



SPOKANE CITY COUNCIL
808 W. Spokane Falls Blvd.
Spokane, WA 99201-3335
(509) 625-6269

Adam McDaniel
Senior Assistant to Council President



The purpose of this analysis is to:

- Demonstrate the need for *Earned Safe and Sick Leave* in Spokane by explaining “the choice” that many low-wage workers are faced with when they are ill or their child is too ill to attend school or daycare.
- Acknowledge and refute some claimed benefits and negative impacts to businesses as a result of a mandated *Earned Safe and Sick Leave* policy.
- Outline a recommended *Earned Safe and Sick Leave* policy that fits the economic realities of Spokane and its labor demographics.

Chapter 1

A National Movement on a Local Stage

Earned Safe and Sick Leave is a policy principle that allows employees an opportunity to earn paid time off to care for themselves or a loved one whom may be sick (“*Sick Leave*”). This principle also allows time to be earned and used in cases where the employee or an employee’s loved one is the victim of stalking, harassment, or domestic violence (“*Safe Leave*”). The objective of this policy is to create short-term economic security for employees requiring safe or sick leave for themselves or a loved one. This is considered a basic labor standard in every industrialized country, yet is treated as a “fringe” benefit in the United States.

The mandated opportunity to earn safe and sick leave, though supported overwhelmingly by most Americans^{i ii}, is perceived as a progressive policy in the United States.ⁱⁱⁱ In 2006, San Francisco became the first city in the United States to adopt a local paid sick leave policy. Washington D.C. followed legislatively two years later. Milwaukee, Wisconsin voters also adopted a paid sick leave ordinance through citizen initiative; later to be preempted by state legislation signed into law by former Milwaukee County Executive and current Wisconsin Governor Scott Walker.^{iv}

The national paid sick leave movement has come on the heels of an alarming 2004 report by the Institute for Women’s Policy Research. It found 49% of all workers were unable to take paid sick leave for themselves or for sick family members.^v Today, that number still stands at 39%.^{vi} Local advocates for this policy base their claim on the Bureau of Labor Statistics data that approximately 40,000 workers in Spokane contribute to that 39% national number.^{vii}

Despite the Family and Medical Leave Act enacted for more than 20 years ago, national (The Healthy Families Act)^{viii} and statewide efforts (HB1356/SB 5306)^{ix} to require short-term paid sick leave have stalled because of strong opposition from interest groups, such as the U.S. Chamber of Commerce^x, Washington Retail Association^{xi}, Association of Washington Business^{xii}, free-market think tanks like the Washington Policy Center,^{xiii} and conservative advocacy groups like the John Birch Society^{xiv}. Interestingly, many of the studies referenced and considered in this analysis measured the sentiment of employer groups who originally opposed this law. After the law's implementation many were found to have less opposition. Most significantly, the U.S. Women's Chamber of Commerce came out in support of passing paid sick leave legislation.^{xv} Most advocates of this policy agree with the sentiment that a national or statewide *Earned Safe and Sick Leave* law is ideal; however, the realities of divided government in Washington D.C. and Olympia make the near-term prospects of any change in labor standards at the state or federal level very small. Because of this political reality, cities such as Seattle, Tacoma, Newark, Portland, Eugene, and Washington D.C. have embraced their local legislative power to conform local labor standards to the values of their residents.

As of the publishing of this report, there are three significant stakeholder groups who have provided *Earned Safe and Sick Leave* policy recommendations:

- City of Spokane Earned Safe and Sick Leave Task Team
- East Spokane Business Association Work Group
- Spokane Alliance

Despite reports^{xvi} that attribute the Spokane Alliance *Earned Safe and Sick Leave Policy* Proposal to the City Council, an ordinance has not been crafted by Council staff or sponsored by a member of the Spokane City Council until now.

The Spokane City Council began considering the development of an Earned Safe and Sick Leave policy in early 2015 after the City of Spokane Human Rights Commission and the Spokane Alliance called for such a policy.

In 2013, the Spokane Alliance hosted a community forum to discuss multiple policy issues with Council Members Amber Waldref and Jon Snyder, also in attendance was Candace Mumm, then seeking election to the City Council. Community members shared stories about the impact that absence of guaranteed paid safe and sick leave had on their lives. After hearing these community members' stories, Waldref, Snyder, and Mumm committed to work with the Spokane Alliance to draft and pass a paid sick leave ordinance in Spokane.

The City of Spokane Human Rights Commission voted unanimously to make *Earned Safe and Sick Leave* a top legislative priority in 2015. Blaine Stum, Chair of the Commission, presented this information as part of a legislative priority update during a City Council legislative session in February 2015.

In May of 2015, six of the seven members of the Spokane City Council (Councilman Mike Fagan chose not to participate) put together a task team made up of business owners from the local restaurant and cosmetology industry, a health policy expert from the Spokane Regional Health District (serving more than 400,000 Spokane County residents^{xvii}), and a victim of domestic violence who now works for the YWCA of Spokane, as a Community Education and

Outreach Manager for the Alternatives to Domestic Violence Program. The Earned Safe and Sick Leave Task Team also included leaders from:

- Greater Spokane Incorporated (representing over 1200 area businesses^{xviii}),
- Spokane Homebuilders Association (representing over 800 area businesses^{xix}),
- City of Spokane Human Rights Commission (representing more than 210,000 City of Spokane residents),
- Washington Restaurant Association (representing 351 Spokane restaurants),
- Service Employees International Union 1199 Northwest (representing more than 650 workers),
- United Food and Commercial Workers Union (representing 2000 employees), and the
- Association of General Contractors of the Inland Northwest (representing over 275 regional companies^{xx}).

This task team was charged with providing “recommendations to City Council on an *Earned Safe and Sick Leave* policy.”^{xxi} In total, the task team included six business owners or business organization representatives, three labor organization representatives, one non-profit representative, one human rights organization representative, and one Spokane Regional Health District representative. It was guided by Lunell Haught, an independent facilitator and faculty member at Gonzaga University’s *Masters in Organizational Leadership* program. The City of Spokane Earned Safe and Sick Leave Task Team spent six hours over three weeks working through the intricacies of a model *Earned Safe and Sick Leave* policy. The team collectively provided an incredible array of information from various perspectives; despite the short project timeline. Public policy that could theoretically increase costs to businesses is often met with at

least some resistance. However, the business and industry representatives on the City of Spokane Earned Safe and Sick Leave Task Force acknowledged resistant perspectives while also contributing significantly to the development of the model policy. Their willingness to interact and participate in the policy development process was instrumental in removing the adversarial approach that often appears in labor standard versus business regulation policy discussions.

Two other community groups have submitted *Earned Safe and Sick Leave* policy recommendations in addition to the model policy developed by the City of Spokane Earned Safe and Sick Leave Task Team:

1. The *East Spokane Business Association* is made up of businesses along the East Sprague corridor. This organization put together a work group to examine an *Earned Safe and Sick Leave* policy, and made recommendations to the Council on a policy that it believe works for Spokane. Larry Stone, President of SCAFCO Corporation, and Jim Hanley, Owner of ACME Television, were kind enough to present this proposal to City Council President Ben Stuckart and Council Member Karen Stratton at a meeting in late May 2015.
2. The *Spokane Alliance*, a group of religious congregations, unions, school and community groups, began working on an Earned Safe and Sick Leave policy in 2013. They were the group that was most vocal in support of moving forward with a policy. The *Spokane Alliance* has reached out to more than fifty businesses and has crafted its own policy proposal based upon this feedback.

This particular policy analysis considers the merits of all three proposals, as well as the *Earned Safe and Sick Leave* policies of other local and state governments. It includes references

to information and studies pertinent to the health and economic impacts of paid sick leave laws in other states or municipalities. This information is integral to a true analysis and necessary for determining the scope of the policy.

Finally, the recommended *Earned Safe and Sick Leave* components included in this analysis reflect the realities and constraints of Spokane’s economy, current demographics and trends, and the City of Spokane’s ability to effectively educate and enforce this new labor standard. While multiple studies were commissioned that address the human resource benefits of paid sick leave, such as reduced employee turnover^{xxii}, lower recruitment and training costs^{xxiii}, and improved productivity^{xxiv}, this analysis focuses specifically on the policy as a tool to address public health decisions made by economically-insecure workers that collectively impact every citizen of Spokane. The crux of this analysis focuses on the policy answer to the following question:

Is it unreasonable to expect, as a local government, that our city’s financially-insecure citizens can make both a rational economic- and public health-conscious decision without the assurance of a consistent income stream during a period of short-term illness?

The short answer is yes. We cannot reasonably ask economically-insecure working citizens to make decisions that are both financially-wise and public-health conscious during periods of illness. The worker is faced with a difficult choice: attend work while ill for financial purposes or not attend work. For the purposes of exploring this dilemma, this analysis focuses narrowly on the economic and public health decision facing a low-wage single parent whose child is sick.

An *Earned Safe and Sick Leave* policy is a reasonable policy for addressing the economic and public health dilemma facing workers who must make this choice.



SPOKANE CITY COUNCIL
808 W. Spokane Falls Blvd.
Spokane, WA 99201-3335
(509) 625-6269

Adam McDaniel
Senior Assistant to Council President



Chapter 2

A Need in Our City: The Questions and the Choices

When my son Caleb was 6 months old he came down with viral pneumonia which he had caught at his daycare. So my husband took time off from work to care for our boy. Then my mother took time off from work to care for him. Then I took off work until he was well enough to return to daycare. When I returned to work they informed me that my doctors [sic] note wasn't going to help because it wasn't I who had been sick. My job of 6 years ended that day and my life started to spiral down as we tried to stay afloat. My marriage started coming apart from the financial stress and ended in divorce. I truly believe if there had been paid sick leave, for parents with a sick child, our life would have turned out much better.

- Joann, Spokane

Are we making an unreasonable request of low-income parents to make a rational economic- and public health-conscious decision when their child is ill in absence of *Earned Safe and Sick Leave*?

For most parents and parental guardians, a day will come when their child is simply too sick to attend child care or school. According to the United States Department of Health and Human Services, a day like this happens to two-thirds of parents of school-aged children at least once every school year.^{xxv} This leads to working parents taking off work an average of four days each year to care for their sick children.^{xxvi} Yet for many in Spokane, the choice to take off work to care for their sick child becomes a choice of economic security versus proper custodial duties of parenthood. The reality for many workers in Spokane is that the loss of a single day of wages can mean the difference between food for their family, making a rent payment, paying for childcare, or maintaining transportation to and from a job.

The choice between staying home to care for a sick child or going to work in order to assure basic economic security for the household falls disproportionately to women. Many of these women work low-wage or part-time jobs in Spokane.^{xxvii} These jobs are often in the retail and service sectors – industries with businesses that often lack the offering of *Earned Safe and Sick Leave* for employees, according to the Bureau of Labor Statistics.^{xxviii} A 2014 study by the Kaiser Family Foundation found that among mothers who stay home with a sick child because of a lack of childcare options, 60% receive no replacement income for lost work time.

Many working mothers do not get paid when they take time off to care for sick children

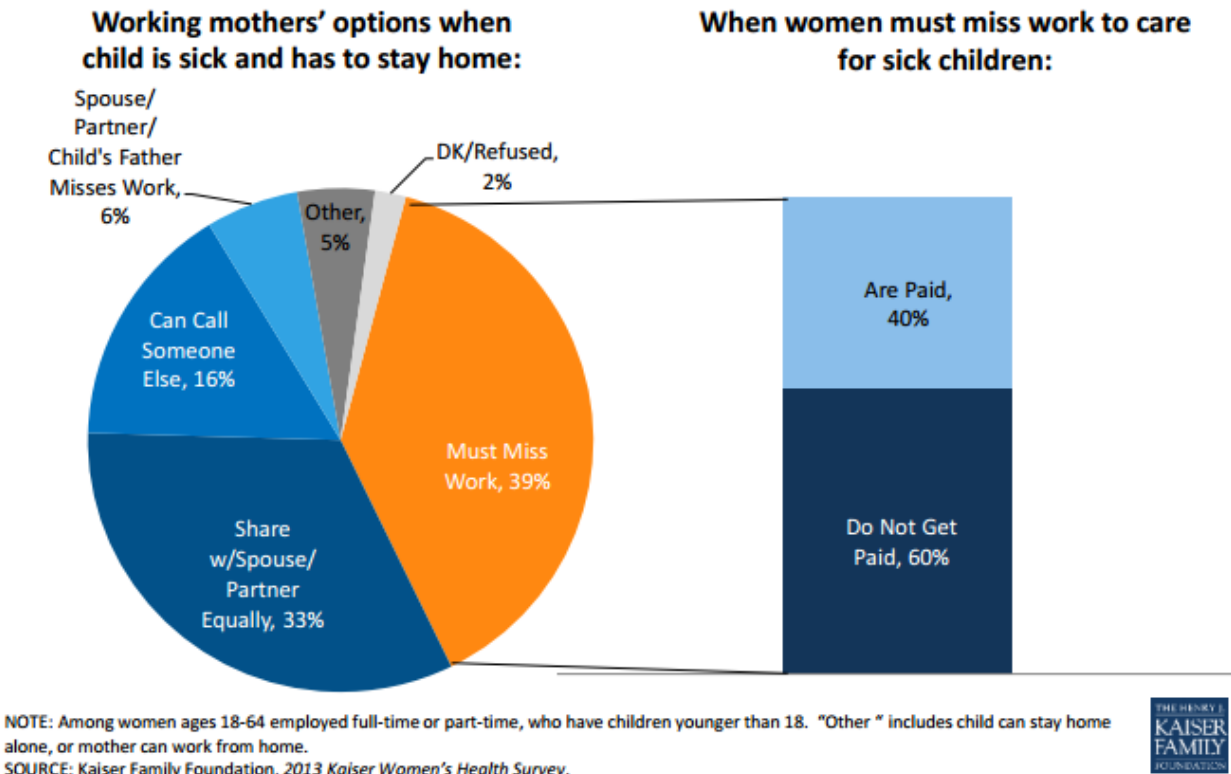


Figure 1. Many working mothers do not get paid when they take time off to care for sick children

Although women are shown to be statistically more likely to stay at home with a sick child, work-family conflict is not limited to women. From 1975 to 1999, fathers' time spent caring for children grew by more 113%.^{xxix} Likewise, the proportion of men who reported some, or a significant amount of, work-family conflict rose to 45% in 2008.^{xxx} This number is expected to grow.

Does the lack of a law requiring that all workers are afforded the opportunity to earn safe and sick leave impact the health of children of low-wage working parents in Spokane?

According to Spokane Community Indicator Economic Vitality data^{xxxix}, and the Self-Sufficient Calculator for Washington State, a single parent in Spokane with a school-age child need monthly wages of \$2,848 to be self-sufficient. This represents income that meets basic needs, without government assistance other than tax credits. These wages represent 70% more than a Spokane minimum wage worker makes in the same 40 hours.^{xxxix} For further context, the \$34,000 (\$2,848 x 12 months) in annual wages necessary for this single parent to be self-sufficient is nearly \$6,000 more than the average wage for Spokane County residents working in the retail trades^{xxxix}, and \$9,000 more than the average 2013 household income for more than a quarter of Spokane County residents.^{xxxix} The Self-Sufficient Calculator assumes gender neutrality. Data shows that women in Spokane make an average of \$9,000 less annually than men.^{xxxix} The gender-pay inequity in Spokane makes it even harder for a single mother and child to reach self-sufficiency.

These low-wage working parents are traditionally the workers with the lowest chance of having access to *Earned Safe and Sick Leave*. This chart from the University of New Hampshire's Carsey Institute highlights the percent of employed parents lacking at least five *Earned Safe and Sick Leave* days annually. The data in this chart is from the *2008 National Study of the Changing Workforce*.

Percent of employed parents lacking at least
five paid sick days annually to care for a sick
child by select characteristics, 2008

	All employed parents	Employed fathers	Employed mothers
Lack access to:			
Paid sick days to care for children	52	49	54
Education			
High school or less	62	59	66
Some college	55	50	58
Bachelor's degree	39	41	38
More than bachelor's	29	28	32
Hourly wage			
\$10.00 or less	63	57	67
\$10.01 to \$20.00	57	63	52
More than \$20.00	44	41	47
Class of worker			
Private sector	59	54	64
Government sector	33	33	32
Nonprofit sector	47	44	48
Weekly work hours			
Full-time ¹	48	48	49
Part-time	70	63	71

Table 1. Percent of employed parents lacking at least five paid sick days annually to care
for a sick child by select characteristics

Low-wage working parents who do not have the financial capability to miss a day of work to care for a sick child also miss preventive health opportunities that create long-term cost savings. The Spokane Regional Health District's *Odds Against Tomorrow* study shows that the lower the parents' income in Spokane, the more likely they are to rate the health of their child as 'fair' or 'poor'.

The lower a parent's income, the more likely they are to rate their child's health as fair or poor.

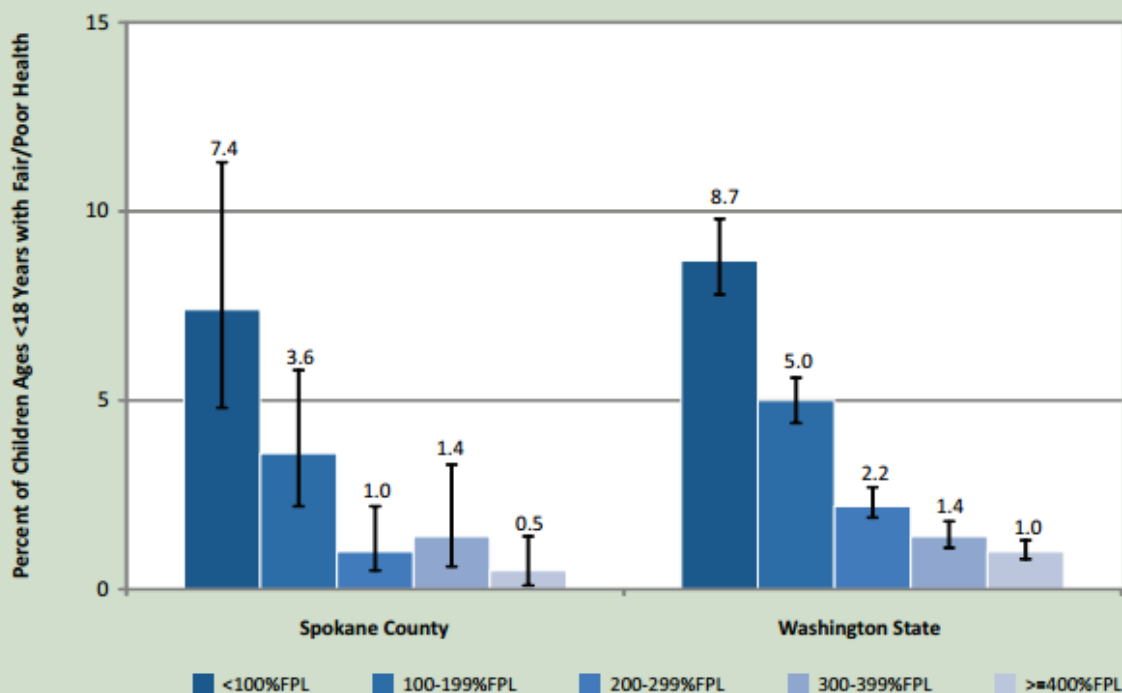


Figure 18. Child's Health Status by Household Income, 2000 to 2008

As household income increases, parents are less likely to rate their child's health as fair or poor for both Spokane County and Washington state. Parents below 100% FPL are 17.4 times more likely to rate their child's health as fair or poor compared to parents at or above 400% FPL in Spokane County and 8.1 times more likely in Washington state.

Figure 2. The lower a parent's income, the more likely they are to rate their child's health as fair or poor

Some of these preventive measures include, but are not limited to, mammograms for adults; wellness visits; and immunizations, such as the flu shot. The delays in seeking care can allow illness to amplify to the point where emergent care becomes necessary. According to a

study from the Centers for Disease Control and Prevention, a flu shot for a child can range from \$0-\$40, while treatment of the flu in an emergency room averages \$730. If the child is hospitalized because of the flu, total medical costs average \$3,990. The hospitalization of the child means a loss on average of 73 hours of work time and potentially thousands of dollars in wages for the parent.^{xxxvi}

The parents who do end up sending their sick child on to school or day care increase the rate of observed cases of respiratory and gastrointestinal infections, such as the stomach flu, at the child's school or day care.^{xxxvii} This matches similar findings by the *Journal of Epidemiology* who found the rates of respiratory and gastrointestinal infections in nursing home patients were lower in the facilities where employees have access to paid sick leave.^{xxxviii}

The fundamental questions remain:

- *Are we making an unreasonable request of low-income parents to make a rational economic- and public health-conscious decision when their child is ill in the absence of Earned Safe and Sick Leave?*
- *Does the lack of a law requiring that all workers are afforded the opportunity to earn safe and sick leave impact the health of children of low-wage working parents in Spokane?*
- *And finally: Is it irresponsible for the City to assume that profit-motivated businesses in a market economy will assume the possibility of additional costs associated with providing Earned Safe and Sick Leave when their direct local competitors are unwilling to provide the same?*

The Spokane City Council has a policy responsibility to address these questions in a thoughtful, equitable manner; speaking to the choice of economic security versus public health for our financially-insecure citizens, while also considering the potential compensation cost increases and economic impacts to our valued businesses.



Chapter 3

Economic Impacts – Internalizing the Externalities

The adoption of *Earned Safe and Sick Leave* can have a financial impact in the form of compensation cost increases to businesses that do not currently offer *Earned Safe and Sick Leave* as a benefit to their employees. These costs can also increase if they offer some form of paid leave, but not at the minimum number of hours outlined in the law. The increase in costs to businesses as a result of this law can lead to economic impacts on employment and prices. The intent of this section is to acknowledge potential cost increases to businesses that do not fully internalize the negative externalities of not providing *Earned Safe and Sick Leave*.

An externality occurs when a product or decision costs more to society than it does to its private cost. A traditional example includes a steel plant and the residential neighbors that live next to it. The steel plant is a major polluter. Although the steel plant has certain costs, such as materials, utilities, and labor, the steel plant does not pay for the full cost of the pollution. Those costs are instead assumed by the individuals living near the plant who pay for the pollution in medical expenses, increased health risk, and a lower quality of life. Therefore the question to be answered in this section is this:

Are the negative externalities associated with some businesses not providing *Earned Safe and Sick Leave* greater than the potential economic impacts of mandating the benefit?

Many state and national studies have covered the macro and micro economic impacts of mandating *Earned Safe and Sick Leave*. While some speculative studies show *Earned Safe and Sick Leave* policies lead to major job losses in the places that adopt the law,^{xxxix} other studies show long-term savings to employers through reductions in voluntary turnover and higher productivity resulting from workers not attending work while ill - also known as presenteeism.^{xl} However, most *Earned Safe and Sick Leave* studies generalize these same findings in regards to economic and business impacts:

- Wage rigid industries, such as retail and hospitality, will be impacted the most by adoption of a mandated *Earned Safe and Sick Leave* policy.
- Some impacted businesses may choose to reduce wages, raise prices, or eliminate labor to absorb the additional costs of *Earned Safe and Sick Leave*.
- A majority of businesses will not be impacted, or will be impacted very little.

The following section covers some of the major claims about Earned Safe and Sick Leave and the data that documents actual implementation findings:

Claim: Earned Safe and Sick Leave will lead to job losses, price increases, and business relocation.

A Short Review of Earned Safe and Sick Leave Economic Impacts in San Francisco, Washington D.C., and Seattle

Hard data from Washington D.C. and San Francisco do not support the theory that major job losses result from adopting an *Earned Safe and Sick Leave* policy.^{xli} The employment data from these two cities actually shows the opposite effect.

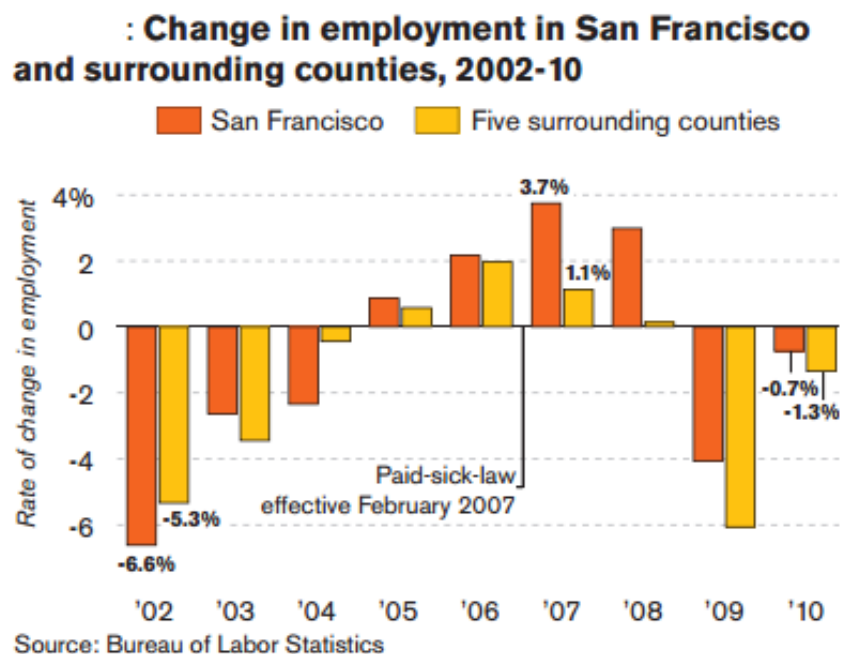


Figure 3. Change in employment in San Francisco and surrounding counties, 2002-10

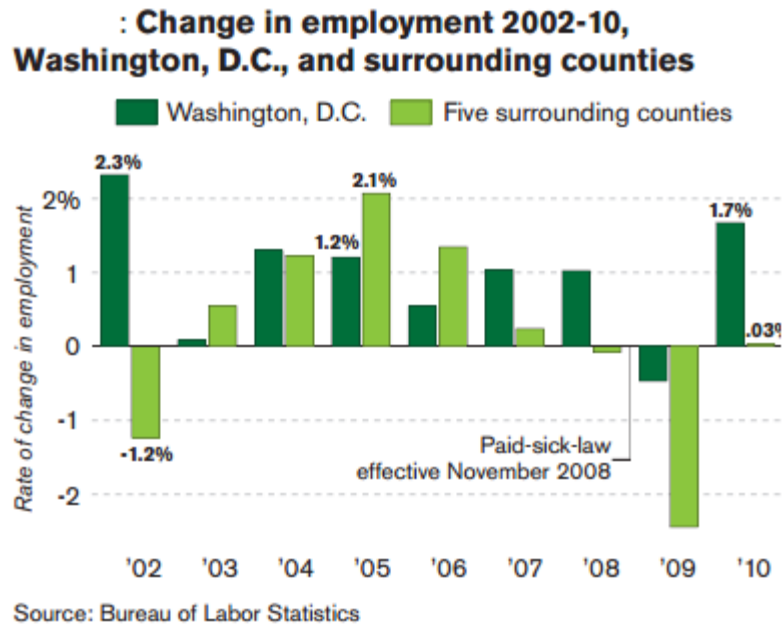


Figure 4. Change in employment in Washington, D.C., and surrounding counties, 2002-10

Earned Safe and Sick Leave was adopted by voters in San Francisco as part of an overall package of new employee standards. The employee standard package included a minimum wage increase, minimum health care expenditure requirement for employers, and paid sick leave. A 2009 study by The Urban Institute of *Employers' Perspectives on San Francisco's Paid Sick Leave Policy* examined the impacts of the policy in a survey of twenty-six multi-industry firms. In this study, ten firms made adjustments to their personnel policy, such as reductions in wage growth opportunities, elimination of financial bonuses, or the absorption of vacation time into a paid time off policy. Seven of the twenty-six firms passed along additional costs through rate or price increases; however, these firms pointed out to the study authors that price increases were

the result of the overall package of new employee standards. These price increases were seen predominantly in the retail and restaurant industries.

Most businesses in San Francisco were able to absorb the additional costs of providing *Earned Safe and Sick Leave*.^{xlii} In 2014, nearly eight years after the adoption of *Earned Safe and Sick Leave*, Jim Lazarus of the San Francisco Chamber of Commerce was asked about the impacts of *Earned Safe and Sick Leave* on business said, “Minimal. By and large this has not been an employer issue. San Francisco’s economy is booming”.^{xliii} Predicated on these findings, it is logical to assume that Spokane’s employers would also see minimal impacts.

It is true that the costs of relocating a business can be high for certain industries, such as manufacturing. Any overarching claim that the adoption of *Earned Safe and Sick Leave* will lead to business relocation though, is worth reviewing. Some students at George Washington University thought business relocations were a possibility when Washington D.C. passed their *Earned Safe and Sick Leave* ordinance. In a report commissioned by the D.C. Chamber of Commerce, the students noted, “If the additional costs and necessary adjustments they need to make are too excessive for them to afford, they may be forced to seek out a more economically conducive environment”(The Paid Sick and Safe Days Act of 2007: A Report to the D.C. Chamber of Commerce, 2007). These costs did lead some D.C. businesses to consider relocation; however, the overwhelming majority of businesses did not consider relocating as a result of *Earned Safe and Sick Leave*. The Washington D.C. Auditor, required by law to evaluate the economic impact of Washington D.C.’s *Earned Safe and Sick Leave* ordinance, found that “the Act did not discourage business owners from locating in the City nor did it encourage businesses to leave the City.”^{xliv}

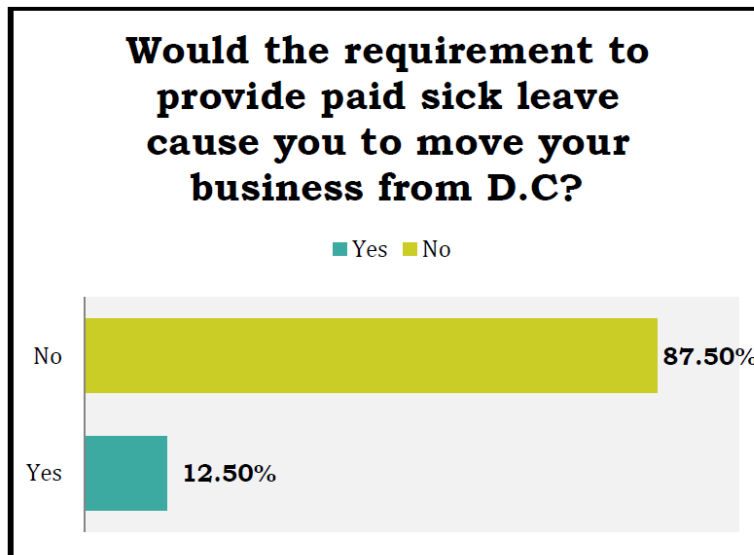


Figure 5. Would the requirement to provide paid sick leave cause you to move your business from D.C.?

The early findings in Seattle after the adoption of *Earned Safe and Sick Leave* are similar to the findings in San Francisco and Washington D.C. The fiscally-conservative think tank Employment Policies Institute performed a 301 service-related industry survey (heavily focused on the restaurant industry) after the adoption of the ordinance. The study took place before the ordinance was fully implemented. Of the 191 businesses that would have to begin complying with this ordinance, 33.5% reported that their businesses would see no cost increase; while 56.5% reported anticipating an increase in the cost of doing business.^{xlv} Overall, this survey showed nearly 63% of service-industry businesses in the city of Seattle would have little, or no, business cost increases.

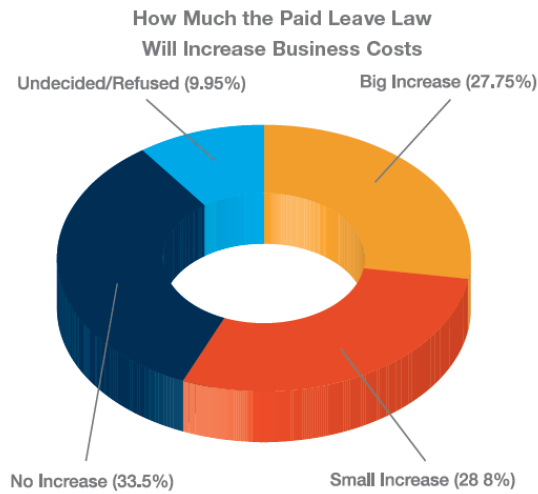


Figure 6. How Much the Paid Sick Leave Law Will Increase Business Costs

The left-leaning Main Street Alliance conducted a review of the economic impacts in Seattle one year after the adoption of the *Earned Safe and Sick Leave* ordinance. Their study focused on the wage-rigid industries: restaurants, bars, and retail. They concluded, “Since institution of Seattle’s paid safe and sick leave ordinance, King County has continued to outpace the state in job growth, and Seattle has maintained its share of King County’s businesses and revenues, including in the retail and food services sectors. No pattern of business flight from Seattle is evident.”^{xlvi}

Claim: An *Earned Safe and Sick Leave* mandatory benefit will impact wage rigid industries the most.

Earned Safe and Sick Leave’s Impact on Wage Rigid Companies

The retail and restaurant industries are two of the largest industries that suffer most often from wage rigidity. Opponents of mandated *Earned Safe and Sick Leave* often refer to a 1989

paper^{xlvi} by former Secretary of the Treasury Larry Summers in which Summers outlines potential benefits and problems of mandating benefits. Here is Summers' perspective in regards to the negative effects of mandatory benefits on wage rigid employers: If a business is unable to lower wages to absorb additional costs, they may choose to eliminate labor, or pass along costs to consumers in the form of price increases.

It is important to point out in Summers' theory of mandated benefits on employment that the shifting of labor demand downward only occurs if the benefit is worthless, which has the same effect as a tax on labor. Summers also theorizes that if employees value a mandated benefit equal to its cost, then the employee will pay for it by accepting wage reductions at the identical level of employment. Finally, he states that if the mandated benefit is more valuable to the employee than the costs, it can actually lead to an increase in overall employment. Some economists have found that employees value *Earned Safe and Sick Leave* more than what it costs to provide; thus increasing overall employment in a small subset of industries.^{xlvi}

Claim: There are large negative externalities associated with going to work sick or sending a sick child to school.

The Negative Externalities Associated with Not Providing Earned Safe and Sick Leave

It is true that not providing *Earned Safe and Sick Leave* as a mandatory benefit has negative externalities associated with presenteeism. As Carl Gipson of the Washington Policy Center points out, "No one argues that employees must go to work sick. In fact, doing so actually harms employer and employee productivity and opens up the workplace to further sickness, exacerbating the problem."^{xlvi}

Productivity is also harmed in our example dilemma of a parent choosing between economic security and public health. Consider the costs being absorbed by others when an economically insecure worker sends his or her contagiously ill child (Sick Child A) to school, because s/he lacks *Earned Safe and Sick Leave*. Sick Child A can infect other students, which forces the same theoretical “choice” between income and staying home with a child on other parents. This choice could impact the productivity of the business whose employee chooses to stay home with his/her sick child.

We must also consider the impacts of Sick Child A infecting the classroom teacher or childcare provider. This teacher would likely use an *Earned Safe and Sick Leave* day to prevent the cycle of illness from continuing amongst his/her students or other teachers. This teacher, along with the parents of a now infected child, may also have direct healthcare costs associated with the illness. The school district definitely has a cost, because it must hire a temporary substitute for the ill teacher. The negative externalities continue to the rest of the class whose instruction is theoretically lowered in value. These impacts are what is meant by “internalizing externalities.” These costs are assumed by other Spokane workers and students because one Spokane worker lacks the opportunity or financial incentive to stay home with Sick Child A.

Let us consider that another child, (Sick Child B), has come down with an illness, but his/her parent has *Earned Safe and Sick Leave* and uses it to stay home with the child. The business who provides the *Earned Safe and Sick Leave* does in fact incur a cost financially and/or in terms of productivity, but the business’ *Earned Safe and Sick Leave* benefits others in the form of positive externalities. For example, Sick Child A will not be infected by Sick Child B. This removes the dilemma of economic security and public health from Sick Child A’s

parents. The teacher does not get infected and thus the rest of the class's instruction remains consistent. Healthcare costs are quarantined to Sick Child B and his/her parents. In this example, the company who does not provide *Earned Safe and Sick Leave* benefits receives the spillover benefits from the company that does provide the benefit. This is the epitome of market inefficiency.

Likewise, other firms may be receiving the positive benefits of the teacher staying home, so not infecting other students. Firms that are not providing *Earned Safe and Sick Leave* to their workers, but benefit from not having their employees' children infected by the teacher because of her *Earned Safe and Sick Leave*, are a strong example of the market inefficiencies that the adoption of the mandatory benefit is intended to address. *Earned Safe and Sick Leave*, as a mandatory city-wide policy, provides the monetary incentive for parents to make the decision to stay at home with their ill child, thus reducing contagious presenteeism. Economic theory and empirical studies strongly suggest that these monetary incentives indeed meet these objectives of reducing contagious disease and presenteeism.¹

Summary

To conclude, we must acknowledge that the cost of doing business in the city of Spokane could potentially increase for some businesses as a result of adopting an *Earned Safe and Sick Leave* policy. Some businesses may choose to increase prices, reduce wages, or eliminate labor to absorb the costs of providing the benefit. We must also acknowledge that the citizens of Spokane and businesses who provide *Earned Safe and Sick Leave* are currently assuming the costs of the businesses that choose to not provide *Earned Safe and Sick Leave* through lower productivity and the transmission of contagious diseases.

Finally, we must re-examine the question posed at the beginning of this section: **Are the negative externalities associated with some businesses not providing *Earned Safe and Sick Leave* greater than the potential economic impacts of mandating the benefit?**

The adoption of an *Earned Safe and Sick Leave* ordinance will eliminate “the choice” between economic security and public health for thousands of workers and their children in Spokane. All citizens and businesses will internalize the costs, as well as the benefits, of a citywide *Earned Safe and Sick Leave* policy. According to those who have gone before Spokane on this policy, the economic impacts, as a result of businesses coming into compliance with this policy, will be small and will likely mirror the negligible impacts witnessed in other cities.



SPOKANE CITY COUNCIL
808 W. Spokane Falls Blvd.
Spokane, WA 99201-3335
(509) 625-6269

Adam McDaniel
Senior Assistant to Council President



Chapter 4

Spokane's Earned Safe and Sick Leave Policy – A Modest Proposal

In this section, specific policy elements for Spokane's *Earned Safe and Sick Leave* policy that reflects information from many different sources are introduced with specific emphasis on the policy recommendations of the City of Spokane's Earned Safe and Sick Leave Task Team, the East Spokane Business Association, and the Spokane Alliance.

Uses of Earned Safe and Sick Leave

- Sick leave may be used for a mental or physical illness, injury, or health condition; to accommodate medical diagnosis, care, or treatment of a mental or physical illness; injury or health condition, or preventive medical care.
- Sick leave may be used for bereavement.
- Safe leave may be used to seek shelter, medical treatment (mental or physical), or law enforcement action related to domestic violence, sexual assault, or stalking.
- *Earned Safe and Sick Leave* may be used by the employee for his or her wellness or safety, or by the employee to care for a “loved one”.

Justification for Earned Safe and Sick Leave Uses

Spokane is front and center in the domestic violence epidemic that has swept across America. According to national statistics, one in four women will become victims of severe violence from an intimate partner in their lifetime.^{li} The Spokane Police Department receives more emergency calls for domestic violence than any other crime or emergency.^{lii} *Domestic Violence Survivors at Work: How Perpetrators Impact Employment*, a Maine Department of Labor domestic violence victim survey, found that in 96% of victims of domestic abuse, the abuse affected the victims’ ability to perform their job duties.^{liii} Domestic violence causes eight million work absences a year.^{liv} Although an employee may not be fired for taking leave related to domestic violence^{lv}, the opportunity to earn safe leave is important particularly for low-wage workers who often lack the financial opportunity to take off from work to access medical care, obtain protective court orders, seek counseling, or contact the appropriate authorities.^{lvi}

Employees with limited access to *Earned Safe and Sick Leave* have a basic economic incentive to use their leave time for valid reasons only. Governments should be wary of defining who may be considered a “loved one” to an employee. Defining “loved one” is unnecessary and creates a layer complexity for business owners who must determine whether the utilization of *Earned Safe and Sick Leave* meets the relational use requirements of the law. This complexity is extended to the employee who may not want to share information regarding their relationship to the “loved one,” the illness, or their status as a victim of domestic violence. For the sake of flexibility for both the employer and the employee then, it would seem preferable for the policy language to state that “*Earned Safe and Sick Leave* may be used for the care of loved ones, including, but not limited to: parents, children, guardians, domestic partners, siblings, and grandparents.”

Earned Safe and Sick Leave – Eligible Employees

- All private sector and non-profit full-time, part-time, and temporary employees shall be eligible to earn paid safe and sick leave at an accrual rate of one hour per 40 hours worked for minimum benefit of at least 40 hours annually. An employer, at his or her discretion, may choose to offer a benefit larger than the minimum requirement.
- An employee is entitled to use a total of 40 hours of paid sick leave per year and may rollover any unused hours to the following year. The employee shall only be entitled to the 40 hours of paid sick leave a year total under City law.

Forty hours of earned safe and sick leave is a moderate number that considers the average period of contagiousness for common infectious diseases such as the flu^{lvii}, the standard work week in the United States, and the recommendations of the three participating community proposals.

Justification for Earned Safe and Sick Leave Eligible Employees

Illness and domestic violence do not discriminate on the full-time equivalent status of an employee; therefore, all employees, regardless of full-time equivalent status, should have the opportunity to earn paid safe and sick leave time.

- Accrual of *Earned Safe and Sick Leave* should commence with the start employment.

However, an employer may, at his or her discretion, establish a maximum probationary period of 90 days before an employee is eligible to use *Earned Safe and Sick Leave* time off.

Studies suggest that most workers do not utilize all of their *Earned Safe and Sick Leave* time in a year. A study in 2011 by the Institute for Women's Policy Research showed that workers in San Francisco on average used three total days. Three days happens to be the average period of contagiousness for a common cold^{lviii}. A 2014 study by the Center for Economic and Policy Research study found that workers in Connecticut with *Earned Safe and Sick Leave* used an average of four days.

Employee use of paid sick leave, Connecticut, 2013

Paid sick leave use

Percent of employees who used paid sick leave	65.4%	N=206
Average days used	4	N=182
Median days used	3	N=182

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size.

Figure 7. Employee use of paid sick leave, Connecticut, 2013

Below is a table of proposed and actual leave accruals for comparative purposes.

City/State/Entity	Rate of Accrual	Total # of Hours Available to Earn
Spokane, Washington (proposed)	1 hour for every 40 hours worked	40 hours
City of Spokane	4 hours each bi-weekly pay period	190 hours
City of Spokane Earned Safe and Sick Leave Task Team (proposed)	1 hour for every 30 or 40 hours worked	24, 40, or 72 hours
East Spokane Business Association (proposed)	24 hours each 12 month period	24 hours
Spokane Alliance (proposed)	1 hour for every 30 hours worked	40 hours for employees working at businesses under 49 full-time employees. 56 hours for employees working at businesses with more than 40 but less than 249. 72 hours for employees working at businesses with more than 249 employees
State of California	1 hour for every 30 hours worked	24 hours
State of Connecticut	1 hour for every 40 hours worked	40 hours
San Francisco, California	1 hour for every 30 hours worked	72 hours for employees working at businesses over 10 employees. 40 hours for employees working for businesses under 10 employees
Tacoma, Washington	1 hour for every 40	24 hours

	hours worked	
Seattle, Washington	In businesses with 250 or more employees, 1 hour for every 30 hours worked. In businesses with more than 4 and fewer than 250 employees, 1 hour for every 40 hours worked	Workers in businesses with more than 4 but fewer than 50 full-time workers or full-time equivalents (FTEs): up to 40 hours a year. Workers in businesses with at least 50 but fewer than 250 full-time workers or FTEs: up to 56 hours a year. Workers in businesses with 250 or more full-time workers or FTEs: up to 72 hours a year (or up to 108 hours a year if the employer has a universal paid time off policy)
Eugene, Oregon	1 hour for every 30 hours worked	40 hours

lix

Table 2. Comparison of city and state paid sick leave accrual rates

Earned Safe and Sick Leave – Employer Expectations

- An employer currently providing paid leave policies such as Paid time off (PTO) at the minimum number of hours outlined by the City policy would not have to provide additional paid leave to comply with this ordinance.
- An employer may request documentation from a doctor only after the third consecutive use of *Earned Safe and Sick Leave*. If the employer chooses, s/he may require a doctor's note prior to the employee's third consecutive safe and sick leave day only if the

employer pays for the employee's visit to the healthcare provider, or provides the employee with employer provided health insurance.

It is disingenuous to claim that the opportunity to use *Earned Safe and Sick Leave* will lead to prevalent fraud and abuse by the employees who have earned the benefit. At-will employees with limited *Earned Safe and Sick Leave* hours have no economic incentive to abuse the benefit for fear of losing their jobs. Employees can be terminated without cause in Washington State, leaving no reason for an employer to keep employees who fraudulently use benefits. Business community response in Connecticut suggests that employee abuse of *Earned Safe and Sick Leave* did not materialize after implementation. Eighty-six percent of businesses found no cases of abuse, while 13% suspected their employees abused the benefit in some way two years after Connecticut's *Earned Safe and Sick Leave* law went into effect.^{lx}

- Employers should retain records documenting hours worked by the employee and earned safe and sick leave taken by employees for seven years. These records should be available to City of Spokane staff and any third-party contracted with the City of Spokane to perform an evaluation of the law's success or business impact.
- Employers should post a notice of the new labor standard in a place viewable by all employees. The City of Spokane may choose to create a notice for distribution to all businesses and non-profit organizations.
- Employers may front-load some or all of the *Earned Safe and Sick Leave* time.
- Employers should have the discretion to establish shift swapping policies.

Employers may create shift swapping or on-call personnel policies to ensure the work responsibility of the employee taking *Earned Safe and Sick Leave* is covered. These policies should not, however, prohibit an employee from utilizing their *Earned Safe and Sick Leave* if the shift is unable to be swapped with another employee. Shift swapping can be an effective tool, particularly in the restaurant industry, because the opportunity to earn gratuity in excess of wages is a stronger economic incentive than the simple replacement of base wages from *Earned Safe and Sick Leave*.

- An employer is not required to offer payouts for unused safe and sick leave time.
- The law should have no effect on collective bargaining agreements that currently offer leave rights equal to or greater than the requirements the *City's Earned Safe and Sick Leave* ordinance.
- An employee should not be allowed to waive this labor standard.

Education and Enforcement

The adoption of a new labor standard requires an expanded period of education and soft enforcement. During a year of delayed implementation, the City could actively partner with organizations such as the YWCA, Human Rights Commission, and local labor groups to educate employees about their ability to earn this new benefit. The City should also partner with organizations such as Greater Spokane Incorporated, Washington Restaurant Association, Spokane Homebuilders Association, and the Inland Northwest Business Alliance to distribute information about this new requirement. The City of Spokane should send at least one informational summary to each business that will fall under the *Earned Safe and Sick Leave* ordinance. According to the City of Spokane's internal mail department, the approximate cost of

a two-page informational summary to all 12,651 firms in the City of Spokane is \$6,000. The City may also choose to hold one or more public informational sessions on this new law. The City of Spokane has a very innovative Communications Department with capabilities that could be used extensively to provide the pertinent information to all who could potentially be impacted by the adoption of this law.

The most cost-effective approach to enforcing this new labor standard is through a complaint-driven resolution process administered by the City of Spokane's Neighborhood Services and Code Enforcement Department. As the Code Enforcement section is already charged with coordinating "the activities of the other City departments and local and regional agencies in the investigation and resolution of violations of the public health and safety laws,"^{lxi} there would be no additional code changes necessary to add this enforcement effort. However, for truly effective enforcement, two Enforcement Specialists could be added to the 2016 City of Spokane Budget. City of Spokane Human Resources Director Heather Lowe estimates the total compensation cost of an Enforcement Officer to be in a range from \$56,000 to \$80,000; with a high-end total budget request of \$160,000. The addition of these officers would be valuable in developing the policies and procedures of enforcement, despite the law's delayed implementation schedule.

A long-term approach that could be considerably more efficient is the creation of a Compliance and Standards Department within the City of Spokane. This department would absorb Code Enforcement, as well as Grants Management and Financial Assistance; including current Compliance Officers. This department could potentially house Finance Department staff responsible for contract compliance on procurements and public works. This department would

serve as the central location for internal and external compliance with local labor standards, city contract requirements, and current code enforcement duties.

The effort to get a business to comply with the ordinance should come first in the form of education, followed by an escalated penalty phase with a maximum penalty of business license forfeiture.



Chapter 4

Conclusion

Perceived and real financial costs to the employer taken into consideration, the bottom line becomes clear: An estimated forty thousand employees in Spokane lack an economic incentive to stay home from work while sick. This lack of incentive leads many workers to make pure economic choices void of public health considerations. For many, most predominantly women, the same choice is presented again when his/her child is sick. When workers are forced into economic decisions out of financial necessity that contradict public health expectations, the citizens of Spokane and our local economy assume the costs of that choice through the transmission of contagious disease, direct costs associated with the illness, and a loss of productivity due to presenteeism.

It is unreasonable for the City of Spokane to assume that an ill worker, who is financially insecure, can make both a rational-economic decision and public-health conscious decision in the absence of a consistent income stream during a period of contagious illness. It is also unreasonable for the City of Spokane to assume that private businesses with profit maximizing motives will make both rational-economic decisions and public-health conscious decisions on behalf of Spokane employees in the absence of city-wide standards mandating this responsibility for all other businesses.

Therefore, it is in the interest of public health, economic security, and economic fairness that the City standardizes the replacement of income during times of employee illness by adopting a city-wide *Earned Safe and Sick Leave* policy that provides each worker with an opportunity to earn paid time away from his/her place of employment for use in matters of sickness and safety for self and/or a loved one.

-
- ⁱ Lake Research Partners, [Recent survey findings](#), 2015
- ⁱⁱ National Opinion Research Service, [Paid Sick Days: Attitudes and Experiences](#), 2010
- ⁱⁱⁱ Pacific Standard, [How Paid Sick Leave Became a Major Issue for the Left](#), 2015
- ^{iv} Society for Human Resource Management, [Wisconsin Governor Signs Bill Nullifying Milwaukee Paid Sick Leave Ordinance](#), 2011
- ^v Institute for Women's Policy Research, [No Time to Be Sick: Why Everyone Suffers When Workers Don't Have Paid Sick Leave](#), 2004
- ^{vi} The Washington Post, [More than a third of American workers don't get sick leave, and they're making the rest of us ill](#), 2015
- ^{vii} Spokane Alliance, [Sick, Safe, and Family Leave](#), 2015
- ^{viii} Office of Senator Patty Murray, [Murray, DeLauro Introduce Healthy Families Act](#), 2015
- ^{ix} Washington State House Democrats, [Minimum wage, paid sick and safe leave bills introduced in Legislature](#), 2015
- ^x US News, [Business Attitudes Toward Paid Sick Leave Are Changing](#), 2013
- ^{xi} Washington Retail Association, [WRA Legislative Performance](#)
- ^{xii} Association of Washington Business, [Mandatory paid sick leave bill would hurt business and workers](#), 2012
- ^{xiii} Washington Policy Center, [Analysis of Seattle's Paid Sick Leave Ordinance](#), 2011
- ^{xiv} John Birch Society, [New York City Council Passes Bill Forcing Employers to Provide Paid Sick Leave](#), 2013
- ^{xv} Center for American Progress, [The Business Case for Paid Leave and Paid Sick Days](#), 2014
- ^{xvi} Journal of Business, [Spokane's sick leave rules gain ground](#), 2015
- ^{xvii} Spokane Regional Health District, [About SRHD](#), 2015
- ^{xviii} Greater Spokane Incorporated, [About Us](#), 2015
- ^{xix} Spokane Home Builders Association, [Welcome to the Spokane Home Builders Association](#), 2015
- ^{xx} Inland Northwest AGC, [About the AGC](#), 2015
- ^{xxi} City of Spokane, [Sick Leave Application Information](#), 2015
- ^{xxii} Journal of the American Medical Women's Association, [What Causes Job Loss among Former Welfare Recipients: The Role of Family Health Problems](#), 2002
- ^{xxiii} Center for Law and Social Policy, [Responsive Workplaces: The business case for employment that values fairness and families](#), 2007
- ^{xxiv} Harvard Business Review, [Presenteeism: At Work - but Out of It](#), 2004
- ^{xxv} Agency for Healthcare Research and Quality (AHRQ), National Quality Measures Clearinghouse, [Missed School Days](#), 2013.
- ^{xxvi} Carsey Institute, [Who Cares for the Sick Kids?](#), 2012

-
- ^{xxvii} Spokane Regional Health District, [Odds Against Tomorrow: Health Inequities in Spokane County 2012](#), 2012
- ^{xxviii} Harvard Business Review, [Who Has Paid Sick Leave, Who Doesn't, and What's Changing](#), 2015
- ^{xxix} Russell Sage Foundation, [The American People: Census 2000](#), 2004
- ^{xxx} Families and Work Institute, [Times are Changing: Gender and Generation at Work and at Home](#), 2011
- ^{xxxi} Spokane Community Indicators, [Income Required for a Family to Live Self Sufficiently in Spokane County](#), 2015
- ^{xxxii} [The Self Sufficiency Calculator for Washington State](#), 2015
- ^{xxxiii} Spokane Community Indicators, [Average Annual Wage in Four Largest Employing Sectors](#), 2015
- ^{xxxiv} Spokane Community Indicators, [Income Distribution](#), 2015
- ^{xxxv} Blaine Stum, [Gender Pay Inequity in Spokane](#), 2014
- ^{xxxvi} Centers for Disease Control and Prevention, [CDC Study: Treating Children's Flu Illness Costly](#), 2012
- ^{xxxvii} Early Child Development and Care, [Child Care Providers' Experiences Caring For Sick Children: Implications For Public Policy](#), 2010
- ^{xxxviii} American Journal of Epidemiology, [Impact of institution size, staffing patterns, and infection control practices on communicable disease outbreaks in New York State nursing homes](#), 1996
- ^{xxxix} National Federation of Independent Business, [NFIB Study Shows Issue 4 Would Cost 75,000 Jobs](#), 2008
- ^{xl} Institute for Women's Policy Research, [Job Growth Strong with Paid Sick Days](#), 2008
- ^{xli} The Bell Policy Center, [Costs and benefits of paid sick leave: reviewing the research](#)
- ^{xlii} The Urban Institute, [Employers' Perspectives on San Francisco's Paid Sick Leave Policy](#), 2009
- ^{xliii} New York Times, [Despite Business Fears, Sick-Day Laws Like New York's Work Well Elsewhere](#), 2014
- ^{xliv} Office of the District of Columbia Auditor, [Audit of the Accrued Sick and Safe Leave Act of 2008](#), 2013
- ^{xlv} Employment Policies Institute, [Paid Sick Leave in Seattle: Examining the Impact on the Service Industry](#), 2013
- ^{xlvi} The Main Street Alliance of Washington, [Paid Sick Days and the Seattle Economy](#), 2013
- ^{xlvii} The American Economic Review, [Some Simple Economics of Mandated Benefits](#), 1989
- ^{xlviii} Ben Van Kammen, [Sick Leave Mandates and Employment](#), accessed in 2015
- ^{xliv} Washington Policy Center, [Analysis of Seattle's Paid Sick Leave Ordinance](#), 2011
- ⁱ [The Pros and Cons of Sick Pay Schemes](#), 2015
- ^{li} Huffington Post, [30 Shocking Domestic Violence Statistics That Remind Us It's An Epidemic](#), 2014
- ^{lii} Inlander, [There Is No Escape](#), 2012
- ^{liii} Maine Department of Labor & Family Crisis Service Publication, [Domestic Violence Survivors at Work: How Perpetrators Impact Employment](#), 2005
- ^{liv} Centers for Disease Control and Prevention, [Intimate Partner Violence: Consequences](#), 2015

^{lv} Revised Code of Washington, [Domestic violence leave — Victims and family members — Purpose.](#), 2008

^{lvi} National Resource Center on Domestic Violence, [Welfare, Poverty, And Abused Women: New Research and its Implications](#), 2000

^{lvii} Centers for Disease Control and Prevention, [How Flu Spreads](#), 2015

^{lviii} U.S. National Library of Medicine, [Common cold](#), 2013

^{lix} The Work and Family Legal Center, [Overview of Paid Sick Time Laws in the United States](#), 2015

^{lx} Center for Economic and Policy Research, [Good For Business? Connecticut's Paid Sick Leave Law](#), 2014

^{lxi} Spokane Municipal Code [Section 03.01A.355](#)