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Seattle's Paid Sick Leave Law Increased Work Hours without Affecting Job Attachment

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POLICY BRIEF

Seattle's Paid Sick Leave Law Increased Work Hours without Affecting Job Attachment

Hilary Wething and Meredith Slopen

BRIEF HIGHLIGHTS

- *In 2012, Seattle passed one of the first paid sick leave (PSL) laws, guaranteeing workers the right to earn job-secure, paid time off to care for themselves or a family member.*
- *The policy targeted low-wage workers—a group with low rates of PSL access—by requiring employers to provide one hour of job-secure PSL for every 30–40 hours worked, depending on firm size.*
- *Our study finds that the law increased the number of work hours by 4.4 per quarter—almost 20 hours annually—among affected workers, but did not affect job turnover.*
- *By increasing hours worked, PSL mandates may stabilize both the employment and the earnings of low-wage workers when they have to address health-related needs.*
- *Our study adds to a growing evidence base demonstrating that PSL mandates support work attachment and do not reduce employment.*

For additional details, see the full working paper at https://research.upjohn.org/up_workingpapers/396/.

The United States is unique in its lack of guaranteed paid sick leave (PSL) coverage for workers. Consequently, many rely on employer generosity when they need time off to address a health-related concern—especially low-wage workers who are least likely to have coverage (Bureau of Labor Statistics 2023). Lack of access to PSL incentivizes workers to come to work when sick—with implications for public health—while taking unpaid leave results in family-level economic insecurity. Although efforts to establish a permanent federal PSL program have thus far been unsuccessful, many cities and states have passed local policies that require employers to provide PSL to their employees (National Partnership for Women and Families 2023). By guaranteeing that short-term, paid, job-secure leave will be available as needed on an intermittent basis, PSL policies have the potential to shape employment behavior. Research finds minimal impacts on employment and earnings in the aggregate (Pichler and Ziebarth 2018). However, PSL mandates led to increases in employment and income among women (Sloven 2024), suggesting that workers' underlying work intensity may be driving these changes.

In a related paper, we explore the impact of Seattle's longstanding Paid Sick and Safety Time (PSST) policy on work hours and rates of job separation. Using unemployment insurance records, we examine how the policy affected individual-level employment patterns, comparing workers in Seattle to those elsewhere in Washington before and after PSST's implementation. We also consider how impacts vary by worker and firm characteristics. We find that the PSST policy increased the number of hours worked per quarter by 4.4—close to 20 hours annually—but did not affect job separation. The increase in hours was greater for workers in smaller firms (6.2) than for those in larger firms (2.8), reflecting that workers in small firms were least likely to have access to PSL before the policy. Critically, we find no evidence of employment loss, suggesting that hours increases for some did not come at the cost of job loss for others.

Our findings suggest that PSL mandates—a relatively low-intensity policy—help workers increase their paid hours. In addition to stabilizing income when workers need to address health concerns, the increase in work hours may have implications for workers seeking to reach eligibility thresholds (based on hours of work) for other policies, such as paid family leave and employer-supported health insurance, that support worker productivity and well-being. Our study adds to a growing base of evidence demonstrating that PSL mandates support labor force attachment and are not so costly to employers as to reduce employment.

Paid Sick Leave Landscape in the United States

Although some employers offer PSL to at least some of their workers voluntarily, PSL mandates *require* employers to provide workers with short-term job-protected paid leave

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Workers increased their hours by 4.4 per quarter, with larger gains for workers in smaller firms.

to care for themselves or a family member with a physical or mental health condition. Some policies also provide leave for workers who are seeking medical care, responding to school closures or place-of-care closures affecting family members, or addressing issues related to domestic violence.

In 2023, only 39 percent of workers earning wages in the bottom tenth of the wage distribution had access to paid sick leave (Bureau of Labor Statistics 2023). Workers in low-wage jobs are also the least likely to have the savings, assets, or credit access required to buffer against lost earnings from taking unpaid sick leave. A review of the literature in our paper shows that workers without access to PSL are more likely to work while sick out of fear of employer retaliation or of losing their jobs for taking time off work. This leads to economic insecurity for their families, difficulty in finding and keeping a stable job, and risks to public health due to spread of illness. Lack of sick leave may also hurt employers' bottom line, as sick workers might infect coworkers, reducing productivity, and may take longer to recover, ultimately leading to more time away from work or to their falling out of the workforce altogether.

Thus, PSL implementation could plausibly *increase* work hours, and one of us (Slopen 2024) found increases in employment and earnings for female workers after state-level PSL policies were adopted.

How We Measure the Impact of Paid Sick Leave on Work Attachment

We extend this analysis by exploring the impact of PSL policies on the employment patterns of the workers most likely to lack access to PSL without a government mandate—those employed in low-wage work. Specifically, we investigate how Seattle's PSST policy, enacted in 2012, affects hours worked per quarter and job separation rates for workers in the bottom quarter of the wage distribution—roughly those earning less than \$15 per hour. Survey evidence from 345 Seattle service-industry employers found that the law successfully increased access to PSL coverage by 11 percentage points, to 91 percent of employers, with the biggest increases coming at smaller employers, for part-time workers, and in the hospitality industry (Romich 2017).

We measure the impact of the PSST policy by comparing outcomes for Seattle workers to outcomes of workers with similar employment histories in the rest of Washington state—in both cases, workers who were not exposed to a PSL mandate—before and after PSST was passed. We are able to make this comparison by using individual earnings records from Washington state's Unemployment Insurance program, which tracks quarterly earnings, work hours, and place of work for employees working in the state. We focus on the period 2010–2014, covering two years before and two years after PSST took effect.

Paid Sick Leave Increased Work Hours

Using the above approach, we find that PSST increased average work hours of low-wage employees by 4.4 hours per quarter (Figure 1). Workers in firms with fewer than 50 full-time-equivalent employees—who were less likely to have access to PSL before the policy—saw greater increases (6.2 hours) than workers at larger firms (2.8 hours). Interestingly, the increase in hours worked in service industries is similar to the increase in other industries. We attribute this to a clause in the law allowing workers, if they so prefer, to swap shifts instead of relying on the policy.

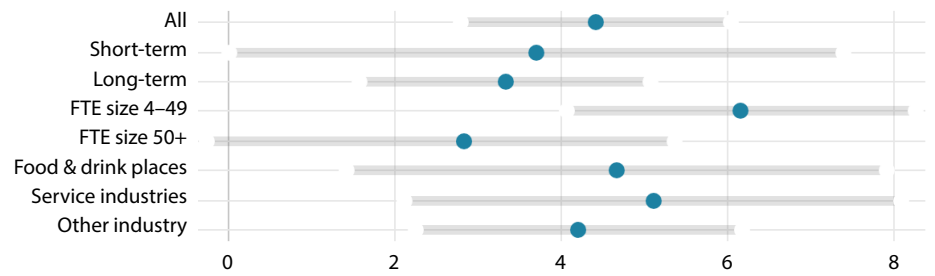
Seattle's PSST policy did not affect most low-wage workers' rates of job separation (Figure 2). However, we find that workers in firms with more than 50 full-time-equivalent employees reduced their rate of separation by almost 10 percent.

Policy Implications

Seattle's PSST policy led to modest increases in work hours among low-wage workers, suggesting that job-protected paid sick leave policies have the potential to increase

The Seattle PSL law did not affect workers' job separation rates, suggesting the policy was too small to influence layoffs or quits.

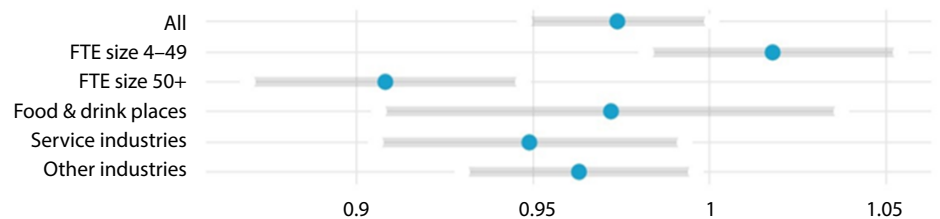
Figure 1 Seattle's Paid Sick Leave Policy Increased Employees' Quarterly Work Hours



NOTE: The sample includes workers in the bottom quarter of the hourly wage distribution (roughly \$15 per hour). Short-term workers are those with fewer than three quarters of consecutive employment with the same employer; long-term workers are those with at least three quarters of consecutive employment with the same employer. "FTE" is full-time-equivalent employees. "Service Industries" include retail, administrative services, health care and social assistance, accommodation, and other services. Gray bars indicate 95 percent confidence intervals.

SOURCE: Authors' analysis of Washington state Unemployment Insurance records.

Figure 2 Seattle's Paid Sick Leave Policy Minimally Affected Job Separation



NOTE: See note to Figure 1. The point estimates represent the rate of job separation relative to the control group of workers outside Seattle.

SOURCE: Author's analysis of Washington state Unemployment Insurance records.

work attachment. This benefits both workers and employers: workers earn wages for the additional hours worked, while employers gain increased productivity. PSL mandates are unusual among workplace benefits because they offer short-term intermittent leave to (nearly) all workers, including part-timers, and workers often begin to accrue leave immediately upon hire. Notably, we find larger effects for workers in small firms and those who have less tenure with their employer—two groups less likely to have PSL absent regulation. Additionally, the impact of an increase in hours may resonate beyond earnings, as many workplace benefits—including access to health insurance, vacation, and other leave—are tied to the number of hours worked. If PSL mandates increase low-wage workers' hours, the policies may thus have broader implications for workers' well-being.

Critically, the introduction of PSST did not lead employers to reduce employment to compensate for the costs of the program. This suggests that the policy has successfully incentivized work at a sufficiently low cost that employers did not need to cut headcount. Nor did PSST much affect the chance that a worker will separate from his or her position. This may be because the (universal) policy was not sufficiently generous to incentivize workers to stay with their employer if other, better opportunities were available. Or, it may be because during the short period we studied, workers did not accrue enough leave to influence employment decisions. As more jurisdictions adopt PSL policies and these policies mature, a longer-term assessment, one that accounts for relative generosity, may prove illuminating.

Taken together with new research that suggests that fears of cost (Pichler and Ziebarth 2020) are unfounded, and coupled with the proven public health benefits of paid sick

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The PSL law helped both workers and employers: workers earned wages for the additional hours worked, and employers likely experienced gains in productivity.

leave, our paper contributes valuable information about the policy's impact on the economic security of low-wage workers. Our analysis demonstrates that PSL mandates increase work attachment among low-wage workers, who often lack access to paid leave without government intervention. This increased work attachment benefits both workers and businesses. Cities, states, and national-level policymakers should consider implementing PSL mandates to boost both employment and income among low-wage workers, as well as productivity at the businesses that employ these workers.

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