

April 2, 2010



Paid Sick Days and Restaurant Jobs: The Evidence from San Francisco

Restaurant Employment Strong When Employers Make the Shift to Paid Sick Days

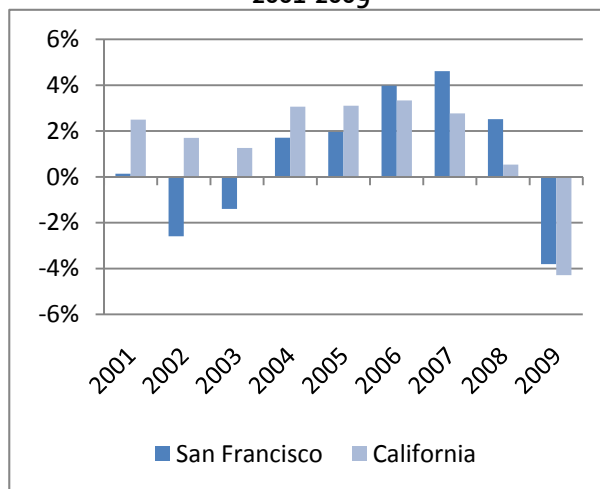
In February 2007, San Francisco implemented the nation's first paid sick days law, allowing all workers within the city to earn a minimum amount of paid sick leave. Restaurants are among the employers least likely to provide sick leave benefits, absent such a requirement.¹ Therefore, if minimum paid leave standards affect the number of jobs available, we would expect to see that impact most clearly in the food service industry.

The data show that the job market in restaurants and bars has been stronger in San Francisco than in the state of California as a whole in every year since the sick days law passed:

- Restaurant jobs in San Francisco grew by 4.6% in 2007, compared to just 2.8% statewide.
- In 2008, San Francisco food service jobs grew by 2.5%, compared to 0.5% across the state.
- In 2009, with severe recession lingering, restaurant jobs fell by 3.8% in the city, compared to 4.3% in the state.
- The same pattern holds for all job categories – San Francisco's job market has been stronger than the statewide average since adoption of minimum paid leave standards.
- Compared to all job sectors, food service jobs grew more in 2007 and 2008, and shrank less in 2009.

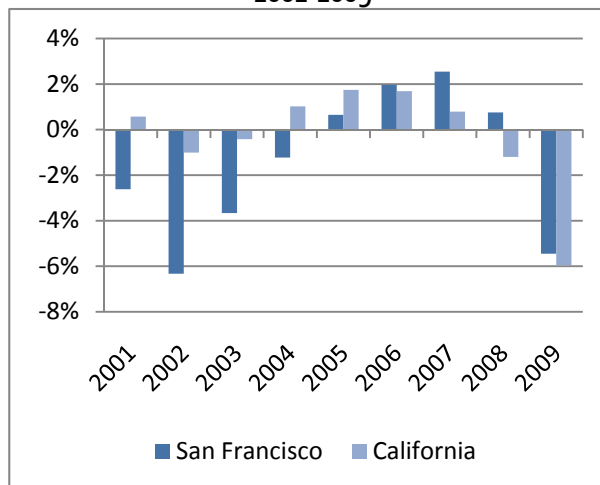
In contrast, during the years following the 'dot com' bust and 2001 recession, San Francisco lost a greater percentage of jobs both in restaurants and overall than the state as a whole.²

Annual Percentage Change in Restaurant Jobs, San Francisco County and State of California, 2001-2009



Source: California Employment and Development Department

Annual Percentage Change in All Jobs, San Francisco County and State of California, 2001-2009



Source: California Employment and Development Department

Conclusion

Two other studies comparing job change in San Francisco and the surrounding counties have also found San Francisco fared relatively well both in the year immediately following implementation of paid sick days standards, as well as once recession set in.³

While there is undoubtedly some direct cost to employers from providing paid sick leave, there are also benefits to employers in terms of greater productivity, reducing the spread of disease in the workplace, higher morale, and greater customer satisfaction.⁴

Restaurants operate on small profit margins, leading some to believe they would be unable to absorb the costs of paid sick days. But restaurants compete primarily with other establishments within the jurisdiction that must meet the same standards – ensuring a level playing field. Additionally, restaurants are especially likely to profit from a healthier workplace, happier employees, and customers who want to return.

The evidence from San Francisco suggests that, on balance, restaurant employment remains strong when employers are required to make the shift to paid sick days.

San Francisco Paid Sick Days Law at a Glance:⁵

- Employees accrue 1 hour of sick leave for every 30 hours worked after 90 days on the job.
- Employees in companies with fewer than 10 employees can accrue up to 40 hours of sick leave (5 full-time days).
- Workers in larger companies can accrue up to 72 hours (9 full-time days).

Notes

¹ In Washington state, only 12% of restaurants provide sick leave to full-time employees, and only 4% to part-time workers. Washington Employment Security Department, Employee Benefits Survey Report, 2009, www.workforceexplorer.com.

² California Employment and Development Department, Employment by Industry Data, annual averages, for San Francisco County and California, 2000-2009, <http://www.labormarketinfo.edd.ca.gov/?pageid=166>.

³ Vicki Lovell and Kevin Miller, "Job Growth Strong with Paid Sick Days," October 2008, Institute for Women's Policy Research, http://www.iwpr.org/pdf/B264_JobGrowth.pdf; John Petro, "Paid Sick Leave Does Not Harm Employment," Drum Major Institute, March 2010, <http://drummajorinstitute.org/library/report.php?ID=143>.

⁴ Christine Siegwarth Meyer, et al, "Work-Family Benefits: Which Ones Maximize Profits?" *Journal of Managerial Issues*, vol. XIII, No. 1, Spring 2001: 28-44; Thomas E. Casey and Karen Warlin, "Retention and Customer Satisfaction," *Compensation & Benefits Review*, May/June 2001, p. 27-30; Paul Hemp, "Presenteeism: At Work – But Out of It," *Harvard Business Review*, October 2004, <http://www.ihpm.org/pdf/HBR%20Presenteeism.pdf>.

⁵ City and County of San Francisco, "San Francisco Paid Sick Days Ordinance, Frequently Asked Questions," updated 9/28/07, http://www.sfgov.org/site/uploadedfiles/olse/SickLeaveOrdinance/PSLO_FAQ_POSTED.pdf.