

September 2012

# The Impact of Paid Sick Days on Jobs: What's the Real Story?

Highlights from a policy roundtable discussion hosted by the Community Service Society of New York

**Community  
Service  
Society** | Fighting Poverty  
Strengthening  
New York



# Inside:

---

• <b>Introduction</b>	<b>1</b>
• <b>Opening arguments:</b> Is a paid sick days law right for New York City?	<b>3</b>
• <b>Finding 1:</b> Lack of paid sick days is a serious and widespread problem for low-wage workers in New York City.	<b>4</b>
• <b>Finding 2:</b> Minimum wage increases have not led to job loss, research shows. Neither will paid sick days.	<b>5</b>
• <b>Finding 3:</b> These small labor costs don't hurt business because they do not end up being entirely borne by employers.	<b>7</b>
• <b>Finding 4:</b> Real small business owners point to the benefits of a paid sick days law: lower turnover, worker loyalty, and customer loyalty.	<b>8</b>
• <b>Finding 5:</b> Much of the opposition is due to disinformation about provisions of the bill.	<b>9</b>
• <b>Finding 6:</b> Setting minimum labor standards where the benefits outweigh the costs is good public policy.	<b>10</b>
• <b>Finding 7:</b> Paid Sick Days laws have been successful in San Francisco and elsewhere, and have not hurt local business.	<b>11</b>
• <b>Conclusion:</b> The case is clear. The benefits of a paid sick days law in New York City outweigh the costs, and by a substantial margin.	<b>12</b>
• <b>New York City Paid Sick Time Act:</b> Summary of Key Provisions	<b>15</b>
• <b>Roundtable Participants</b>	<b>16</b>
• <b>References</b>	<b>17</b>

# The Impact of Paid Sick Days on Jobs: What's the Real Story?

Highlights from a policy roundtable discussion  
hosted by the Community Service Society of New York



**A measure to provide workers with a modest, minimum number of paid sick days is now before the New York City Council**, where it has the support of 37 of 50 council members (with one seat vacant). The proposal enjoys overwhelming public support, with eight out of ten New Yorkers favoring its adoption according to a recent poll (*The Unheard Third* survey, CSS, 2012).

Proponents point to the need for a law based on the widespread lack of paid sick days, especially among low-wage workers. Only 37 percent of workers in the bottom quartile of wage-earners in metropolitan New York receive paid sick leave from their employers, according to federal Bureau of Labor Statistics figures. That contrasts with 84 percent of those in the top quartile. In other words, the

workers who can least afford to take an unpaid day to recover from illness, care for a sick child, or get a preventive cancer screening are those who are least likely to have paid sick time. Moreover, workers in some of the industries where sick employees are most likely to infect others—restaurants, retail and elder care—are also most likely to be forced to go to work sick.

Research by Community Service Society and others confirms that workers without paid sick days are more apt to be threatened with workplace retaliation and job loss, go to work sick, send sick children to school, and use emergency rooms (Rankin, *Still Sick in the City*, CSS, 2012). The price tag on those unnecessary ER visits adds up to over \$39 million annually for New York City (Miller, et. al., IWPR, 2012).





Kathryn Wylde, President and CEO, Partnership for NYC, and David R. Jones, President and CEO, Community Service Society.

Lack of paid sick leave also contributes to the spread of contagious disease and its human and economic toll. University of Pittsburgh researchers estimate, for example, that lack of paid sick days resulted in five million additional cases of flu during the 2009 H1N1 epidemic (Kumar, et al., *American Journal of Public Health*, 2011). Another study finds that workers with paid sick days are 28 percent less likely to be injured at work, suggesting that expanding access to paid sick leave could help reduce the incidence of non-fatal occupational injuries, particularly in high-risk sectors and occupations (*American Journal of Public Health*, published online ahead of print July 19, 2012). An analysis of data from the National Health Interview Survey adds to the case, finding that lack of paid sick leave acts as a barrier to cancer screening and seeking medical care (BMC Public Health, July 12, 2012). The study controlled for factors like health insurance coverage, education, poverty, and race.

Based on these studies, supporters of the bill argue that the financial and health impact on affected workers, as well as on the wider public, provide a strong case for passage of legislation that ensures that all workers earn at least a minimal amount of sick leave on their jobs.

While not disputing the public health arguments for paid sick days, opponents claim that government regulation is not the answer and will have a detrimental impact on the economy. Citing concerns about the potential harm to business in a weak recovery, City Council Speaker Christine Quinn has blocked the paid sick days measure from coming to a vote despite the widespread public support and a veto-proof majority of council members behind it.

To bring the weight of evidence into this debate, the Community Service Society hosted a policy roundtable on April 20, 2012. Our purpose was to examine the economic research on the issue and look at what actually happened in places like San Francisco that have similar paid sick days labor standards already in effect. The session brought together representatives of the corporate sector, business owners, economists, union leaders, workers, public officials from San Francisco and New York City, and local as well as national policy experts for a thoughtful, serious discussion.

## A review of the research reveals the real story: a paid sick days law will not harm employment.

A review of the research reveals the real story: a paid sick days law will not harm employment. Economic studies and the experience in San Francisco show that businesses are easily able to adjust to small cost changes of the magnitude under consideration in New York City. A level playing field means that businesses having good labor practices will no longer be at a competitive disadvantage, undercut by those willing to force workers to come in sick or lose their pay. Moreover, as some of the business owners in our forum reminded us, one firm's steady employee is another firm's steady customer. Greater income and job stability, particularly among the low-wage workers most likely to benefit from the proposed legislation, means earnings will be spent on purchases at neighborhood businesses—actually helping, not hurting the local economy.

American history has taught us that enacting fair labor standards—including child labor laws, fire and safety precautions, and increases in the minimum wage—serves the public interest and does not hinder economic growth. In our federal system, we have repeatedly seen laws begun at the local level pave the way for sound national policy. Paid sick days can and should be the next example.

**What follows is an edited transcript of the highlights of the policy roundtable.**

## OPENING ARGUMENTS:

# Is a paid sick days law right for New York City?

**Kathryn Wylde**

**President and CEO, Partnership for New York City:**

Our concern with paid sick leave legislation is not because we don't think a humane workplace and employers offering sick leave is a good thing for the workplace, for the economy, and for the city. We certainly share that conviction. And according to our studies, we have found that, in fact, New York City is a place that has relatively very good employers who generally take their responsibilities to their employees' public health seriously. We were happy to find that. We were able to determine through an Ernst and Young survey of employers in the city of all types and sizes that about 88 percent of the city's 3.2 million private sector jobs come with paid sick leave or paid leave that you can take at your discretion when you're ill. So, the size of the problem is relatively limited.

Our problem is the role of municipal government getting engaged in employer-employee relationships, and that's really the question we would raise for this group—not the relative merits of a workplace that offers paid sick leave.

Without government providing any incentives, the burden of paid sick leave will fall on those who currently are not providing paid sick leave, those who have other arrangements. That's not Wall Street, that's not corporate New York. That is certain industry sectors—restaurants, neighborhood retail, construction, smaller companies. That's where the burden falls. And therefore, it's very difficult to figure out how you get around consequences that ultimately mean fewer entry level jobs and fewer opportunities within the community.

**Jack Friedman**

**representing the Five Borough Chamber Alliance:**

We're all in agreement that this a morally imperative item we're talking about. People should never, ever have to fear getting fired or getting punished for calling in sick. And we, like the rest of you, do not want to see any employee going to work when they're ill. It's just a question of how we get there.

I look at this and compare it to other things we have in society. I look at other morally imperative benefits that government has mandated to employers such as disability insurance, unemployment insurance, social security insurance, all things that are morally imperative for the good of the people. But all of these have shared cost mechanisms. For example, disability in New York City, 60 cents to each employee, there's a contribution from the employer, and there's a state insurance fund that helps with this. This would be the first type of mandated benefit for an employee that solely comes on the backs of small business owners.

There are many parts of the bill that just don't make sense. If the number of days that a person calls in sick is generally somewhere around four and a half, two days for themselves and two to three days for their family, then why are we having a two-tier system in the bill that has a built in disincentive to help your business grow?

**“We're all in agreement that this a morally imperative item we're talking about. People should never, ever have to fear getting fired or getting punished for calling in sick.” —Jack Friedman**

The bill was designed to protect workers, the same way we have child labor laws and workforce safety laws. But those child labor laws and workforce safety laws, they come with punishments for business owners who do the wrong thing. I also believe that most business owners in New York City are good business owners who try to offer the best packages and incentives for their employees to keep them happy and gather the best workforce. I also believe that it's worthwhile to go after those employers who do the wrong thing, the same way we do with those who break child labor laws, wage and hour laws. Again, the way we're approaching this bill, I don't think it's going to get to the problem. If an employer is a bad employer, he will ignore this law the same way he might ignore a minimum wage law or another law.

---

**Do these arguments hold up under the evidence? Let's look at the economic research and experience of San Francisco, which has had a paid sick days law in effect since 2007.**

## FINDING 1:

# Lack of paid sick days is a serious and widespread problem for low-wage workers in New York City.

### Nancy Rankin

**Vice President for Policy Research and Advocacy,  
Community Service Society:**

I just wanted to respond to the sense of the scale of the problem in New York City, because one of the things that we heard was that 88 percent of people have access to some kind of sick time and therefore it's not really a big problem. I think the point is it's true that higher income workers and people in the corporate sector like members of the Partnership already have paid sick days. But it's low-wage workers who don't have paid sick days; and it's the *majority* of low-wage workers who don't have paid sick days. You can look at our survey, *The Unheard Third*, which is done by Lake Research based on a large, representative sample, using random digit dialing, and that we've done over ten years now, which consistently finds that nearly two out of three low-wage workers living in families under 200 percent of the poverty level don't have access to a single paid sick day. Or you can look at the Bureau of Labor Statistics. We asked them to produce their unpublished data for just the New York metropolitan area, and they said that for the bottom quartile of workers, 63 percent don't have paid sick days. Whether you look at the BLS data or our consistent surveys over ten years, the workers who are most likely to lack access to paid sick days are low-wage workers, and our best estimate is that over a million workers overall in New York City do not have paid sick leave.

The Partnership study was not based on a random sample. It was an online survey of 708 employers whose average size was 585 workers. It's not surprising that they didn't find too

many workers without paid sick days among these firms. But the majority of low-wage workers in New York City do not have a single paid sick day.

### Coraminita Mahr

**Vice President, 1199 SEIU:**

We represent about 375,000 health care workers that run the gamut of hospitals, professional, and technical. We have many entry level as well as 70,000 home care workers. About half of those home care workers do not have sick pay. Of course, these are workers who work with the elderly, with the indigent, they work with people who can't help themselves, whose families have to go to work and can't stay home with them. These are workers we have to fight for day in and day out to try to make sure they can have some dignity in their work, that they can have the ability to take care of their families, and many of them don't. This legislation that we are working for in the city, that our union is very much supporting, will help not only these workers but many other workers. As far as our home care workers, we're talking about adding three cents to the per-hour labor cost to allow these workers 15 paid time off days in the course of a year. I just want to put that out there—three cents.

**“This legislation... that our union is very much supporting will help not only [our health care] workers, but many other workers. As far as our home care workers, we're talking about adding just three cents to their per-hour labor cost.”**

**—Coraminita Mahr**

### Anne-Marie Solomon

**worker at Farm Country, Brooklyn:**

I think that employees do deserve paid sick leave. I have an experience that I went through recently. I am one of those who are scared sometimes to stay home when I'm ill because it means having to deal with your employer fussing all of

the time. Nobody wishes to be sick, but we are all human beings, our bodies are entitled to get sick sometime or another. Why should you have to be penalized or suffer for it? As an employer, you get sick and stay home, no worries. So why can't an employer afford to give workers one or two days of paid sick leave during the year? I recently was diagnosed with an illness where I had to have surgery. I was out for two weeks and mind you, I got nothing.

### **Vicki Shabo**

**Director of Work and Family Programs, National Partnership for Women & Families:**

The Economic Policy Institute conducted a study last year that shows that for a worker who has to take sick time, even if they are not getting paid, that three and a half unpaid days of work is equivalent to the family's grocery budget for the whole month. That means the families are not going into their bodegas or going into their grocery stores to buy those groceries or they're sacrificing something else they are not able to buy. So it's not just a worker here or there who's not able to afford groceries, it's a lot of people. There are also estimates that show that about a quarter of workers have lost a job or been threatened with job loss for saying that they needed a sick day. In this economy, where it can take up to nine months to find a new job for the median worker, that's a lot of time that somebody doesn't have cash in their pocket to frequent local businesses.



Vicki Shabo, Director of Work and Family Programs, National Partnership for Women & Families

## **FINDING 2:**

**Minimum wage increases have not led to job loss, research shows. Neither will paid sick days.**

### **Arindrajit Dube**

**Assistant Professor of Economics, University of Massachusetts-Amherst:**

I'm going to be talking about the effect of minimum wages. A good question to ask is: What bearing does research on minimum wages have on the effect of paid sick leave? There are a couple things to keep in mind that will be useful before we go into discussion of the actual research. First of all, we can disagree about exactly how much paid sick leave will cost businesses initially. But I think that most reasonable estimates would find that that kind of cost increase is substantially lower than, for instance, the last federal minimum wage increase, which increased by over two dollars an hour. In my discussions I will draw upon my research with Michael Reich at Berkeley and Bill Lester at UNC-Chapel Hill. This is a paper we published in 2010 in *The Review of Economics and Statistics* where we look at minimum wage changes over a fairly long period of time. What we do here is compare all of the different counties that straddle a state boundary which have a difference in minimum wage policy over 1990-2006. There's just absolutely no evidence of any effect of the minimum wage on average restaurant employment. And this is pooling across a large set of counties in the United States with a variety of minimum wage differences over a 17-year period. We were also able to look at the effect on the turnover rate and we found a very clear reduction in job turnover that occurs within a few months of the minimum wage increase, and it persists. A 2.7 percent reduction in turnover for a 10 percent increase in the minimum wage is a fairly sizable reduction. And that



really provides some hint at some of the reasons we may not see overall job losses, because people in the lowest wage jobs often times are moving around and this is costly for employers. When you actually compress the wages by raising the bottom, this tends to allow workers at the lowest wages to stick around longer because these are somewhat better jobs.

## Effects from a 10% increase in the Minimum Wage on Restaurants

### Average Earnings

There was an increase in average earnings:  
**1.9%** ( $\pm 1.2\%$ )

### Total Employment

There was no significant effect on total employment:  
**0.2%** ( $\pm 1.0\%$ )

### Turnover Rate

There was a decrease in the turnover rate:  
**-2.7%** ( $\pm 2.4\%$ )

Based on research conducted by Arindrajit Dube

## John Schmitt Senior Economist, Center for Economic and Policy Research:

We have increasing amounts of experience with paid sick days in San Francisco, Washington, D.C., and Connecticut, and we have a vast amount of knowledge and information about the minimum wage garnered over many, many years. So, I think the minimum wage provides a really good empirical backdrop for looking at the employment impacts of labor cost increases that are mandated on employers. And it's particularly relevant because it's concentrated among low-wage workers, which are disproportionately the workers who are going to be affected by paid sick days legislation. Imagine someone who was previously uncovered took 7 sick days per year. That would be an increase in cost of about 7 over 250 total work days, or about 2.8 percent of total wages paid for that individual worker. Now, those uncovered workers are only a share of the overall employees in most firms, so the overall cost would be even smaller. Another thing we know from the evidence is that very few people take all of their paid sick days. The average we use



Arindrajit Dube, Assistant Professor of Economics, University of Massachusetts-Amherst

in our analysis is about 3.5 days; that knocks the total cost from 2.8 percent of the total wages paid for affected workers to about 1.4 percent. I'm leaving out a lot of potential small costs. The other thing that I'll emphasize is we're leaving out any potential benefits—such as reduced presenteeism, that is, when workers show up sick and they're not very productive; reduced turnover; and savings from reductions in other employees getting sick. So I'm putting those to the side and just talking about a 1.4 percent increase not in total wages paid by a firm, but just in wage costs for those workers, such as non-management, that don't already have paid sick leave—something that's reasonable.

**“There’s just absolutely no evidence of any effect of the minimum wage [increase] on average restaurant employment.”**

**—Arindrajit Dube**

[The proportion of total compensation is even less than 1.4 percent for affected workers, since compensation includes social security and other taxes and benefits.] By comparison, this is somewhere between one-sixth and one-fourth of the cost of the federal minimum wage increases on an annual basis. So we're talking about a fairly small number relative to something we know quite well, which are the federal minimum wage increases [and which Arin Dube's research shows had no effect on employment].



## FINDING 3:

# These small labor costs don't hurt business because they do not end up being entirely borne by employers:

- firms adjust, some costs are shifted to employees and consumers, and
- a law creates a level playing field so no one is at a competitive disadvantage.

### Arindrajit Dube

Assistant Professor of Economics, University of Massachusetts-Amherst:

Most economists think that an effect of an employer mandate on something like paid sick leave is not just borne by employers, but rather in the future as potentially lower pay raises. And, in fact, a sizable portion of that cost may actually get transferred to employees, which will reduce the amount of employer burden.

### John Schmitt

Senior Economist, Center for Economic and Policy Research:

How can it be that you're increasing a cost for employers and there is not much impact on them? I would say that there are a couple things to keep in mind. My view is that you have inequalities in bargaining power. Employers, even though they are sometimes in difficult straits on the margins, have a lot more power relative to their employees who don't have a lot of job opportunities. Employers can take advantage and can set wages and benefits below what the market would otherwise suggest. But, even within the mainstream economics literature, there are a lot of explanations. Any additional costs can get spread out

across a lot of different possibilities. There can be lower profit margins, there can be wage compression—you actually pay people at the top just a little less to compensate for increases in compensation at the bottom. You can have higher prices, you can have higher performance standards—that is, a little bit of a positive productivity shock. Employers realize that they need to restructure to absorb the extra costs. There's also the possibility of lower turnover. And that doesn't include the direct benefits of paid sick days, which can reduce presenteeism and reduce the spread of illness.

### Tim Judson

Policy Specialist, Progressive States Network:

I think we've heard repeatedly, over and over again about the impact not having paid sick days has on working people and the struggles they face with job security and economic security, especially in an incredibly difficult time. What we haven't heard are any examples of businesses that have been put out of business or workers who have lost jobs because of a minimum wage increase or the institution of paid sick days. When it comes to this issue of personal experience, and the experiences of individual business owners, it seems to me that the preponderance of the evidence is that the benefits of this policy for working people and working families far outweigh any measurable or realistic impact on businesses. If there are any examples of businesses that were actually put out of business by labor standards being raised for low-wage workers, then I would like to see them.



John Schmitt, Senior Economist, Center for Economic and Policy Research

## FINDING 4:

# Real small business owners point to the benefits of a paid sick days law: lower turnover, worker loyalty, and customer loyalty.

**And remember: one business's paid worker is another business's paying customer.**

### **Freddy Castiblanco**

**small business owner, Terraza 7 Train Café, Queens:**

Lack of paid sick days has consequences not only for workers but also for business, particularly in my community. Those workers are my customers. We need to protect salaries. If we protect the salaries, if we give jobs stability, we are going to protect the purchasing power of potential customers. If you give me tax cuts, I won't be able to generate any more jobs. What really creates jobs in my community is customers. We need the capacity of [purchasing] power of our customers, but particularly low-income Latinos who are our customers in Jackson Heights, Elmhurst, and Corona. I just want to let you know that Chambers of Commerce can pay lobbyists; small business owners cannot. So we have to talk ourselves. The voice of real small businesses are going to start being at these kinds of tables; we will have a presence more often and we have to start to differentiate who is a small business and who represents big corporations.

### **Juan Carlos Ruiz**

**co-owner of Colors Restaurant in Manhattan:**

We do provide paid sick days which in the logic of nowadays, with everyone trying to cut corners, might seem counterproductive. I am here to say that such attitudes, such moves on our part, have greater benefits beyond the statistics. It humanizes the work environment. It lends us



Freddy Castiblanco, small business owner, Terraza 7 Train Café, Queens

loyalty of our employees, and in the long run it benefits not only us as business persons but also the community where we are offering our services. We are dealing with food here which is an intimate relationship that we have not only with food but with customers. When we accept one of our employees coming to work sick, most likely they will infect not only co-workers but our clients.

**“If we protect the salaries, if we give jobs stability, we are going to protect the purchasing power of potential customers. If you give me tax cuts, I won't be able to generate any more jobs. What really creates jobs in my community is customers.” —Freddy Castiblanco**

### **Robert Schwartz**

**small business owner of Eneslow Pedorthic shoe stores, who opposed original bill:**

I agree with Juan Carlos and I agree with everyone who is concerned with workers' dignity, and dignity for all of us. You don't stay in business in New York City unless you provide quality for your workers. Customer service starts internally not externally. It has to happen within your company before it can happen outside your company. None of us would go into shops or deal with small businesses where we see people treated improperly. I think in the long run the companies that survive are doing the right thing.

## FINDING 5:

# Much of the opposition is due to disinformation about provisions of the bill.

**With a willingness to make small changes, we should be able to agree on a bill.**

### Ellen Bravo

**Executive Director, Family Values @ Work:**

I have certainly talked to a lot of business owners who oppose paid sick days until we have this conversation. So I'm from Milwaukee, where we passed an ordinance. There's a guy I buy hummus from every Saturday morning, who was very opposed. I said, "Talk to me, because I know your staff, you know them, are you really worried about them abusing it?" He said, "No, not them but the summer help." I said, "They're not covered. You have to be 90 days on the job before it kicks in." He had not been told that. A woman from a large bank I sit on a committee with, she said, "We're opposed because we were told it would cost us tens of thousands of dollars." I said, "What are you talking about? You already offer much more time than is required." She said, "Yeah, but it's PTO." I said, "Any paid time you offer can be used to comply as long as people can use it for the same reason." There's a real disservice from this kind of disinformation.

### Kathryn Wylde

**President and CEO, Partnership for New York City:**

I just want to make one other clarification, because I think Ellen didn't realize that the reassurances that she was able to give employers with regard to the Milwaukee law are not the same as the provisions of the New York law.

### Sherry Leiwant

**attorney who drafted both bills and Co-President of A Better Balance:**

I just wanted to clarify because I did write the bill in Milwaukee and the one in New York, and they're identical, at least on the issues that Ellen raised. The coverage of PTO is the same and also the 90 day waiting period before workers can use it. In fact, we made it even clearer that temporary and seasonal workers are not covered in New York. It's the same bill.

**"I don't like the legislative approach, but I am recognizing that sometimes you have to do that." —Robert Schwartz**

### Robert Schwartz

**small business owner of Eneslow Pedorthic shoe stores, who opposed the original bill:**

I am hearing some industry-specific issues, and I cannot comment on that because I'm not in that industry. I would say to you that if you have an industry-specific issue, then you need to sit down with the leaders in that industry and say, if you can't straighten this out, then we're going to have to legislate it. And I can certainly support that at the highest level.

There just has to be some recognition that small business is not what you think it is. Small business includes people like me who have 40 employees and do give benefits. It's not like I'm against benefits, but nine sick days isn't necessary in my opinion. I think five would be adequate. I don't like the legislative approach, but I am recognizing that sometimes you have to do that.



## FINDING 6:

# Setting minimum labor standards where the benefits outweigh the costs is good public policy.

### Arindrajit Dube

Assistant Professor of Economics, University of Massachusetts-Amherst:

In general, I think the validity of a public policy response in setting a floor has to do with a number of issues. In the case of sick leave, there are additional issues beyond simply job security. There's a public health angle, there's an externality that is imposed potentially on other people. But even apart from that, setting a floor allows businesses that are doing the right thing in terms of providing paid sick leave not to be at a competitive disadvantage. And one of the things in my experience, especially studying minimum wages and talking to businesses before and after—I think there's a lot of apprehension about what happens with these kinds of policies, because part of the adjustment that occurs is not immediately obvious ahead of time. Small increases in prices of goods and services, for instance, can absorb a large portion of the cost increases—this is true with minimum wage increases—which allows for the fact that even if you have a one percent profit margin or a small profit margin, that's actually rarely affected. That's why we don't see a giant number of businesses going out of business when you have an increase in the minimum wage, and we've had that happen for many decades to accumulate a pretty good set of evidence.

### Coraminita Mahr, Vice President, 1199SEIU:

Some people say leave it up to the employer what they can do. But this is a larger problem than employers. It's a human problem. It's a societal problem. For the life of me, I've never been able to understand why almost every other country in the world can take care of workers, allow them to take six weeks paid time off to relax, take care

of their families, whatever they need to do, but we have an issue with providing just the basic necessities for people who provide our services, who help you run your businesses, and who take care of the larger majority of us in this country. We are passionate and determined to do our best and we are glad to be sitting at this table. I welcome these types of forums and I know we don't have to agree on everything, but you have to start somewhere. Studies are what people look at. Figures are what people look at. When you talk about basic costs, if we're telling you basic costs and you're denying it, then we should get in a room and hammer that out. That's what you do when you negotiate.

### Donovan Richards

Chief of Staff to New York City Council Member James Sanders, Chair of the Committee on Civil Service and Labor:

We always hear this argument of the role of government, and government is impeding on private matters of business. But what is not talked about is when, for instance, the mayor just banned smoking on the beaches. We don't hear that argument there. Now we're talking about banning smoking in residential buildings. We can't use this argument when it's conducive just for one person. We have to think of this thing holistically. This is a common-sense bill. And we cannot afford to put the costs before individuals' lives. Small businesses will not be killed with this bill. We have to look at the owner of the business. Mr. Walmart, when he's out sick, the workers are still working and he's still receiving his full pay. When Mr. McDonalds is out, he's still receiving his full pay. We have to look past the numbers and look at this as being decent, being your brother's keeper, being your sister's keeper. This is not about money; this is about human dignity.



Coraminita Mahr, Vice President, 1199SEIU

## FINDING 7:

# **Paid sick days laws have been successful in San Francisco and elsewhere, and have not hurt local business.**

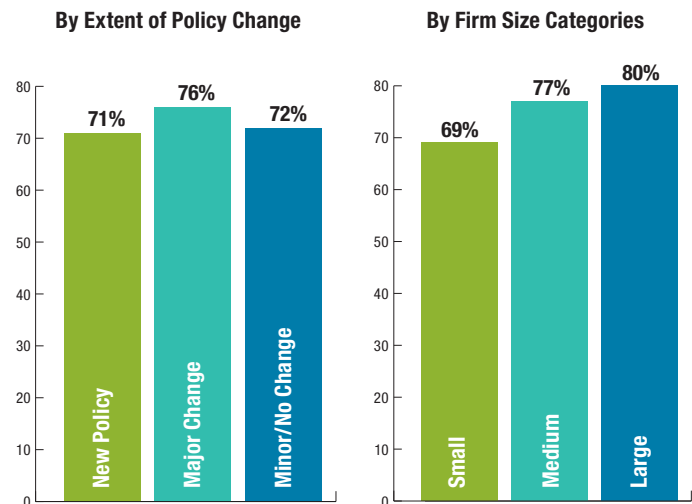
**Arindrajit Dube**

**Assistant Professor of Economics, University of Massachusetts-Amherst:**

This time, all I'm going to do is tell you what close to 800 businesses in San Francisco told us after they implemented this policy, this is just from the horse's mouth. These are businesses assessing for themselves, and generally businesses were not particularly supportive of this policy prior to the policy having been passed. Over 80 percent of employers said there was no effect at all on their bottom line. Even for those firms that were offering a sick leave policy for the first time, over two-thirds of them said there was absolutely no effect on their profits. The vast majority of businesses in 2009 looking back after two years of experience with this policy were supportive of the policy itself. Of those who are offering a new policy, 71 percent of them said they supported this ordinance. Of those who had a major change, 76 percent of them said they were supportive of the policy. You can cut this by small, medium, and large employers, small being under 20 employees in this definition, and nearly 70 percent of those businesses said in 2009 that in the last two years of having to live with this policy they've actually supported the ordinance. I think that's a remarkable thing but not surprising in light of other modest changes in labor standards. When they are implemented, businesses often find that in fact the world doesn't collapse as they know it. There are many ways to adjust that may not be immediately apparent. I think in this case the numbers speak for themselves. I think any reasonable person actually visiting

San Francisco or looking at Bureau of Labor Statistics unemployment rates would at least know the world as we know it didn't end.

## **Businesses Reporting Support for the Paid Sick Leave Ordinance**



Based on research conducted by Arindrajit Dube

**Donna Levitt**

**Head of San Francisco Office of Labor Standards Enforcement:**

Initially in San Francisco employers were very alarmed about this law. Some of what we're hearing in New York sounds very familiar. Particularly we heard from restaurant owners and temporary staffing agencies of their concerns. Those were sectors that tended to have no experience with paid sick leave. It was common that they assumed the full amount of accrued time would be used. They were concerned over how to address abuse of paid sick leave. I feel comfortable reporting that the implementation has been very smooth. Not all the days are taken; there have been no reports of rampant abuse. And our experience is consistent with the results of the surveys that you've heard about, that, I think the studies show that even though more than five or nine days are available, between three and four days are taken, and low-wage workers and workers of color tend to be the most likely to benefit. Most businesses have been able to implement the paid sick leave ordinance with minimal impact. In five years that the law has been in effect, our office has received 265 complaints, that's an average of 4.3 complaints a month. By way of comparison the most recent quarterly census shows 557,000 workers in San Francisco, I know it's significantly less than New York, but we're a real

city and we have similar sectors and types of businesses that New York has. The complaints are fairly easy to resolve. They don't involve a large amount of money. We were able to easily incorporate enforcement of paid sick leave into our enforcement of minimum wage and we hired no additional staff to enforce the paid sick leave ordinance. We believe paid sick leave is good public policy, it's good for workers, it's good for employers and it's good for public health.

**Council Member Gale Brewer**  
**Prime sponsor of New York City Paid Sick Time Act:**

How have the Chambers [in San Francisco] responded now that the law has been implemented?

**“Most businesses have been able to implement the paid sick leave ordinance with minimal impact.”**

**—Donna Levitt**

**Donna Levitt**  
**Head of San Francisco Office of Labor Standards Enforcement:**

Both the Golden Gate Restaurant Association and the San Francisco Chamber of Commerce have been quoted as saying that this law is less onerous than others. I think they have gone so far as to say that they believe this law is good public policy that businesses can live with.



Donna Levitt, head of San Francisco Office of Labor Standards Enforcement

## CONCLUSION:

**The case is clear. The benefits of a paid sick days law in NYC outweigh the costs, and by a substantial margin.**

**Paul Osterman**  
**Economist, Professor at the M.I.T. Sloan School:**

I've been asked to provide you with a little bit of context, a way to think about this issue, both in terms of this morning's discussion and in terms of San Francisco. So I'm going to make four or five points. The first point I want to make is how I think about issues of labor standards and how to improve working standards. What's our goal? Our goal is not to minimize costs to employers. If our goal were to minimize costs to employers, we'd have child labor, but we don't have child labor, and no employer in New York supports child labor. But why don't we have child labor? We don't have it because we weigh the costs and benefits of any set of policies. Providing employers with a cost structure that enables them to create jobs is a big benefit. We want employers to create jobs and we're grateful when they do that. But there are also costs. So for example with child labor, there are costs both to the kids and to society over a long period of time when a kid gets sick or injured from child labor or doesn't get an adequate education. So we have to weigh costs and benefits. I wouldn't want to get into a debate that said, if there is some employer out there who can't hire an additional person, or even who goes out of business because of some policy, that means that policy shouldn't be passed. We're weighing costs and benefits.

The second thing I would say in response to some of the discussion we had this morning is that in thinking about a policy you want to look at a range of evidence. Academic studies are one piece of evidence. We also want to look at history. History is important. You can look at accounting data—what's the cost structure of firms. But I think we've



learned recently that accounting data is not always what it appears to be. And we can use anecdotes. At the end of the day we add up different kinds of evidence and arrive at a reasonable conclusion. And that's how we should be doing this, not focusing on any one piece of evidence.

Now, what's the larger context in which this discussion is taking place? The larger context is inequality. There is a tremendous amount of inequality in this country along wage dimensions, you all know that. But what's important to understand is that based on the discussion in the last six months or so, partly due to the Occupy movement, partly due to what President Obama has put on the agenda, partly due to the urgency of the issue itself, there's a great deal of interest in inequality and how to think about it and what to do about it. A lot of this discussion is about national policy—what should be the tax structure, how do we address those types of issues. But inequality also has to be addressed in terms of job quality, because one of the main sources of inequality is in the nature of people's jobs. And inequality also has to be addressed in terms of mobility issues, people's capacity who are at the bottom of the labor market to move up. I view paid sick leave as important in terms of job quality, but even more concretely as it relates to mobility, because of the way you move up in this world—and Mr. Schwartz described it in his own history. He started off at the bottom of the ladder in his company, he stayed in that company and he moved up. If he had lost his job, if he had been fired because he was sick and had to move to another company, if he therefore had an unstable work history, he would not have moved up. And that's a generalization, that if you can't have stable employment, if you cannot stay with an employer, if you cannot accumulate human capital, you're much less likely to be upwardly economically mobile, which is a bad thing, and doesn't address the fundamental problem of inequality. That's the larger context in which to think about this.

So what's the evidence? One [piece of] evidence is the studies that Arin described and John talked about. My view, and I read this literature very deeply and very widely, is that what you've heard is right. That these studies on the low impact of the minimum wage accurately capture what the evidence tells us about the minimum wage. And you've also heard that the cost associated with this legislation is quite low relative to the costs of recent minimum wage increases. I think it's very reasonable to conclude that the impact of this on employment would be quite low based on those studies. Now I say two things about that. Again in the context of the discussion this morning, a number of people said, yes, but firms face additional costs on top of this, but all of those studies were done in the context



Paul Osterman, Economist, Professor at the M.I.T. Sloan School

of firms that faced those costs. So conditional on all firms already facing those costs, the impact has been quite low from a minimum wage increase. Now it's also true that all these minimum wage studies have been done in the context of relatively small increases to the minimum wage. I would never advocate a minimum wage of 20 dollars an hour. There's certainly an amount of increase in the minimum wage that would be very destructive. We're weighing costs and benefits, we're weighing what's likely to happen and in the range we're talking about here, the costs are minimal.

**“Reasonable increases in labor market standards are beneficial, not destructive.” —Paul Osterman**

How about the evidence from history? From the Triangle Shirtwaist factory on up, we have raised the standards, we have raised the floor in the labor market. The American economy may be doing poorly now, but in the long run of history the American economy has done extremely well, we all know that. High rates of productivity, high rates of job creation despite the fact that we've constantly pushed the floor up in the labor market through a wide range of policies. So I think history supports the proposition that reasonable increases in labor market standards are beneficial, not destructive. There's substantial evidence that what's been said is true, that turnover goes down, worker commitment goes up, the quality of service goes up. Again, Mr. Schwartz, your employees treat your customers better because you treat them well and evidence supports that generalization so the benefit to firms is there. And finally, the level playing field point. There are many firms that treat their employees well. But you don't want them to have to compete with firms that are cutting

## The Same Dire Predictions and Scare Tactics Have Been Heard Before... and They Were Not Borne Out

*A spokesman for the Associated Industries of New York insisted that the... Acts would mean "the wiping out of industry in this state."*

– Statement made in response to changes in the New York State fire code, restrictions on hours for women and children following the Triangle Shirtwaist Factory fire on March 2, 1911 in which 146 workers perished

*"Never in the history of the world has any measure been brought in here so insidiously designed so as to prevent business recovery, to enslave workers, and to prevent any possibility of the employers providing work for the people."*

– Representative John Tabor (R-NY) sounding the alarm against Social Security, April 19, 1935

*"The minimum wage has caused more misery and unemployment than anything since the Great Depression."*

– Ronald Reagan, on the campaign trail in 1980

costs in the same product market segment by squeezing labor because it's unfair competition. There's a general benefit to raising the floor, and that benefit accrues to firms that treat their workers well because they have to compete with another firm that isn't doing the same thing and therefore has an artificially low cost structure. So when I weigh this all out, it seems to me that the case is pretty clear that with this legislation, which is quite mild, the benefits really do outweigh the costs and they do so by a substantial margin. And I do urge you to think about this in the context of the larger debate in this country about inequality and what to do about it.

### Nancy Rankin

**Vice President for Policy Research and Advocacy,  
Community Service Society:**

Our goal today was to look at the research evidence as well as the actual experience in San Francisco to understand what would be the likely impact of paid sick days in New York City. I also saw today some hope for agreement. In the opening remarks, I think people agreed in general that paid sick days is a desirable thing if we can do it. And I think if we can agree on that, then we can certainly agree on how to craft a bill. On these points about exactly how many days, or where we draw the line in terms of how small is a small business, these are things we are flexible on and I think can be worked out to craft a bill that will work for New York City.

Now those opposing paid sick days have said that while it is well-intended it would be a job killer. We have heard those fears before. The Associated Industries warned that



Nancy Rankin, Vice President for Policy Research and Advocacy,  
Community Service Society

laws proposed after the Triangle factory fire would wipe out industry in the state. We passed those laws then, and our workplaces are now safer, children are in school, and industry was not wiped out.

And then we've heard the argument that we should do this, but we just can't do it right now. We can't pass paid sick days when we are struggling to recover from an economic downturn. We need to wait for the economy to improve. Here's another quote for you: "Never in the history of the world has any measure been brought in here so insidiously designed so as to prevent business recovery, to enslave workers, and to prevent any possibility of the employers providing work for the people." That was representative John Taber of New York sounding the alarm against social security in 1934. But we know it is exactly in hard times when we most need to pass measures to keep workers from losing their jobs and from losing their paychecks. More recently we've heard that the minimum wage has caused more misery and unemployment than anything since the Great Depression. That was Ronald Reagan on the campaign trail in 1980. He hadn't read Arin's paper. These dire predictions were not borne out then and they will not be borne out now. We have heard the compelling research findings; we've heard what actually happened in San Francisco. It is time to put those arguments to rest; it is time to bring the job killer to justice. It's time to pass paid sick days in New York City. It's time that not only should the highly-paid person in the corner office have paid sick days, but so should the immigrant worker cleaning that office at night. It's time that not only should the corporate executive dining on the \$50 steak and the \$10 side order of string beans have paid sick days, but so should the restaurant server. We can afford to do that in New York City, and workers and the businesses and the city will be better as a result. We look forward to continuing this discussion that we started today and moving forward.

# New York City Paid Sick Time Act

(Int 0097 with 2012 amendments indicated by \*)

## Summary of Key Provisions

### Keeping our workforce, children, and businesses healthy

- Paid sick time is provided for private sector New York City workers to care for a worker's own health needs or to take care of a sick member of the immediate family (limited to spouse, child, parent, or domestic partner\*). Paid sick time can also be used if schools or businesses are closed due to a public health emergency.
- Up to 5 days a year would be earned by workers in small businesses (5 to 19 employees) and up to 9 days for those working for larger employers (20 or more employees)
- “Mom and pop” shops with fewer than 5 employees would provide job protection for up to 5 unpaid sick days.\*
- Independent contractors and work-study students\* would not be covered by the bill.
- Opt-outs are provided for building and construction trades covered by collective bargaining agreements (CBA) and other workers covered by CBAs if they receive a comparable benefit.

### Giving businesses flexibility

- Any type of paid leave—paid time off, vacation, personal days, etc.—counts for purposes of complying with this law. Businesses providing any kind of leave in the same amounts as required by the law need not change their policies as long as the other leave can be used for the sick leave purposes defined in the law. The leave does not have to be specified as sick leave.
- If they prefer, businesses can allot paid sick time at the beginning of the year, rather than through the accrual process of one hour for every 30 hours worked, as outlined in the law.\*
- Employers can determine time increments by which workers may use their sick time. For example, if an

employer has a policy of requiring workers to take at least half a day of time when they call in sick, that policy does not need to be changed.\*

- Businesses can use full-time equivalents (FTEs) to determine business size.
- New small businesses, with fewer than 20 employees, will have a one-year grace period before being covered by the law.\*
- During declared public emergencies, employers under the jurisdiction of the public service commission do not have to comply with the provisions of the bill.\*

### Balancing needs of workers and employers

- The amount of required paid sick time an employee can take in any year is limited. Unused paid sick time can be carried over to the next year, so there is no incentive to take unused days at the end of a year, but the total required for the next year remains limited to 5 or 9 days depending on the size of the employer. The law also specifies that no “cash out” is required when a worker leaves.
- Workers would be protected against retaliation and employers would be protected against possible abuse. The Department of Health is given general power to enforce the law including investigating complaints, holding hearings and granting relief.\* Unresolved claims could be heard in court. Employers can require documentation for leave of more than 3 consecutive days.
- Worker protections in the bill apply only to sick time and do not extend to other disciplinary actions.



# Roundtable Participants

## **Martha Baker**

Consultant  
New York Paid Leave Coalition

## **Tatiana Bejar**

High Road Coordinator  
ROC-NY

## **Ellen Bravo**

Executive Director  
Family Values @ Work

## **Hon. Gale Brewer**

Council Member  
New York City Council

## **Emmanuel Caicedo**

NY Legislative Director  
Working Families Party

## **Matthew Carlin**

Legislative Attorney, Council  
Speaker Christine Quinn  
New York City Council

## **Marco Carrion**

Political Director  
New York City Central  
Labor Council

## **Freddy Castiblanco**

Business Owner  
Terra 7 Train Café  
Elmhurst, Queens

## **Daniel Coates**

Lead Organizer, Make the Road  
New York

## **Elisabeth Donahue**

Associate Dean for Public  
and External Affairs  
The Woodrow Wilson School of  
Public and International Affairs,  
Princeton University

## **Donna Dolan**

Chair  
New York Paid Leave Coalition

## **Arindrajit Dube**

Assistant Professor  
University of Massachusetts,  
Amherst

## **Netsy Firestein**

Executive Director  
Labor Project for Working  
Families

## **Jack Friedman**

Executive Director  
Queens Chamber of Commerce,  
Representing Five Borough  
Chamber Alliance

## **Yoselin Genao**

Chief of Staff, Council Member  
Julissa Ferraras  
New York City Council

## **Jon Green**

Working Families Party

## **Andy Hawkins**

Editor, City and State

## **David R. Jones**

President and CEO  
Community Service Society

## **Tim Judson**

Workers' Rights Policy Specialist  
Progressive States Network

## **Sherry Leiwant**

Co-President  
A Better Balance

## **Donna Levitt**

Division Manager  
San Francisco Office of Labor  
Standards Enforcement

## **Michael Levoff**

Vice President,  
Public Affairs  
Partnership for New  
York City

## **Andrea Lindemann**

Policy Analyst, CLASP

## **Coraminita Mahr**

Vice President  
1199 SEIU United Healthcare  
Workers East

## **Daniel Massey**

Reporter  
Crain's New York Business

## **Kevin Miller**

Senior Research Associate  
Institute for Women's Policy  
Research

## **Jarrett Murphy**

Editor-in-Chief  
City Limits

## **Paul Osterman**

Professor  
MIT Sloan School  
of Management

## **Maibe Ponet**

Opinion Page Editor  
El Diario

## **Michael Powell**

Columnist  
The New York Times

## **Nancy Rankin**

VP for Policy Research  
and Advocacy  
Community Service Society

## **Donovan Richards**

Chief of Staff, Council Member  
James Sanders  
New York City Council

## **Juan Carlos Ruiz**

Owner  
Colors, Manhattan Restaurant

## **John Schmitt**

Senior Economist  
Center for Economic  
and Policy Research

## **Robert Schwartz**

Business Owner  
Eneslow Pedorthic  
Enterprises, Inc.

## **Vicki Shabo**

Director of Work and Family  
Programs  
National Partnership  
for Women & Families

## **Regina Smith**

Executive Director  
Harlem Business Alliance

## **Anne-Marie Solomon**

Worker  
Farm Country

## **Elinor Tatum**

Publisher and Editor-in-Chief  
The NY Amsterdam News

## **Anna Wadia**

Program Officer  
Ford Foundation

## **Shula Warren**

Chief of Staff,  
Council Member Gale Brewer  
New York City Council

## **Kathryn S. Wylde**

President and CEO  
Partnership for New  
York City

## Community Service Society of New York

## **David R. Jones**

President and Chief  
Executive Officer

## **Steven L. Krause**

Executive Vice President  
and Chief Operating Officer

## **Board of Trustees, 2012-2013**

Joseph R. Harbert, Ph.D.  
*Chairperson*

Deborah M. Sale  
*Vice Chairperson*

Ralph da Costa Nunez  
*Treasurer*

Donald W. Savelson, Esq.  
*Secretary*

Steven Brown

Richard R. Buery, Jr.

Judy Chambers

Melissa C. Curtin

Sydney W. de Jongh

Sylvia E. DiPietro, Esq.

Florence H. Frucher

Betsy Gotbaum

Nicholas A. Gravante, Jr., Esq.

Joseph J. Haslip

Michael Horodniceanu, Ph.D.

Brad Hoylman

Matthew Klein

Micah C. Lasher

Hon. Kelly O'Neill Levy

Mark E. Lieberman

Leisle Lin

Joyce L. Miller

Carol L. O'Neale

David Pollak

Margarita Rosa, Esq.

Marlene Sanders

Hon. Carol Sherman

Marla Eisland Sprie

Barbara Nevins Taylor

Magda Jimenez Train

Jeffery J. Weaver

Michelle Webb

Abby Wenzel, Esq.

Mark A. Willis

## **Honorary Life Trustees**

Stephen R. Aiello, Ph.D.

David N. Dinkins

Marian S. Heiskell

Douglas Williams

**To learn more about paid sick days  
in New York City, visit our website at**  
**[www.cssny.org/pages/paid-sick-days](http://www.cssny.org/pages/paid-sick-days)**

## References

---

Won Kim Cook, et al., "A Health Impact Assessment of the Healthy Families Act of 2009," Human Impact Partners and the San Francisco Department of Public Health, June 2009.

Robert Drago and Vicky Lovell, "San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees," Institute for Women's Policy Research, February 2011.

Arindrajit Dube, T. William Lester, and Michael Reich, "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties," The Review of Economics and Statistics, November 2010, 92 (4): 945-964.

Elise Gould, Kai Filion, and Andrew Green, "The Need for Paid Sick Days: The Lack of a Federal Policy Further Erodes Family Economic Security," Economic Policy Institute, June 2012.

Supriya Kumar, et al., "The Impact of Workplace Policies and Other Social Factors on Self-Reported Influenza-Like Illness During the 2009 H1N1 Pandemic," American Journal of Public Health, published online ahead of print, November 17, 2011.

Kevin Miller and Claudia Williams, "Paid Sick Days in New York City Would Lower Health Care Costs by Reducing Unnecessary Emergency Department Visits," Institute for Women's Policy Research, February 2012.

Kevin Miller, "Response to Partnership for New York City Report on Paid Sick Days Law," Institute for Women's Policy Research, April 2012.  
<http://www.iwpr.org/general-files/response-to-partnership-for-new-york-city-report-on-paid-sick-days-law/view>

Partnership for New York City, "Impact of Paid Sick Leave on NYC Business: A Survey of New York City Employers," September 2012.

Nancy Rankin, "Still Sick in the City: What the Lack of Paid Leave Means for Working New Yorkers," Community Service Society, January 2012.

## Acknowledgements

---

We extend our thanks and appreciation to Elisabeth Donahue, Associate Dean for Public and External Affairs of the Woodrow Wilson School of Public and International Affairs, Princeton University for serving as an impartial moderator of the roundtable, ensuring that all points of view were heard in a frank, thoughtful discussion. We are grateful for the support of the Bauman Family Foundation that made this session possible.



105 East 22nd Street  
New York, NY 10010  
PH 212.254.8900  
[www.cssny.org](http://www.cssny.org)

Printed in house.  
Cover photo: Getty Images/Bounce; Interior photos: Rhett Sherman  
Design by: Randi Hazan, hazan+co.