may accrue more than 72 hours of paid sick leave in a single calendar year, or 40 hours for workers in small businesses.
- Workers may use paid sick time to recover from illness or injury or to care for a relative that is ill or injured.
- Employers may require “reasonable notice” of the need to use paid sick time. For leave of more than three consecutive days, an employer may require reasonable documentation that the use of paid sick time is legitimate.