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Response to Partnership for New York City Report on Paid Sick Days Law

The Partnership for New York City commissioned a 2010 study of the current sick leave policies of employers in New York City, conducted by Ernst and Young based on an online survey.

Though the Partnership for New York City states that “hard data from employers regarding the impact of the bill was not available from existing sources,” the federal Bureau of Labor Statistics (BLS) has for years collected data from a nationally representative sample of businesses in the National Compensation Survey, which includes information on sick leave and other benefits. The same survey contains extensive data on employer costs for wages and benefits. The BLS has produced analyses of their survey data specific to the New York City metropolitan area. Other government-administered surveys, such as the National Health Interview Survey, provide information on the amount of sick leave actually used by workers.

Despite the Partnership for New York City's stated intent to acquire hard data from employers, their survey and their analysis suffer from a number of critical flaws:

- **The lack of unbiased sampling and overrepresentation of large businesses mean that the findings cannot be generalized to all employers in the city of New York.** The Partnership's projections of the number of employees lacking access to paid sick days and the costs are based on a non-random sample obtained by reaching out primarily through members of their own organization, chambers and trade associations already on record as opposing the legislation, introducing bias. They received online responses from 708 employers, with an average size of 585 employees.
- **The methodology used by Ernst and Young to calculate the estimated cost of the proposed law is not explained.** They estimate an average increase in payroll costs of 0.3%, but never explain how they calculated this value from the data collected and what assumptions they made about usage of paid sick days. The Addendum on survey methodology issued subsequent to the initial release of the report says only, “EY made certain assumptions to perform its estimate.” Most business group analyses of paid sick leave costs assume that workers will utilize 100% of the sick time they accrue. Data from multiple sources (the Bureau of Labor Statistics, a study of San Francisco employees, and the National Health Interview Survey) find that average use is closer to 3 days. The most recent report released by the BLS finds that workers participating in plans with a fixed number of paid sick-leave days per year used an average of 2 to 4 days of their paid sick leave annually, depending on the industry (see Paid Sick Leave: Prevalence, Provision and Usage among Full-time Workers in Private Industry, Feb.29, 2012, p. 4).

- The Partnership for New York City assumes that employers that already provide leave that can be used for sick days, such as PTO/bucket plans, must dramatically change their policies. Employers providing leave that can be used for the purposes and in the amount required under the law **do not need to change their leave systems or add leave**.
- Sixty percent of the estimated cost is attributed to the need to change current employer policies, an **overestimate of the likely effect on employers** who already provide leave. Policy changes would likely be small and additional leave would not need to be offered in most cases.
- The Partnership for New York City estimate also includes the cost of covering **independent contractors, who would not be covered** under the law.
- The survey itself asked not about employer policies, but about the most likely way that employee absences for illness or family illness would be handled. Survey respondents were **unable to actually indicate their company's policies**, but only to describe their opinion of the most likely outcome of a worker needing to take time off work sick. Therefore, the survey does not allow any accurate assertions to be made about the percentage of workers in New York with access to paid sick days (or equivalent).
- Other studies based on scientific sampling techniques have found a higher percentage of workers without paid sick days than the Partnership report's finding of 23 percent. Some of those differences are due to differences in who is being asked. The Partnership and the BLS estimates are both based on surveys of establishments and would therefore include commuters, who probably tend to be better paid workers who are more likely to receive paid sick days. The Community Service Society surveys done by Lake Research, using standard random digit dialing survey methods over ten years, have consistently found a higher proportion of workers without paid sick days. The CSS research is based on a household survey, thus it includes New York City residents and voters, and workers who are not employed by establishments, such as the large number of domestic workers, but not commuters. Immigrants are also more likely to respond to the CSS survey since it is a non-government survey and is conducted in three languages in an attempt to reach low-income populations. **Nonetheless, it is noteworthy that both the BLS NYC metropolitan area data and CSS found that the majority of low-wage workers lack paid sick leave. The BLS reports that 63 percent of workers in the lowest wage quartile lack paid sick days and CSS's *Unheard Third, 2011* found that 64 percent of low-income working New Yorkers (< 200% of the federal poverty level) do not have paid sick time – almost identical figures.**

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