

NJBIA

AT ISSUE *By Stefanie Riehl, Assistant Vice President, Employment and Labor Policy*

Paid Sick Leave: The Wrong Medicine for Workers

With the enactment of local paid sick leave ordinances in Newark and Jersey City, proponents claim that now is the time for a statewide sick leave mandate on all New Jersey employers. The idea is a laudable one, but may have unintended consequences.

The proposed legislation, A-2354 (Lampitt)/S-785 (Weinberg), would require all employers to offer five or nine days of paid protected leave depending on their size. The bill is based on a 2007 ordinance adopted by San Francisco.

There is always compelling evidence on both sides of an issue as important as this one, with proponents claiming businesses will adjust.

Adjustments don't always benefit workers. A 2011 report on the San Francisco ordinance by the Institute for Women's Policy Research, which was supportive of the policy, noted that 15 percent of affected employers experienced layoffs or were forced to reduce hours as a result of it. Fourteen percent of employers also reported providing fewer raises, fewer bonuses and reducing other benefits.

Another study on the same ordinance showed similar results. Using data from the Bureau of Labor Statistics, the National Restaurant Association found that fast food restaurants in San Francisco employed an average of 15.2 workers per restaurant the year before the ordinance went into effect. By 2010, that number declined to 14 workers per restaurant. By comparison, the number of fast food workers in the five counties surrounding San Francisco actually grew over the same period. The study concluded the net effect of the ordinance was a decline of 1,300 San Francisco fast food workers over four years.

It's clear that many of the businesses included in both studies were forced to make difficult operating decisions because of the ordinance. Losing job opportunities is just one of the possible unintended consequences of such a one-size-fits-all mandate.

That lack of flexibility is precisely the risk associated with enacting legislation like A-2354/S-785. The legislation requires all employers, even those with generous existing policies, to carry over time from year-to-year. Employers would have to keep records of the time every employee takes for five years. Very few, if any, employers will be able to meet its requirements without significant changes.

It is also worth mentioning that affected employers may already offer more flexibility than the legislation. Some companies offer an unlimited amount of sick days, trusting that days will only be used when necessary. Others use a paid time off bank instead of allocating vacation, personal and sick leave. Still, other employers allow workers to handle their time out themselves by swapping shifts. Arguably, none of these practices would continue



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if A-2354/S-785 became law since the legislation sets the number of days an employee would be entitled to, specifies reasons for the leave and prohibits workers from having to find their replacements.

There are also the direct costs to consider. Some businesses would be forced to pay workers using paid sick days and, at the same time, pay others to take their place. A business with 15 employees would be required to offer paid sick leave and, in some cases, also pay replacement workers for 135 days a year. Not surprisingly, many businesses can't afford this.

Are these possible consequences worth it? NJBIA doesn't think so. The reality is that the vast majority of employers don't want workers coming in sick. Even without a mandate, most pay workers to stay home or allow another arrangement. While trying to help that small segment of workers without either of these options, policymakers might wind up hurting a whole lot more in the process. We should remember that good intentions don't necessarily translate into good policies for the workforce as a whole. **NJB**