

GOOD FOR BUSINESS?

CONNECTICUT'S PAID SICK LEAVE LAW

Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger

Acknowledgments

We are deeply grateful to the Ford Foundation and the Annie E. Casey Foundation for funding this research. Thanks also to Lita Brown and her colleagues at National Research, who fielded the survey for us, and to John Schmitt who provided invaluable and frequent advice on the data analysis. The project also was greatly improved by the excellent input we received from Vicki Shabo at the National Partnership for Women and Families, Wendy Chun-Hoon at Family Values at Work, Jodie Levin-Epstein and Liz Ben-Ishai at CLASP, Sarah Jane Glynn at the Center for American Progress, Barbara Gault at the Institute for Women's Policy Research, Lindsay Farrell and Kennard Ray at Working Families, Carolyn Boldiston at the Fiscal Policy Institute, Vicky Lovell (former Study Director at IWPR), Ben Geyerhahn (then at Small Business Majority), Sherry Leiwant at A Better Balance, and Jane Waldfogel at Columbia University. Heather Boushey of the Center for American Progress provided valuable feedback on an early draft of this report.

Executive Summary

On July 1, 2011, Connecticut became the first state in the nation to pass legislation requiring many employers to allow workers to earn paid sick leave; the law took effect six months later. It brought paid sick leave to large numbers of part-time workers in the state for the first time, especially in industries like hospitality and retail. The law also prohibits employers from penalizing covered workers who take paid sick leave, an important protection. The concerns articulated by many business associations that the law would impose heavy burdens on employers and invite worker abuse turn out to have been misplaced; instead the impact of the new law on business has been modest. One reason for this is that the coverage of the statute is limited, affecting only establishments with 50 or more workers and excluding manufacturing businesses as well as nationally chartered non-profit organizations. In short, this path-breaking legislation has brought paid sick leave to tens of thousands of Connecticut workers, with modest effects or none at all on the state's businesses.

This report examines the experiences of Connecticut employers with the state's paid sick leave law. Between June and September 2013, a year and a half after the law went into effect, we conducted a survey of 251 Connecticut employers covered by the new law using a size-stratified random sample. In addition, we conducted on-site interviews with managers, using a convenience sample of 15 covered organizations in the state, to assess the impact of the new law in more detail.

The survey results demonstrate, and the site visits and employer interviews confirm, that the Connecticut law has had a modest impact on businesses in the state – contrary to many of the fears expressed by business interests prior to the passage of the legislation. Among the factors limiting its impact are the many carve-outs in the law's coverage and the fact that the vast bulk of the employers who are covered – those with 50 or more employees – already provided paid sick leave to some or all of their employees before the law took effect.

The largest increases in paid sick leave coverage after the law went into effect were in health, education and social services; hospitality; and retail. Part-time workers, rarely covered before the law took effect, benefited disproportionately from its passage. Few employers reported abuse of the new law, and many noted positive benefits such as improved morale and reductions in the spread of illness in the workplace.

Most employers reported a modest impact or no impact of the law on their costs or business operations, and they typically found that the administrative burden was minimal. Finally, a year and a half after its implementation, more than three-quarters of surveyed employers expressed support for the earned paid sick leave law.

Introduction

On July 1, 2011, Connecticut became the first state in the nation to pass legislation requiring many employers to allow workers to earn paid sick leave.¹ The law took effect six months later. It brought paid sick leave to large numbers of part-time workers in the state for the first time, especially in industries like hospitality and retail. The law also prohibits employers from penalizing covered workers who take paid sick leave, an important protection. The concerns articulated by many business associations that the law would impose heavy burdens on employers and invite worker abuse turn out to have been misplaced; instead the impact of the new law on business has been modest. One reason for this is that the coverage of the statute is limited, affecting only establishments with 50 or more workers and excluding manufacturing businesses as well as nationally chartered non-profit organizations. In short, this path-breaking legislation has brought paid sick leave to tens of thousands of Connecticut workers, with modest effects or none at all on the state's businesses.

Connecticut's Paid Sick Leave Law

The Connecticut law, the nation's first statewide paid sick leave legislation, went into effect on January 1, 2012, allowing covered workers to earn up to 5 days of paid sick leave per year. Employees accrue one hour of paid sick leave for each 40 hours worked, and can begin to use their paid sick days upon completion of 680

hours of employment. Thus the law did not provide actual paid sick leave until May 2012 for most covered workers. The paid leave benefit may be used to provide wage replacement for an employee's own illness, injury, or health condition, or medical appointments; for a child's or spouse's illness, injury, health condition, or medical care; as well as for a variety of remedial purposes if the worker is a victim of family violence or sexual assault. Importantly, the Connecticut law also prohibits retaliation or discrimination against employees who request or use paid sick leave.²

According to Connecticut employers themselves, in most cases the paid sick leave law has had a modest impact or no impact on business operations.

Estimates of the proportion of the state's 1.7 million employed workers that are covered by the earned paid sick leave law range between 200,000 and 400,000.³ One recent analysis of the number of employees in eligible occupations employed in Connecticut establishments with 50 or more employees found that the law covers about 287,000 workers.⁴ The number is relatively low because the law has many carve-outs. It covers hourly (non-exempt) workers in a variety of service occupations. It applies to sectors like health care, hospitality, janitorial services and retail, but exempts all manufacturers and most nationally-chartered non-profits. Businesses or other entities that employ fewer than 50 workers are not covered by the law. Per diem and temporary workers are also excluded, although most part-time workers are covered.

This report examines the experiences of Connecticut employers with the state's paid sick leave law. Between June and September 2013, a year and a half after the law went into effect, we conducted a survey of 251 Connecticut employers covered by the new law using a Dun and Bradstreet sample of covered firms stratified by employer size, with deliberate oversampling of larger establishments. The survey had a 36 percent response rate.⁵ In addition, we conducted on-site interviews with managers, using a convenience sample of 15 covered organizations in the state, to assess the impact of the new law in more detail.

When the legislation was first proposed, many businesses in the state expressed concern that the Connecticut law would affect employers negatively. Employers worried that they would experience large increases in costs, and were also concerned by the possibility that workers would abuse sick leave. "If people start abusing this so-called benefit, I can't do business," a restaurant owner complained shortly before the bill was passed. Another employer declared, "It's legislation like this that causes businesses to flee this state. It will guarantee increased absenteeism and costs associated with replacement of that employee for the day."⁶ These concerns persisted even after the law was in place. In early 2012 an employer told a researcher, "five days of sick time not used would be viewed [by workers] as five days lost," adding that the new law was "one more anti-business piece of regulation."⁷

These fears about the potential effects on business have not materialized, however. According to Connecticut employers themselves, as our data show, in most cases the paid sick leave law has had a modest impact or no impact on business operations. The many carve-outs embedded in the law have limited its impact on employers. Moreover, the vast majority of covered employers already offered paid sick days to some or all of their employees; for these employers, compliance with the law involved only modest adjustments. And there is no evidence that the paid sick days law has been a "job killer"; on the contrary, in the period since it took effect, employment levels *rose* in key sectors covered by the law, such as hospitality and health services, while employment fell in manufacturing, which is exempt from the law.⁸

Characteristics of Surveyed Employers

Our survey was conducted with a size-stratified random sample of Connecticut establishments with 50 or more employees in industries covered by the paid sick leave law. Connecticut has relatively few large establishments; this size category was oversampled in order to provide a sufficient number of large establishments for the analysis. Responses were then weighted to be representative of the distribution of Connecticut employers by establishment size.

Table 1 summarizes basic characteristics of the establishments that responded to the survey. Part (a) shows the distribution of establishments in the sample by establishment size. In part (b), they are weighted to be representative of the overall distribution of Connecticut employers by establishment size.⁹ Part (c) shows the (weighted) distribution of establishments across economic sectors. More than three-quarters (77.7 percent) of establishments in the sample were in health/education/social services, hospitality, or retail, the key sectors covered by the paid sick leave law. Less than one in five establishments (16

TABLE 1

Establishment characteristics, Connecticut 2013

(percent of establishments)

Establishment categories	Percent
<i>(a) Size of establishment (unweighted)</i>	
50-99 employees	35.1%
100-249 employees	45.0%
250+ employees	19.9%
<i>(b) Size of establishment (weighted)</i>	
50-99 employees	54.5%
100-249 employees	34.7%
250+ employees	10.9%
<i>(c) Sector (weighted)</i>	
Health, education, & social services	28.6%
Hospitality	20.2%
Retail	28.9%
Finance/real estate	7.9%
Business services	8.1%
Other services	6.3%
<i>(d) Profit/non-profit status (weighted)</i>	
For-profit firms	79.4%
Non-profit organizations	20.7%

Source: Authors' survey. N=251

percent) were in finance/insurance/real estate or business services; just over 6 percent are in other service industries. Finally, as part (d) of the table shows, about four-fifths of the establishments in our sample were for-profit enterprises, while the other one-fifth were non-profit organizations covered by the law.

Table 2 summarizes basic data on workforce characteristics for the establishments we surveyed, as reported by employer respondents. On average, women made up three-fifths (57.5 percent) of employees, which is not surprising since the establishments covered by the Connecticut paid sick leave law are concentrated in service industries. More than three-fifths of employees in

these establishments, on average, were white, while about one-third were black or Hispanic.

On average, well over a third of workers in these establishments were part-time workers; three-quarters were hourly workers who are “non-exempt” (i.e., covered by the Fair Labor Standards Act). Only 7.5 percent of these establishments reported that some or all of their employees belonged to a labor union. On average, in the establishments we surveyed, non-exempt employees earned \$14.46 an hour in 2013, while exempt employees earned average salaries of \$56,833 a year.

TABLE 2

Workforce characteristics of establishments as reported by employers, Connecticut, 2013

(Establishment averages)

Workforce characteristics

<i>(a) Gender</i>			N=231
Female	57.5%		
<i>(b) Race/Ethnicity</i>			N=197
White	62.0%		
Black	16.1%		
Hispanic	17.1%		
Other	4.9%		
<i>(c) Employee status</i>			
Part-time	37.4%	N=250	
Exempt	24.2%	N=234	
Non-exempt	75.3%	N=235	
<i>(d) Labor union presence</i>			
Some or all employees unionized	7.5%		N=251
<i>(e) Average earnings</i>			
Hourly wage (non-exempt)	\$ 14.46		N=197
Annual salary (exempt)	\$ 56,833.00		N=177

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

Access to and Take-Up of Paid Sick Leave in Connecticut

Prior to the passage of Connecticut's paid sick leave law, 88.5 percent of the employers we surveyed had offered at least five paid sick days (or another type of paid time off that could be used for illness) to some or all of their employees. At the time of the survey, in mid-2013, about a year and a half after the law went into effect, that figure had risen to 93.7 percent of employer respondents. Nearly all the employer respondents who offered paid sick days (over 95 percent) reported being in compliance with the law's requirement that employees be allowed to use their paid sick days to care for a sick child, a sick spouse, or to deal with the aftermath of family violence.

The average number of paid sick days offered to workers rose only modestly, from 6.9 days before the law was passed, to 7.7 days at the time of the survey in mid-2013. The impact was even less for the small minority of employers with a union, since 96.2 percent of them had already provided at least five paid sick days prior to the law's passage. Similarly, non-profit organizations were less affected by the law because they had very extensive provisions for paid sick leave prior to the implementation of the new state law: 96.9 percent of them already provided at least five paid sick days before the new law was implemented.

There was substantial variation across covered industries in the extent to which there was a change in the proportion of

employees with access to paid sick leave as a result of the new law. As **Table 3** shows, in health, education and social services; hospitality; and retail, about half to two-thirds of employers reported that more employees had paid sick leave at the time of the survey than before the new state law took effect, a statistically significant finding.¹⁰ By contrast, in finance, insurance and real estate; business services; and other services, many fewer respondents reported increases in employee coverage, and the change was not statistically significant. Establishments with no union present were twice as likely as those with a union present to report an increase in the proportion of covered employees (see **Figure 1**). This difference is suggestive but not statistically significant, probably because of the small fraction of Connecticut establishments with a union present. The overall impact of the new law was greater uniformity among industries in the proportion of employees with access to paid sick leave, which varied very little at the time of the survey (about 18 months after the new law came into effect).

As **Table 4** shows, the establishments we surveyed varied in regard to the number of paid sick days available to employees; unionized workplaces and not-for-profit organizations offer the greatest number of paid sick days, on average. Among the categories shown in this table, the only statistically significant change ($P = .07$) from before the state law went into effect in the average number of paid sick days offered was in for-profit firms, for which the average number of days rose from 5.2 to 6.5 days.

TABLE 3

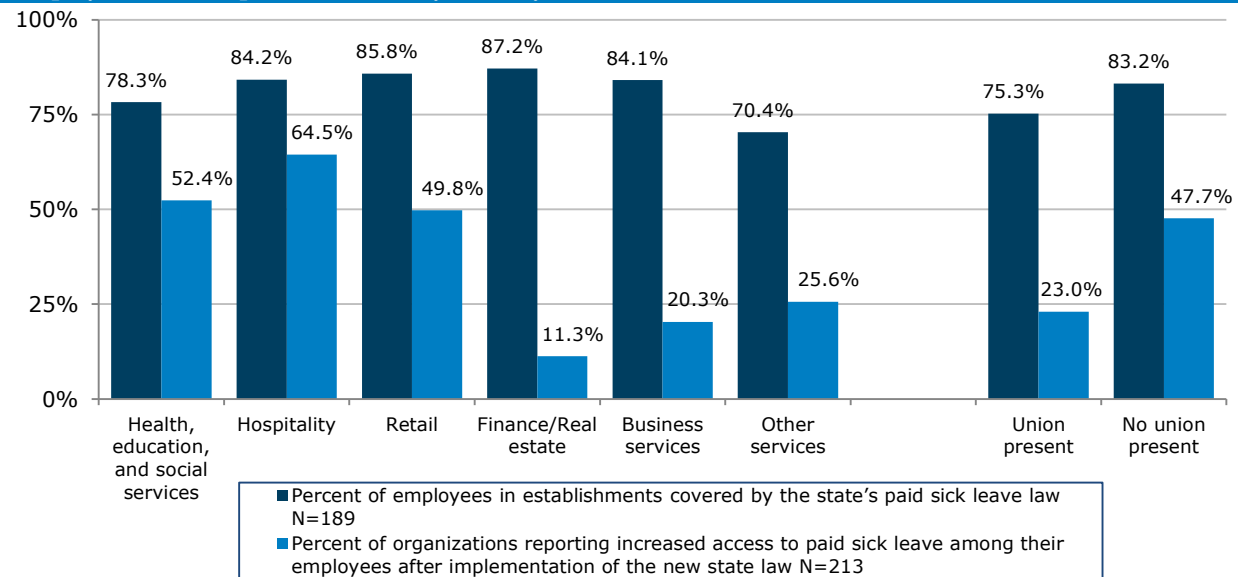
Employee access to paid sick leave, by selected establishment characteristics, Connecticut, 2013

	Average percent of covered employees in establishments subject to the state's paid sick leave law (N=189)	Percent of organizations reporting increased access to paid sick leave among their employees after implementation of the new state law (N=213)
<i>(a) Sector</i>		
Health, education, and social services	78.3%	52.4%*
Hospitality	84.2%	64.5%**
Retail	85.8%	49.8%**
Finance/Real estate	87.2%	11.3%
Business services	84.1%	20.3%
Other services	70.4%	25.6%
<i>(b) Size of establishment</i>		
50-99 employees	83.0%	47.0%
100-249 employees	83.6%	43.0%
250+ employees	77.9%	47.6%
<i>(c) Profit/non-profit status</i>		
For-profit firms	84.2%*	45.2%
Non-profit organizations	75.3%	47.3%
<i>(d) Union status</i>		
Union present	75.3%	23.0%
No union	83.2%	47.7%

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. * P < .10; ** P < .05

FIGURE 1

Employee access to paid sick leave, by industry, Connecticut, 2013



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

TABLE 4**Availability of paid sick days by establishment characteristics, Connecticut, 2013**

Establishment characteristics	Average number of days	Median number of days
All establishments	7.7	5
<i>(a) Sector</i>		
Health, education, and social services	8.2	6
Hospitality	6.2	5
Retail	6.2**	5
Finance/Real estate	11.1	8
Business services	9.7	6
Other services	11.7	5
<i>(b) Size of establishment</i>		
50-99 employees	8.3	5
100-249 employees	7.1	5
250+ employees	7.1	6
<i>(c) Profit/nonprofit status</i>		
For-profit firms	6.5	5
Non-profit organizations	12.5***	9
<i>(d) Union status</i>		
Union present	12.3**	6
No union	7.3	5

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=218.

* P < .10; ** P < .05;*** P<0.01

About one-third of the employers we surveyed reported an increase in the extent to which workers used paid sick days after the new law took effect (see Table 11 below). However, as **Table 5** shows, employers reported that, on average, only about two-thirds of their workers had drawn on the paid sick leave available to them; a third of employees had used *no* sick days in the previous 12 months.

TABLE 5**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

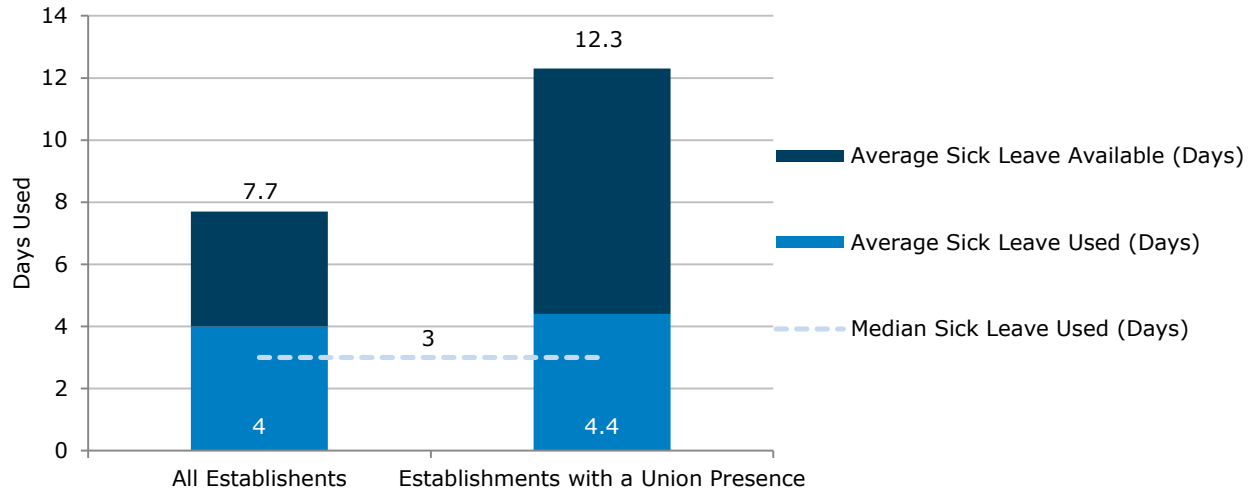
Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size.

Employers reported that employees who did use paid sick leave had used an average of 4 days in the previous year (just over half of the average 7.7 days available to them). Employees in establishments with a union presence used, on average, 4.4 of the 12.3 paid sick days available to them about the same as the average for all establishments (see **Figure 2**). Employers reported that half of employees who used paid sick days used three days or less.

Employers' concerns that there would be widespread abuse of paid sick leave proved to be unfounded in our survey. Employers reported minimal abuse of the paid sick leave law, with 86 percent of respondents reporting no known cases of abuse and another 6 percent reporting only 1-3 cases of abuse in the past year. In

FIGURE 2

Employee use of paid sick leave, in days, Connecticut, 2013



Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=182.

our field interviews, some managers commented that the level of abuse was not only low, but that it had not changed at all after the state law's implementation.

Another interesting aspect of the new law is its interaction with the "progressive discipline" systems that some employers had put in place for purposes of reducing absenteeism. These establishments punish unexcused absences (or in some cases, all absences) with warnings and ultimately termination. An important aspect of Connecticut's paid sick leave law is its anti-retaliation provision, which protects covered employees from such discipline

for the first five days they are absent from work if the absence is due to their own illness, the illness of a family member, or domestic violence. Our survey found that employer respondents with progressive discipline systems for all absences were more likely to report abuse of the law than those without such systems, as **Table 6** show. However, in cases where progressive discipline was limited to unexcused absences, the opposite was true: *less* abuse was reported than in cases where no progressive discipline system was present. The data are only suggestive however, as none of these differences were statistically significant.

TABLE 6

Progressive discipline and reported abuse of the paid sick leave law, Connecticut, 2013

(percent of establishments)

Employee abuse of the law	None	1-3 instances	4 or more instances
<i>Total</i>	86.3%	6.0%	7.7%
No use of progressive discipline	88.1%	5.9%	5.9%
Progressive discipline, unexcused absences only	92.5%	2.5%	4.9%
Progressive discipline, all absences	76.5%	10.5%	12.9%

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=229.

Effects of Connecticut's Paid Sick Leave Law on Business Operations

Our survey results suggest that the effects of the paid sick leave law on the business operations of covered Connecticut employers were far more modest than opponents had feared. The law only applies to establishments with 50 or more employees and, as we noted earlier, the overwhelming majority of these employers (88.5 percent) had already offered paid sick days to some or all of their employees prior to the law's passage and thus had experience managing paid sick leave. In our survey, most employers reported that they covered the short absences of

Overall, employers reported no effects or modest effects of the new law on the bottom line.

employees taking sick leave by temporarily assigning work to other workers, allowing employees to swap shifts, or putting the work on hold. **Table 7** and **Figure 3** show that 85 percent of employers relied primarily on these methods to cover the work of absent hourly-paid (non-exempt)

TABLE 7

Main method of covering work of absent non-exempt employees, Connecticut, 2013
(percent of establishments)

Method of covering work	Percent
Temporarily assign work to others	62.2%
Increase overtime of others	13.7%
Allow to swap shifts	12.9%
Hire temporary replacement	1.4%
Put work on hold	9.8%

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=228.

employees. Only 15 percent of the employers reported taking more costly measures to cover the work of hourly (non-exempt) employees absent due to illness, such as increasing overtime among co-workers or hiring temporary replacements.

Given the heavy reliance on cost-free methods to cover the work of employees using paid sick leave, it is not surprising that almost two-thirds of employers in our survey reported that the new state law had led to no change (46.8 percent) or a small increase of less than 2 percent (19.1 percent) in their overall costs, as **Table 8** shows. An additional 11.9 percent of employers that reported a cost increase did not know how much their costs had increased. This suggests, as more than one manager we interviewed told us, that the cost increase may have been “below the radar” and not worth tracking.

Overall, as **Figure 4** shows, employers reported no effects or modest effects of the new law on the bottom line: 47 percent of respondents reported no change in costs. Only 11 percent of employers reported that the new law had

TABLE 8

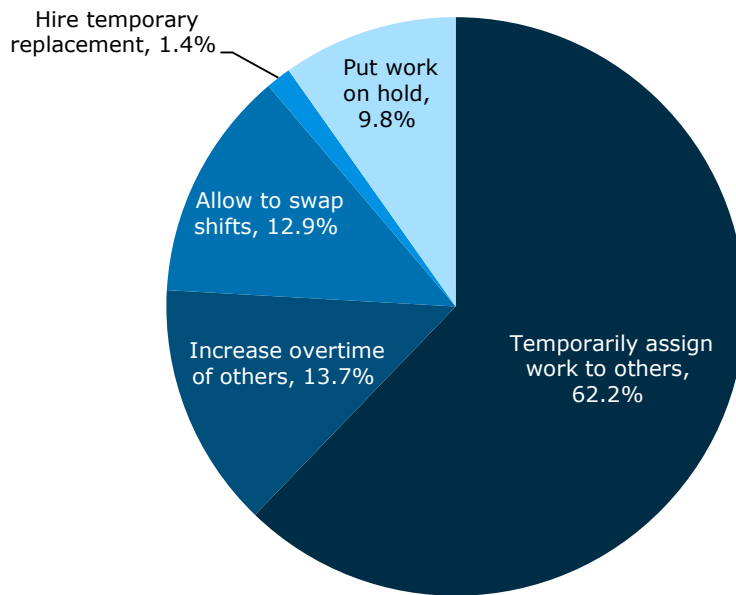
Change in costs due to paid sick leave law, Connecticut, 2013
(percent of establishments)

No change	46.8%
Costs increased	53.2%
Increased less than 2%	19.1%
Increased 2%	11.2%
Increased 3% or 4%	4.5%
Increased 5% or more	6.5%
Increased, % unknown	11.9%

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=227.

FIGURE 3

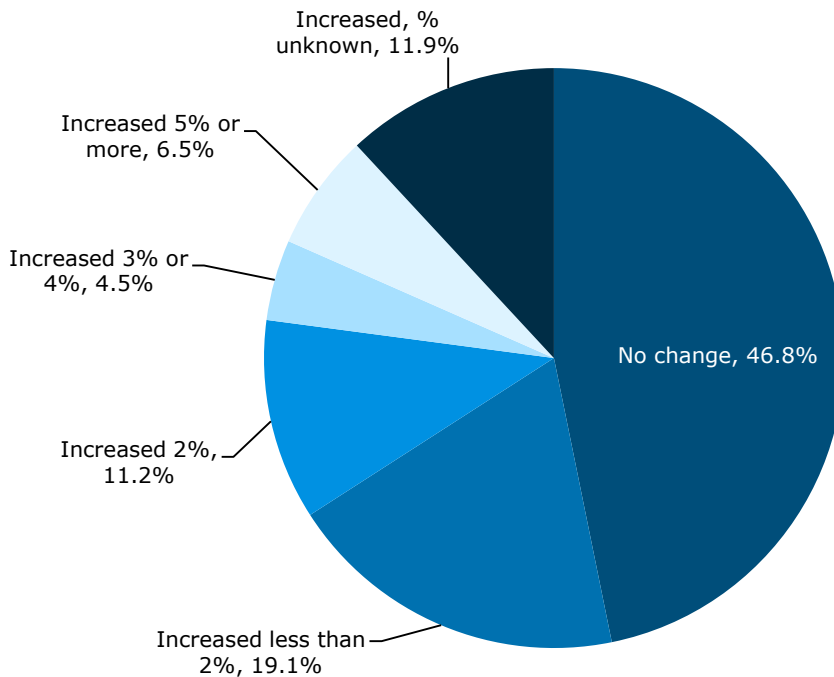
Main method of covering work of absent non-exempt employees, Connecticut 2013



Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=228

FIGURE 4

Change in costs due to paid sick leave law, Connecticut 2013



Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=227

increased their payroll costs by 3 percent or more. Reported cost increases were greater for those employers with large numbers of part-time workers; our fieldwork suggests that in many establishments the main effect of the law was to include part-time workers in paid sick leave policies that had previously been limited to those employed full-time.

In the relatively small number of establishments in our sample where a labor union was present, employers were half as likely to report cost increases as in non-union settings. This reflects the fact that most unionized establishments already had extensive sick leave benefits in place prior to the law's implementation.

Since most of the employers we surveyed experienced no increase or a very small increase in costs as a result of Connecticut's paid sick leave law, it is not surprising that very few of them made any changes in wages, prices, employee hours or other business practices. Only a small minority of employers reported that they had made changes in their operations due to increased costs associated with the new law, as **Table 9** shows. Virtually none reported reducing wages, nearly 90 percent did not reduce hours, and about 85 percent did not raise prices. Fewer than 4

percent reduced operating hours and fewer than 2 percent reduced the quality of their services.

One manager we interviewed in the grocery industry, whose stores employed a large number of high school and college students on a part-time basis to bag groceries and help customers carry the groceries out to their cars, had expected a large increase in costs. He had actively lobbied against the state paid sick leave bill before it was passed into law. He told us, however, that he now realized that his fears had been unwarranted: "The impact has been less than anticipated," he stated, adding that in regard to the impact on costs, "It doesn't even hit the radar screen." This employer did feel aggrieved that while his company, which employed about 500 workers in the state, was covered, the carve-outs in the final version of the statute meant that many other businesses were not. He recalled that the campaign for the law had emphasized the public health benefits of the measure for consumers in service industries, especially restaurants, whose customers might become ill if their food was handled by workers who came to work sick due to the lack of paid sick days. Yet in the end, he pointed out, the restaurant industry was largely exempt from the law, simply

TABLE 9

Change in business practices due to cost increases from paid sick leave law, Connecticut, 2013
(percent of establishments)

Reduced wages	1.0%
Reduced employee hours	10.6%
Increased prices	15.5%
Reduced operating hours	3.4%
Reduced quality of service	1.3%

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=240.

because very few restaurants employ 50 or more workers. Similarly a food distributor we interviewed resented the carve outs and expressed displeasure that a manufacturer with a facility down the road from his warehouse was not also covered by the paid sick leave law.

Our fieldwork suggested that one of the

One of the main effects of the law was to extend access to paid sick leave to more part-time and non-exempt employees.

main effects of the law was to extend access to paid sick leave to more part-time and non-exempt employees. Even in

establishments that offered paid sick leave prior to the new law, part-time workers were often excluded, and some employers provided paid leave to exempt but not non-exempt employees. Since women are overrepresented among both part-time and non-exempt workers, this could also have a disparate impact on female workers. We utilized the survey data to explore the effects of the new law on these groups, and whether or not such effects help to explain the increase, if any, in employer costs. **Table 10** provides summary data on this question *for those establishments that experienced a cost increase*. The effect is most dramatic for the share

TABLE 10

Establishments reporting cost changes for Paid Sick Leave law by percent female, percent part-time, percent non-exempt, Connecticut, 2013
(percent of establishments)

	Percent of establishments whose costs increased
All establishments (N=227)	53.2%
<i>Percent female</i> (N=210)	
25% or less	39.7%
26-50%	48.3%
51-75%	54.2%
76% or more	62.9%
<i>Percent part-time</i> (N=226)	
25% or less	27.3%
26-50%	70.2%***
51-75%	69.7%***
76% or more	81.5%***
<i>Percent non-exempt</i> (N=212)	
25% or less	23.7%
26-50%	27.7%
51-75%	21.3%
76% or more	68.4%***

Source: Authors' survey. All data shown are weighted to be representative of the distribution of Connecticut employers by establishment size. *** P<0.01

of part-time workers. A little more than a quarter (27.3 percent) of establishments in which 25 percent or less of employees worked part-time experienced an increase in costs. By comparison, four out of five establishments (81.5 percent) of establishments in which more than three-quarters of employees worked part-time experienced an increase in costs. These differences are statistically significant. To explore this issue further, we also

A year and a half after the law went into effect, more than three-quarters of the employers responding to our survey indicated that they now supported the new law.

computed odds ratios specifying the extent to which having a larger proportion of part-time workers in an establishment increases the likelihood that costs will increase.¹¹ We found that establishments where part-time workers comprised 26 to 50 percent of employees were four times as likely to report an increase in costs as those with 25 percent or fewer part-time employees. The same held true for establishments with 51 to 75 percent part-time employees. Establishments in which

more than 75 percent of the workforce was part-time were 11 times as likely as those where part-time workers were 25 percent or fewer of the workforce to experience an increase in costs.

The employers we surveyed reported many positive effects of the new law, as shown in **Table 11**. Over a quarter reported improved morale, and substantial numbers reported increases in employee motivation and loyalty as well. In regard to morale, one retail manager exclaimed in a field interview: "People are happy to be in Connecticut!" Another human resource manager in the hotel industry commented that "the law ties into retention and turnover in a positive way."

Not surprisingly, as Table 11 also shows, the expanded access to paid sick leave for employees in some establishments increased the number of employees taking time off for illness. About one-third of the employers we surveyed reported that the number of unscheduled absences due to illness increased after the law took effect. However, most employees, as we saw in Table 5 above, do not use all of their available paid sick leave. Moreover, as we

TABLE 11
Employer-reported effects of paid sick leave law, Connecticut, 2013

Reduced employee turnover	3.3%	(N=236)
Reduced number of employees who come to work sick	18.8%	(N=230)
Reduced spread of illness	14.8%	(N=211)
Increased productivity	14.9%	(N=226)
Increased unscheduled absences	33.2%	(N=238)
Improved morale	29.6%	(N=229)
Increased motivation	12.5%	(N=234)
Increased loyalty	10.6%	(N=231)

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

saw in Table 7, in most cases employers covered the work of absent non-exempt employees at minimal cost, by temporarily assigning the work to co-workers, by putting the work on hold or by allowing workers to swap shifts.

Table 12 examines the impact of the new law on employers' record-keeping, with particular attention to the extent to which it was burdensome, as opponents of the paid sick days legislation had argued. Our survey found that for most employers the record-keeping involved in implementing the new law was minimally burdensome, with 60 percent of respondents indicating that record-keeping was "very easy" or "somewhat easy." In our fieldwork, some managers noted that it took time and effort to establish mechanisms to track employee hours for those receiving paid sick day coverage for the first time. However, once those mechanisms were in place, the staff time required to administer the law was modest. A nursing home payroll manager we interviewed, for example, remarked, "It's easy. It takes ten minutes." Less than a third (29 percent) of the

employers who responded to our survey tracked the costs of paid sick days separately from their overall benefits, as Table 12 also shows. A manager we interviewed in the entertainment industry explained that her company did not bother to track the costs of the law because the impact was so small: "It would cost us more administratively to track the costs." She added that the Connecticut law imposed "no hardship whatsoever."

Prior to passage of Connecticut's paid sick leave law, business organizations had expressed alarm over anticipated increases in cost, the potential for abuse of the law, and difficulty tracking hours of paid sick leave earned by employees, and employer groups were vociferous in their opposition to the law. Some of the employers we interviewed complained about the legislators' limited understanding of what was involved in running a business, and many expressed various other anti-regulatory sentiments. However, as they nevertheless confirmed in the interviews – and as the survey results demonstrate – these fears proved to be largely unfounded. Not only did most employers

TABLE 12

**Paid Sick Leave Recordkeeping, Connecticut, 2013
(percent of establishments)**

Recordkeeping	Percent
<i>(a) Method of recording costs</i> (N=225)	
Tracked separately	28.6%
Included with other benefits costs	65.3%
Not tracked	6.1%
<i>(b) Difficulty of recordkeeping</i> (N=243)	
Very easy	26.9%
Somewhat easy	33.1%
Somewhat difficult	25.5%
Very difficult	14.4%

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

experience no abuse of the paid sick leave law, but also workers typically did not use all of the paid sick days that were available to them. Employees appear to view these days as a type of insurance – to be saved for when they need to deal with an illness.

Moreover, by the time of our survey, a year and a half after the law went into effect, employer opposition to the paid sick days law had largely dissipated. By mid-2013, more than three-quarters of the employers responding to our survey indicated that they now supported the new law: 39.5 percent were "very supportive" of the measure and another 37 percent were "somewhat supportive," as **Table 13** reveals.

TABLE 13
Employer support for the paid sick days law, Connecticut, 2013
 (percent of establishments)

Organization's support of the law	Percent
Very supportive	39.5%
Somewhat supportive	37.0%
Not too supportive	9.2%
Not at all supportive	14.3%

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. N=240

Conclusion

In short, as the survey results demonstrate and the site visits and employer interviews confirm, the Connecticut law has had a modest impact on businesses in the state. The many carve-outs and the fact that the vast bulk of the state's employers covered by the law – those with 50 or more employees – already provided paid sick leave to at least some of their employees are among the factors limiting the impact.

The largest increases in paid sick leave coverage after the law went into effect were in health, education and social services; hospitality; and retail. Part-time workers, rarely covered before the law took effect, benefited disproportionately from its passage. Few employers reported abuse of the new law, and many noted positive benefits such as improved morale as well as reductions in the spread of illness in the workplace.

Most employers reported a modest effect or no effect of the law on their costs or business operations; and they typically found that the administrative burden was minimal. Finally, despite strong business opposition to the law prior to its passage, a year and a half after its implementation, more than three-quarters of surveyed employers expressed support for the earned paid sick leave law.

Connecticut's experience with paid sick leave since its pioneering law came into effect illustrates the ways in which the detailed provisions of this type of legislation play out. The carve-outs of smaller enterprises and of manufacturing establishments, for example, meant that many workers were unable to benefit from this path-breaking legislative effort.

As other states and localities explore and craft similar laws, there is much to learn from Connecticut's experience.

Endnotes

- 1 While Connecticut is the first state to adopt such an ordinance, paid sick days laws have been passed in several cities: San Francisco, CA; Washington, DC; Seattle, WA; Portland, OR; Jersey City, NJ; New York, NY, and Newark, NJ.. Similar legislation has been introduced in other cities and states, including North Carolina and Vermont.
- 2 For more details see <http://www.ctdol.state.ct.us/wgwkstnd/12-15%20PSLfinal2011.pdf> .
- 3 "The First State: Implementing Connecticut's Sick Days Law," Center for Law and Social Policy <http://www.clasp.org/admin/site/publications/files/Connecticut-Sick-Days-Implementation-CLASP.pdf> .
The 1.7 million figure for employment is for mid-2013 from the U.S. Bureau of Labor Statistics, available at <http://www.bls.gov/eag/eag.ct.htm> .
- 4 Institute for Women's Policy Research, "Methodology for Finding the Number of Workers with Access to Paid Sick Leave in Connecticut," December 2013, available on request from IWPR; and personal communication with Claudia Williams, IWPR, January 7, 2014.
- 5 The response rate was calculated using the AAPOR RR3 methodology.
- 6 Cara Baruzzi, "Healthy Debate," *New Haven Register*, March 20, 2011.
- 7 Quoted in Michael Saltsman, *Paid Sick Leave in Connecticut* (Washington, D.C.: Employment Policies Institute, February 2013), p. 11.
- 8 State of Connecticut, Department of Labor, Office of Research. Available at: <http://www1.ctdol.state.ct.us/lmi/SecEmp.asp#map8> .
- 9 The figures in part 2 of Table 1 closely approximate the size distribution of establishments in the State of Connecticut as shown in the U.S. Bureau of Labor Statistics' *Quarterly Census of Employment and Wages*, available at: <http://www.bls.gov/cew/> .
- 10 In Tables 3 and 4, we tested the statistical significance of differences across sectors by regressing the outcome variable of interest in each column of each table against a set of dummy variables for each sector, with finance/real estate as the reference group. Where differences between a sector and the reference group were statistically significantly different at the ten-percent level, we mark the share for that sector with an asterisk; two asterisks indicate statistically significant differences at the five-percent level; three asterisks, at the one-percent level. We used a similar procedure to look at differences across other groups within these two tables. When the outcome variable of interest is a binary variable, we use logit; when the outcome variable is continuous, we use ordinary least squares.
- 11 The table below shows the results from logistic regressions, where the dependent variable takes the value one if a respondent reports that the paid sick days law increased establishment costs and the value zero if there was no change. (No establishments in our sample reported a decrease in costs.) The coefficients are odds ratios, with standard errors in the parentheses below. A

single asterisk indicates that the corresponding coefficient is statistically significantly different from zero at the ten percent level; two asterisks, at the five percent level; and three asterisks, at the one percent level. Each of the four columns examines the relationship between cost increases and the percent of the establishment's workforce that is female (column one), the percent of the workforce that is part-time (column two), the percent that is non-exempt (column three), and all three of these factors taken together (column four). Using column four as an example, the odds ratio of 0.614 for "female 26-50%" indicates that, controlling for the other factors in the regression, an establishment that is 26 to 50 percent female is only 61.4 percent as likely as an establishment that was zero to 25 percent female to experience a cost increase after the law (though this difference is not statistically significant). Similarly, the odds ratio of 3.947 for "part-time 26-50%" indicates that, controlling for the other factors in the regression, an establishment where part-time workers make up 26 to 50 percent of the workforce is almost four times more likely than an establishment with a zero to 25 percent part-time workforce to have experienced cost increases after the implementation of the law (and this result is statistically significant at the one percent level).

TABLE 10A

Cost changes by percent part-time, percent non-exempt and percent female, Connecticut, 2013

	(Female)	(Part-time)	(Non-exempt)	(All)
N	210	226	212	200
Constant	0.957 (0.285)	0.421*** (0.097)	0.619 (0.218)	0.440* (0.201)
<i>Percent female</i>				
26-50%	1.126 (0.455)			0.614 (0.289)
51-75%	1.291 (0.487)			0.713 (0.315)
76% or more	1.673 (0.690)			0.795 (0.384)
<i>Percent part-time</i>				
26-50%		5.064*** (1.750)		3.947*** (1.480)
51-75%		5.079*** (2.015)		3.978** (1.734)
76% or more		15.802*** (10.434)		11.166*** (7.615)
<i>Percent non-exempt</i>				
26-50%			0.621 (0.394)	0.685 (0.463)
51-75%			0.587 (0.319)	0.620 (0.367)
76% or more			3.368*** (1.330)	2.131* (0.948)

Source: Authors' survey. Data are weighted to be representative of the distribution of Connecticut employers by establishment size. * p<0.10, ** p<0.05, *** p<0.01