



City of Seattle

Office of City Auditor

September 20, 2013

The Honorable Mike McGinn
Seattle City Councilmembers
City of Seattle
Seattle, Washington 98104

Dear Mayor McGinn and City Councilmembers,

Ordinance 123698 (Seattle Municipal Code chapter 14.16) established regulations requiring employers with more than four employees working within the city of Seattle to provide paid sick and safe time off to their Seattle employees starting September 1, 2012. The ordinance requested our office to provide a written evaluation of the impact of these regulations on employees and employers. We contracted with the University of Washington (U.W.) to design and conduct the impact study.

Attached is the second of what will be five U.W. reports: *City of Seattle Paid Sick and Safe Time Ordinance Evaluation Project: Initial Findings from the Employer Interviews*. This report describes the results of interviews with employers in the months after the Paid Sick and Safe Time Ordinance went into effect.

Other reports in the U.W. series include:

- *Findings from the Initial Employer Survey*, published July 8, 2013
- A report on in-depth interviews with a group of employees affected by the regulations, with an anticipated issuance in fall of 2013.
- A report on a follow-up survey of the employers who responded to the first/baseline survey, with an anticipated issuance by March 14, 2014.
- A report on follow-up interviews with a small sample of employers, with anticipated issuance by March 14, 2014.

In addition to the U.W. reports, our office will issue a report on the Seattle Office for Civil Rights' enforcement of the regulations, with an anticipated issuance by March 14, 2014. Our office may also develop additional reports on specific areas not covered in the U.W. evaluation.

Please contact Mary Denzel, the project manager of this evaluation (684-8158), or me (233-1095) if you have any questions about the report.

Sincerely,

David G. Jones
City Auditor

Attachment

City of Seattle Paid Sick and Safe Time Ordinance Evaluation Project

Initial Findings from Employer Interviews

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University of Washington

September 18, 2013

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Summary

This report describes findings from interviews conducted with 24 Seattle employers in the months after the Paid Sick and Safe Time Ordinance went into effect. These interviews show:

- All but one employer had heard about the Ordinance. Important sources of information included the media, the City of Seattle, professional networks or associations, and the evaluation study itself.
- Many employers reported that they initially found the Ordinance and its requirements to be confusing. However, a few months into the implementation period most employers knew whether or not their business was affected and what they needed to do in order to comply. Employers were less aware of how the “safe time” provisions function.
- The majority of employers (18 of 24) described complying with the Ordinance. For some, this required minor changes, such as extending paid leave to a few part time employees. Others had to create or re-design policies or extend leave to a large portion of their workforce.

Employers also reported about implementation challenges and special concerns. Some employers initially struggled with the recording and reporting requirements, although all these difficulties were resolved. The Ordinance did not affect shift swapping, the practice of allowing employees to trade shifts, for any of the interviewees. Most employers have no or moderate concerns about abuse, although a minority believes that employees abuse leave. The report concludes with lessons for other locales.

Background

The Seattle City Council passed the Paid Sick and Safe Time Ordinance in September 2011. The Ordinance, effective as of September 1, 2012, requires employers with more than four full-time equivalent employees to provide paid leave to full-time, part-time, and temporary Seattle workers. The Ordinance also applies to employees who are based outside of Seattle and occasionally work in the City (240 or more hours in a calendar year). Paid leave off may be used for personal or family physical or mental health care needs, reasons related to domestic violence, stalking or sexual assault or due to official closure of the workplace or child’s school or place of care for a public health emergency.

The Ordinance also included provisions calling for a written evaluation about its impacts on employees and employers. During public hearings and City Council deliberations, councilmembers and stakeholders raised questions about how the Ordinance would work, including possible effects on employers, workers, and the health, safety, and economic vitality of the City of Seattle.

The Office of City Auditor contracted with the University of Washington (UW) to conduct parts of this evaluation. This report describes findings from interviews conducted with 24 employers as part of Phase 1 of the evaluation. These interviews provide insight into how employers learned about the Ordinance, how well they initially understood its requirements, the steps taken to provide the required leave, and challenges involved in implementation. We also address whether and how the Ordinance affects workers exchanging shifts (“shift-swapping”) and the extent to which employers believe employees abuse paid leave.

This is one of a series of reports. A report summarizing findings from an initial survey of 550 randomly-sampled employers was released in July 2013. Other reports in this series will include findings from a second survey of employers, interviews with employees, and analysis of State of Washington employment data. The Office of City Auditor and the UW research team will report on the full evaluation to the City Council in March 2014.

About the interviews

Study team members interviewed 24 employers, 22 of whom were randomly selected from the set of respondents to the main survey.¹ Employers were drawn from three industries chosen for their public health importance. In all three sectors– 1) retail, 2) food and accommodation, and 3) health care and social services – at least some employees have contact with the general public; hence working while sick with an infectious disease could lead to further transmission. Food workers in particular pose public health risks if they work while ill. Depending on the employer, interviewers spoke with owners, general managers, or human resources (HR) managers. Table 1 summarizes the interviewed employers and their characteristics by sector.

Table 1. Interviewed employers and select characteristics by sector

<i>Sector</i>	Food and Accommodation (N=9)	Health Care and Social Services (N=8)	Retail (N=7)
<i>Interviewees</i>	Casual Dining Restaurant Chinese Restaurant Coffee Shop Frozen Treat Shop Hotel Japanese Restaurant Sandwich Shop Taco Restaurant Upscale Casual Pub	Chiropractic Office Elder Health Care Family Services Nonprofit Health Club Health Research Nonprofit Physical Therapy Clinic Rehabilitation Clinic Addictions Clinic	Beer Shop Candy Store General Book Store Gift Shop Specialty Book Store Wine Shop Grocery Store
<i>Selected characteristics</i>			
<i>Women- or minority-owned</i>	6 ²	1	3
<i>50 or more employees</i>	3	5	3

Interviews were conducted between November 2012 and June 2013. Most employers preferred to be interviewed in person at their place of business. Two were interviewed at coffee shops, and two others spoke to us over the phone. Interviews typically lasted between 35 and 50 minutes. The UW interviewers audio-recorded the conversations, which were then transcribed and checked for accuracy.

Interviews followed a semi-structured, open-ended format that included questions about general business practices, benefits offered, employee scheduling, and knowledge and beliefs about the Ordinance. The vignettes in boxes throughout the report illustrate the type of information gathered from employers. Analysis reported in the main text is based on systematic cross-case examination of all 24 employers using standard qualitative research techniques.

Vignette 1: Retailer Adjusts Company-Wide Practices to Comply with Ordinance

NOTE: This summary and the two that follow later in the document are drawn from the field interviews. Together, they illustrate a range of how employers learned about, initially understood, and responded to the Ordinance. All names are pseudonyms and identifying details have been masked.

“Jane” is the director of human resources for a Puget Sound based retail chain with over a half dozen locations both inside and outside Seattle. The chain has over 300 regular full- and part-time employees plus seasonal workers hired during the busiest shopping seasons. Their full-time workers’ compensation includes health insurance, paid vacation, paid holidays, paid sick and safe time, and a retirement plan. As a result of the Ordinance, the company added paid sick and safe time benefits for part-time and seasonal workers; these workers are not eligible for any of the other benefits.

Jane recalled first learning about the Ordinance from the City. She says that she “has a lot of issues with” the law and has found it confusing to understand. She turned to the City website, a human resources seminar, and her company’s attorney to learn more. Jane and her team worked to ensure that their part-time and seasonal workers understood the new benefits. She explained the effort involved in this, “we have a lot of people who’ve never had benefits before so we do a lot of hand-holding and provide a lot of support to our employee base.”

Although the Ordinance only requires that employers provide leave to workers who work within the City of Seattle, the company decided to extend paid sick and safe leave eligibility to all its workers regardless of location. Jane explains the reasoning behind this decision.

We have employees who come from our [non-Seattle locations] and they’ll work down here [in Seattle]. And the law required me to track any hours worked in Seattle as eligible sick leave. ... That was going to become a nightmare to try and track that so-and-so came over and worked half an hour or 45 minutes and it – it just was gonna be unwieldy and I resented that we were gonna have to go that minutia of, you know, tracking. ... [I] felt it was a more cost-effective way to just make it an across the board change...

The Seattle Ordinance led to this firm changing practices for all its locations rather than implementing a more complicated tracking system.

Jane sees the need for both sick and safe leave in her business. She cited recent experiences such as when the flu spread throughout departments or when a restraining order was necessary to protect a targeted worker and co-workers from violent threats. She sees her company’s practice of providing benefits as part of how they “nurture” their employees, but at the same time she resents what she describes as the “micromanaging” of the employer-employee relationship by the Ordinance.

Finding out about the Ordinance

When a new policy or rule is created, affected parties need to know about the change in order to change their own behavior. The interviews we conducted revealed how the employers learned about the Ordinance and how well they understood its requirements.

Information sources

All but one of the 24 employers we interviewed had heard of the Ordinance before they spoke with an interviewer. Most recalled learning about it through the media, from the City, or through some sort of professional network or connection. A small minority reported that the evaluation study itself was their first or only source of information.

A general manager's recollection of how he learned about the Ordinance is typical:

[I] started becoming aware of it when it started becoming public information and knowledge that it was coming. I'm sure, though I can't recall, I received some sort of correspondence in the mail from the City of Seattle regarding this. Then once I heard about it I – I started looking it up, just to find out what was happening. And then, of course, we had conversations at my – at the company level, as well.

This general manager learned about the Ordinance from three sources of information: the media, the City of Seattle, and through his own company.

Seven employers recall first learning about the Ordinance through the media. Asked how she found out about the Ordinance, one business owner explained, "I would say, first of all, by the news. You know... the mayor was talking about, you know, offering a program."

Employers' primary sources of information:

- The media (7 employers)
- The City of Seattle (6)
- Professional network or association (6)
- The evaluation survey or interview itself (4)
- One employer did not report a source of information.

Three employers specifically recall receiving postcards or mailings from the City and six employers considered the City to be their main source of information. A business owner got a postcard just a few days before the Ordinance went into effect, and said she would have wanted more notice. However she talked to the owner of an adjacent business who had not received any notice. Another business owner credits the State rather than the City, but recalls, "they sent folders and flyers and things like that." Four employers directly mentioned the City's website as a resource they sought out.

Professional service providers such as lawyers, payroll processors, and – in one case – an insurance agent were also cited as having provided information about the Ordinance.

Professional associations were another source of information. A HR manager explained how she found out about it as follows, “I know I was getting massive e-mails ... I can’t really say who it was from.” She references two professional associations to which she belongs and the City. Similarly two restaurant owners mentioned the Washington Restaurant Association, their trade association, as a source for information about the Ordinance.

A minority of employers did not recall having received information either through official or professional channels. For instance, when interviewed in January 2013, one general manager said, “I think I learned about it when you guys sent me the survey.” Three other employers also recalled first hearing about the ordinance because of the initial UW evaluation study survey distributed in summer 2012.

Understanding the Ordinance

Many employers initially found the Ordinance confusing, but by the time they spoke with us, two to nine months after the Ordinance went into effect, most had a fair or good understanding. Most knew whether the Ordinance applied to their business or organization and what they had to do in order to comply. One HR manager explained how her understanding changed over time:

I would say first off it’s been a very confusing law. It’s been very confusing when top attorneys in [Seattle] are saying it’s confusing. For HR managers to then know. Like I say I’ve probably taken two or three trainings now on it. I feel a little more comfortable about it now; hopefully I’m not doing anything horribly wrong.

Learning about the Ordinance took time. Similarly, a small business owner was initially confused and requested more information from the City. She recalled, “once I got that paperwork, it was very self-explanatory ... it’s a simple process.” This employer clearly understood the leave requirements. She chose to implement the leave despite her lingering questions about whether or not she had enough employees to qualify.

Some employers found it challenging to make sure that managers and employees understand the Ordinance. One employer wanted to make sure all managers understood the Ordinance before employees were allowed to use their leave. Another described confusion as to whether the Ordinance or their previously approved union contract took precedence. The employer explained that “everybody was used to the old way,” but the Ordinance trumped the union contract.

Overall few employers understood the “Safe Leave” portion of the Ordinance. Employees can use paid Sick and Safe Time for personal safety needs related to domestic violence, sexual assault or stalking. Safe time also applies when a workplace or an employee’s child’s place of care is closed for health reasons, as happened with a recent whooping cough outbreak. One small business owner said “to be honest” she did

not understand what safe leave was for, “I guess I could make up a scenario in my head but, [my employees] should come here and be safe. We’ll protect them. No. I don’t know.” Another guessed that safe leave was for times when workers could not safely get to work, such as during a snow storm.

Vignette 2: Small Locally Owned Restaurant Continues Informal Practices after Ordinance

“Mimi” (a pseudonym) manages a small restaurant with three full-time and several more part-time employees. She spoke with an interviewer through a language interpreter. Mimi explained that she tries to treat employees well, believing that they will in turn treat customers well. However, they have seen their business slow with the economy in recent years; as a result, she has cut part-time employees’ hours.

The restaurant does not offer formal benefits to any employees. However, Mimi explains that they try to pay employees who are sick or on vacation. She tells the bookkeeper that an employee is on vacation and the bookkeeper pays them for the time. She also recalled a co-worker who was out for two or three weeks due to illness was paid for that time. She explained, “that was before there was this law, but we’ve always done that that way. For me, there’s just no problem with that.”

Mimi recalled receiving a flyer from “the state” explaining the new Ordinance. She has not sought out any other information. Mimi thought that her employees know about the Ordinance, but when pressed she cannot recall any specific conversations about it. “They know about the law but we’ve never really gone to say, ‘Oh, you know.’” When asked about other changes, she did not mention other required elements such as whether or not her bookkeeper is tracking hours or reporting available time on employees’ pay stubs. As of February, five months after the ordinance took effect, she said that no one had asked for paid sick or safe leave because no one had been sick.

She agreed with the overall idea behind the ordinance “Well, if [employees are] sick then, you know, they need to stay home to go to the doctor... they should stay home and rest and then we would pay them.” She has heard that other restaurant operators are unhappy about the Ordinance. However, she does not worry about it impacting her business, saying she has “not really thought about it.”

Implementing the Ordinance

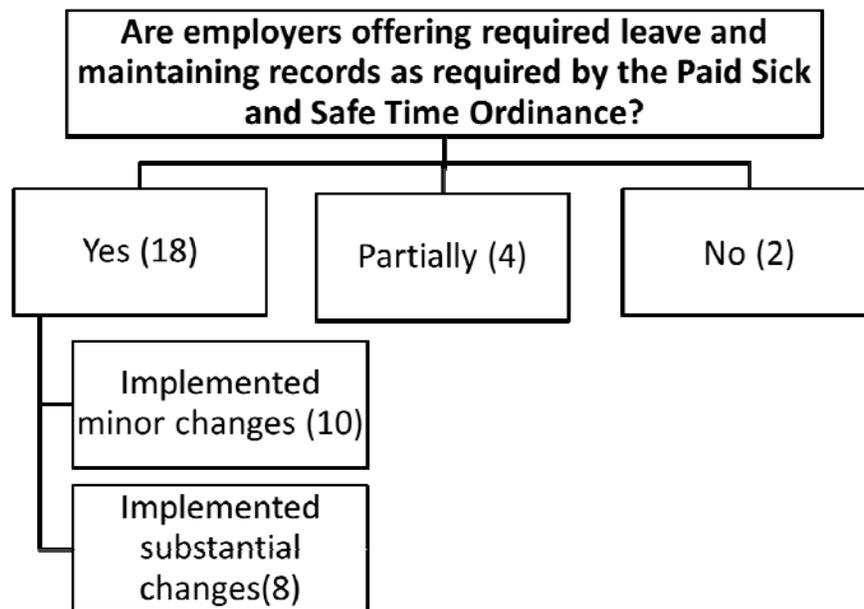
How are employers changing their policies and practices as a result of the Ordinance? In order to comply with the Paid Sick and Safe Time Ordinance, employers need to ensure they offer the required leave, inform their employees, and keep records. Karina Bull, Business Liaison at the Seattle Office for Civil Rights, explained the specific requirements

employers must permit accrual, use and carry-over of the required amount of leave; provide notification of available leave during every pay period; keep records of leave for two years; provide notice to employees of their rights to leave (e.g. poster or handbook) and not retaliate against employees for exercising those rights [email correspondence, 6/10/13]

Achieving compliance requires changes from employers who did not previously offer paid sick and safe leave to all employees. The Ordinance also affects organizational processes and may alter the day-to-day practices when employees are sick or need to attend to family matters.

Figure 1 summarizes how employers are implementing the Ordinance. Based on the information provided in the interviews, the majority of employers (18 of the 24) are fully or nearly fully compliant with the Ordinance’s requirements. For ten of these 18 employers, minor updates to policy or practices were needed to bring the business or organization into compliance. These are generally employers who offered leave before the Ordinance went into effect. They had to adjust policies or extend new benefits to a minority of employees. For instance, one health and social service sector employer with only a few part-time employees had to extend leave to part-time employees and specify that leave could be used for safe time. Similarly, a food and accommodation sector employer had already offered leave but had to track it differently from what they had done previously and inform employees.

Figure 1. Summary of employer changes in response to Ordinance



Note: Employer classifications based on information from interviews conducted November 2012 – June 2013.

The eight of the 18 compliant employers indicated as “implemented substantial changes” in Figure 1 needed to extend leave to most or all of their employees or make major policy changes. Typically, before the Ordinance went into effect these employers only offered paid leave to full-time employees. For businesses and organizations with a large proportion of part-time or occasional workers, the Ordinance created substantial change. For instance, approximately two thirds of the employees at one health and

social service sector employer were part-timers with no paid leave before the Ordinance. This employer had to extend leave to all part-time employees. The retailer profiled in Vignette 1 above is another example of extending benefits to a substantial number of part-time employees. Other employers re-shaped their policies more drastically. A food and accommodation sector employer had previously offered an annual bonus equal to roughly two weeks of earnings; employees could choose to use this bonus as pay for time taken off or as a supplement to their earnings. This policy was deactivated in favor of a paid time off bank that meets the Ordinance's requirements.

Figure 1 lists four employers who were judged to be "partially" compliant based on responses to the interviews. These employers informally choose either to pay or not pay workers for time off. In most cases, these employers said that they offer some paid leave, but interview responses suggest they are not tracking it as required by the Ordinance. For instance, one general manager of a retail establishment explained how they handle employees' sick leave needs.

We don't really have an official policy, but if somebody's really sick then it's usually just kind of my boss's call on it. He usually just pays them for their day. We don't really have an official number of days or process of doing it.

This manager said he did not really know what the Ordinance requires, but he believes that his company offers the required leave. Similarly, the owner of another retail firm described how he is flexible with his employees and prefers to work with them to accommodate their needs for time off. He has paid little attention to the Ordinance. He believes his practices are fair, yet he observed "I could be totally out of compliance."

Finally, interviews revealed two employers who did not appear to be offering any paid leave. These two are indicated as not complying in Figure 1. Both are restaurants run by immigrant owner-operators. In one case, the restaurant owner was out of the country and the manager reported not knowing anything about the Ordinance. In the second instance, the owner had heard about the Ordinance but was not complying because of the fear of the cost of compliance. Although she described herself as "law abiding," she and her husband had recently taken out personal loans to keep the business afloat, and they could not afford any additional expenses.

Challenges and special circumstances

Public testimony before the Ordinance was passed included mention of employers' and employees' concerns. This section addresses three such concerns: 1) administrative challenges with implementing the Ordinance, 2) whether the Ordinance changes the often-useful practice of allowing employees to exchange shifts (i.e., shift swapping) rather than take leave, and 3) the potential abuse of paid leave.

Administrative challenges

The Ordinance requires employers to track employees' accrued leave and to report available leave during every pay period, such as on pay stubs or through an accessible online system. In some cases, this is straightforward. A general manager of a branch of a multi-state business describes his firm's process: "there's a form that we fill out and that is submitted with our payroll.... And that goes, and then when the checks are processed, [the available leave is] inputted on their check." Similarly, the owner of a local business described how they were able to integrate paid leave tracking into their scheduling system.

Other employers encountered challenges in getting these tracking and reporting systems functioning. Ten of the 18 complying employers reported some difficulties, often for a minority of their employees that did not fit the typical profile. For instance, two employers mentioned that tracking new employee accrual specifically is difficult. One noted that "we don't have a super formal HR" and hence he found tracking new employee eligibility to be difficult, particularly keeping track of "at what point does that employee cross the six-month threshold?" Two other employers mentioned that providing and tracking paid leave for different classifications of employees is challenging. One of those employers has multiple temporary employees and the other has employees who are paid based on the number of clients they see. Two additional employers felt that tracking employees at different locations would be so challenging that they extended the benefit to their locations outside of Seattle for ease of tracking.

Many of the employers use an external payroll processing company to track and administer their payroll. In some cases, the payroll processors were able to add this additional task easily. One business owner said that his payroll processor was prepared to track and report employee hours, "So that part's easy...and they do it for free." Three other employers, however, reported difficulties in having their payroll company incorporate the Ordinance's tracking requirements. One small business owner recalls:

[Payroll processing company] is our payroll service and we asked if they would be able to track the sick leave part and they haven't heard of it. And this was like September, August 30 or something so they ... were very, very behind on being aware...

This owner goes on to recount how the payroll processor made a mistake on the first paystubs, showing that workers had accrued over 60 hours of paid leave in their first post-Ordinance pay period. As a result, she and her bookkeeper had to not only "train [the processor] how to do it right" but also explain the error to the staff. Two other employers reported similar problems, that their payroll processors did not know about the Ordinance or were initially unable to report hours correctly. These initial "glitches" had been solved by the time of our interviews, although some employers reported keeping double records to continue to check the payroll processors' estimates.

These administrative changes come at a cost. This first round of interviews revealed that employers faced direct and indirect expenses in sorting out the administrative processes needed to comply with the Ordinance. All complying employers reported needing at least some additional owner or staff time to initially put systems in place. Four employers mentioned that they were concerned about the cost of administering the policy on an ongoing basis, namely through the additional staff time needed to educate employees and track hours. One employer also mentioned that the business had to upgrade its payroll system to be able to track the PSST for their different categories of employees. Three business owners mentioned costs associated with the payroll company that they use. One of the businesses told us that the payroll company has begun to charge them a fee for the additional tracking required by the ordinance. The research team will ask employers for more details about cost – including cost associated with leave used by employees – in the one-year follow-up interviews.

Shift swapping

One way employers manage illness- and safety-related personal absences is to allow employees to exchange shifts with one another. For instance, if an employee needs a particular shift off in order to attend a medical appointment, that employee might swap shifts with another employee. During the public discussion period before the Ordinance's passage, one concern raised was whether the Ordinance would adversely impact employers' or employees' ability to use shift swapping as a strategy to cover employee leaves. Interviews suggest this problem has not surfaced. Interviewed employers reported that shift swapping is common and seems largely unaffected by the Ordinance.

Representatives from 17 of the 24 businesses that we interviewed stated that shift swapping occurs in their firms: nine of these in the Food and Accommodation sector, seven of them are in Retail, and only one was from the Health and Social Services sector. One retail employer gave a typical reply when asked if her employees are allowed to swap shifts:

Shift swapping. One way to accommodate employees' need for time off is to permit employees to exchange shifts with each other.

- 17 of 24 employers allowed shift swapping
- 9 of these are in the Food & Accommodation sector
- 15 require manager or owner approval
- 12 require employees to arrange their own replacement
- No employer said that the Ordinance changed shift swapping

They do [swap shifts] but, you know, not without management OK. And so if somebody, let's say, needs the day off they, you know, ask someone else, they clear it with the manager and ...usually there's no issues.

Of those businesses that allow shift swapping, all but two specified that supervisor or managerial approval is necessary. Additionally, 12 of the 17 businesses that allow shift swapping mentioned that in order to shift swap, the employee must arrange his or her

own replacement. With one exception, employers in the Health and Social Services sector do not allow shift swapping. Five health employers noted that shift swapping either is not allowed or does not apply to their staff because their staff is not scheduled in a traditional sense. Two other employers in this sector noted that while their employees cannot swap shifts, they are allowed to flex their schedules to accommodate sick or vacation time, or have work obligations that occur on nights and weekends when medical and other appointments are less likely to be scheduled.

The employers unanimously reported that the PSSTO has not altered their shift swapping practices. One general manager's response was typical when asked if the Ordinance would change how his company handled shift swapping, "No, no. It's all the same." Only one of the businesses that we interviewed had experienced an uptick in shift swapping since the passage of the PSSTO. However, this business owner says that the recent changes were because several staff members – including her – got sick during a busy holiday rush. She credited "reality" rather than the Ordinance, noting "when [employees] get sick, they get sick. So I've got to find someone to cover a shift."

Vignette 3: Health Care Employer Largely Unaffected by Ordinance

"John" (a pseudonym) owns a private health care practice. He describes his business philosophy succinctly, "to provide good, quality clinic care to patients and not to lose money." He adds happily, "...we've been able to do that so far."

Before the Ordinance all of his approximately 25 salaried employees had paid sick and vacation leave along with health insurance coverage; two part-time hourly workers did not have these benefits. John explained his business case for providing benefits to his employees, "if you take care of people, they will be more loyal and work harder."

John learned about the Ordinance when his business manager mentioned it to him. After that he learned more about it in the media. His opinions stemmed from his experience and sense of fairness, *I was reading in the paper that some companies are concerned about [the new requirements]. We've always offered it. So some [other] businesses, it might affect and hurt them financially. But people do get sick and ... you know, my sense is people should have some insurance for when they're ill.*

John's business manager provided details about the changes they had to make as a result of the Ordinance. The two part-time hourly employees now accrue sick time at the required rate. For their full-time employees, they had to adjust their policy so that all their sick days could be used to care for a family member (before the Ordinance their policy provided only two days for family care).

Overall, John and the business manager agreed that the Ordinance will have little, if any, impact on their business. Per the business manager, "implementing the changes was not a problem." John's overall initial assessment was positive: "Well, you know, my sense is it's a very reasonable ordinance. It gives some people some protection."

Abuse

When asked if they feel their employees take sick time when they really could or should be at work, eleven employers said they trust their employees' judgment. One manager said that her employees only call in if they are "feeling truly awful." Similarly, a small business owner described her faith in her employees, "I have a small, familial type group right now and they're great people who I trust." Another small business owner characterized his company as "high integrity" saying that he operates on the assumption that employees are honest. He tempers this trust with a long-term view, "If [employees are] not being honest with me . . . then eventually I'll figure it out ... If you lie to me, I can't-, I can't work with you."

Nine additional employers admitted that they assume some abuse of time off happens but abuse is not common practice at their business. When asked about abuse, one general manager explains her general beliefs:

I think, um, it happens. And, the only time I question it is when I have proof otherwise – . . . I mean, we all hear people and they say: Oh, God, they don't really sound sick. But, you know, nine times out of ten I'm not gonna question it. But where I question it is when we have someone who does it a lot and we have suspicion about their behavior, um, where maybe after work they behaved poorly

This employer laughed as she mentioned the possibility of employees "behaving poorly," a reference to excessive drinking during off-work time. Several other employers also mentioned that employees call in sick after carousing.

Only three employers felt that their employees routinely call in sick when they are not. These employers felt very strongly that their employees regularly abuse calling in sick. Again, off-hours partying is a common concern, regardless of whether employees are requesting paid leave for missed shifts. As one employer explains, "I would say 50 percent, sadly, of our shift-swapping or people to cover...shifts, are not really because of illness but because of lifestyle."

Employers who use universal leave banks (also called paid time off or PTO) were less concerned about abuse. Three employers mentioned that because they have a PTO bank which can be used for any reason, they leave it up to employees to allocate the available leave between vacation, sick time, and other uses. These three employers do not ask for a reason that the employee is calling in.

If you want to take a day off, take a day off. I'm – I'm okay with that and I don't care if it's a sick day or a vacation day because we just lump it all together for whatever reason you want to take it off.

In follow-up interviews in August through December 2013, we will ask employers about whether they believe the Ordinance has increased abuse of available leave.

Lessons for other locales

Employers' stories of how they understood and worked to implement the Ordinance included some areas of confusion, frustration and fear. From these concerns come suggestions to make the implementation easier for employers.

Have a long phase in period

Employers use different time frames for tracking leave and other benefits; calendar year, fiscal year, and employment anniversaries were all used as a basis for tracking accrued leave by employers with whom we spoke. Having a longer phase-in period would allow employers to implement changes according to their own fiscal calendar. One HR manager who said that implementation at her business "went fine" but did note that the whole process "seemed fairly quick,"

I can't remember the exact dates that things had to be implemented by but that seemed to be a fairly quick turnaround. I think a lot of times we're used to hearing like proposed regulations for [the Family and Medical Leave Act, for example] that might take years to put into place.

Extending the outreach period would allow for more gradual change.

Reach out to payroll processors and other service providers

Because the Seattle Ordinance requires a report of available leave to be provided every pay period, employers had to adjust their payroll systems. Some employers with whom we spoke reported that their processors were able to easily make the adjustments; others reported difficulties or "glitches." The Seattle Office for Civil Rights conducted several workshops for payroll processors. As noted above, some employers depend on their payroll processors to provide both services and information.

Present information on adaptation and likely use

Many employers commented about the challenges of making changes. Some also worried about the uncertainty associated with how much employees would use –or abuse – the new paid leave. Although only a few locales to date have implemented paid leave, there is some available information about implementing leave policies and how much employees tend to use available leave. Providing employers with the message that employers in other locales have successfully implemented these changes might help assuage these concerns. Similarly, disseminating data on likely use of leave – perhaps based on national survey data or experiences in other locales – could also help employers forecast possible future costs.

Conclusions

This report, based on interviews with 24 employers, shows that in the months after the City of Seattle Paid Sick and Safe Time Ordinance went into effect, many employers were working to implement its requirements.

All but one employer had heard about the Ordinance. Important sources of information include the media, the City of Seattle, professional networks or associations, and the survey itself. Many employers reported that they initially found the Ordinance and its requirements to be confusing. However, a few months into the implementation period most employers knew whether or not their business was affected and what they needed to do in order to comply. Employers were less aware of how the “safe time” provisions function.

The majority of employers (18 of 24) described complying with the Ordinance. For some, this required minor changes, such as extending paid leave to a few part time employees. Others had to create or re-design policies or extend leave to a large portion of their workforce. Two employers that operate very informally reported practices that include giving employees some leave but not tracking leave per the Ordinance’s requirements. Two more employers have not implemented the Ordinance.

Employers also reported about implementation challenges and special concerns. Some employers initially struggled with the recording and reporting requirements, although all these difficulties were resolved. The Ordinance did not affect shift swapping, the practice of allowing employees to trade shifts, for any of the interviewees. Most employers have no or moderate concerns about abuse, although a minority believes that employees abuse leave.

Any change poses difficulties to organizations. Employers’ stories of implementing the Paid Sick and Safe Time Ordinance suggest that a longer phase-in period, thorough outreach to payroll processors and other business service providers, and providing some information about adaptation and eventual cost could ease employers’ short-run concerns.

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¹ The interview protocol was pilot tested through interviews with two employers, one of whom had contacted the research study as a volunteer and another who was known to a member of the research staff and willing to be interviewed. Responses from these two volunteer employers are included in analysis. The experiences recounted by these two volunteers did not differ from the main randomly selected samples; what the volunteers had to say about business practices and the Ordinance was repeated by members of the randomly-selected sample.

² Neither the Chinese nor the Japanese restaurant reported being minority-owned on the survey. They have been so classified for this table on the basis of information gathered during the interview.