



City of Seattle

Office of City Auditor

July 8, 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, which will include several reports issued over the next ten months to gauge the impact at different points of time.

Attached is the first U.W. report: *City of Seattle Paid Sick and Safe Time Ordinance Evaluation Project Findings from the Initial Employer Survey*. This report describes the results of a baseline survey of a representative sample of city businesses that are subject to the requirements, and was conducted by the U.W. from August through October 2012.

Other reports that our office plans to issue over the next ten months include:

- U.W. report on in-depth interviews with a small sample of employers, with an anticipated issuance in the summer of 2013.
- U.W. report on in-depth interviews with a group of employees affected by the regulations, with an anticipated issuance in fall of 2013.
- U.W. report on a follow-up survey of the employers who responded to the first/baseline survey, with an anticipated issuance by March 14, 2014.
- U.W. report on follow-up interviews with a small sample of employers, with anticipated issuance by March 14, 2014.
- A report by our office on the Seattle Office of 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

Findings from the Initial Employer Survey

Jennifer Romich

with Cori Mar and Chiho Song

University of Washington

June 2013

Summary

The City of Seattle Paid Sick and Safe Time Ordinance (PSSTO) requires Seattle employers to provide paid time off for employees' personal and family members' health and safety needs. The Ordinance applies to over 11,000 employers, the majority of which are locally-owned and have fewer than 50 employees.

The Seattle Office of City Auditor contracted with the University of Washington to evaluate parts of the PSSTO. Over 1400 randomly-selected City business license holder responded to a survey designed to capture knowledge and likely impact of the Ordinance. This report summarizes findings from this baseline survey.

Only a minority of Seattle employers subject to the Ordinance were fully in compliance at or near the time the Ordinance went into effect, offering paid sick and safe time to all employees. Over a quarter (27.1 percent) offer neither paid sick leave nor undesignated paid time off to any employee. The majority – 65.4 percent – did not offer paid sick time or paid time off to part-time employees.

Employers say that sick employees most typically stay home, regardless of whether paid leave is offered. When employees are absent due to illness, a co-worker typically makes up the work. Four out of ten employers report employees working while sick.

Employers' responses to the survey reveal a range of knowledge about the Ordinance. A substantial minority of firms – four out of ten – reported not knowing about the Ordinance at the time of our survey. Employers who do not currently offer paid sick leave are less likely to have heard about the Ordinance.

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 employees to provide paid time off to full-time, part-time, temporary and occasional workers who work within the City. Paid time off may be used for personal or family physical or mental health care needs; for reasons related to domestic violence, stalking or sexual assault; or in the case of a workplace or child's place of care being closed for public health reasons.

The Ordinance also included provisions calling for a written evaluation about its impacts on employees and employers. In public hearings and Council deliberations, Council members 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 Seattle Office of City Auditor contracted with the University of Washington (UW) to conduct parts of this evaluation. This report describes findings from the UW baseline survey of employers conducted as part of Phase 1 of the evaluation. Later reports will include findings from interviews with employers and employees, analysis of state employment data, and a second round survey of employers. The Office of City Auditor and the UW research team will present a summary of the full evaluation to the Council in March 2014.

About the survey

The *Seattle Employer Survey* was distributed to businesses licensed in the City. Sole proprietors were eliminated, as firms structured in this way are unlikely to have employees. The center portion of Figure 1 shows employers eligible for the survey. The survey sample was randomly selected within industry group in order to generate sufficient data on key industries including accommodation and food service, health care and social assistance, and retail trade. This 20-question survey collected baseline information about current numbers of Seattle employees, benefits offered, and leave policies before or at the time the Ordinance went into effect.

A total of 2319 surveys were mailed in July and August 2012 with mail and phone follow-up through October 2012. Sample members were contacted up to six times, yielding a response rate of 63 percent, a rate that is far higher than comparable studies.ⁱ Appendix 1 (attached) provides additional information about the survey sampling design and completion.

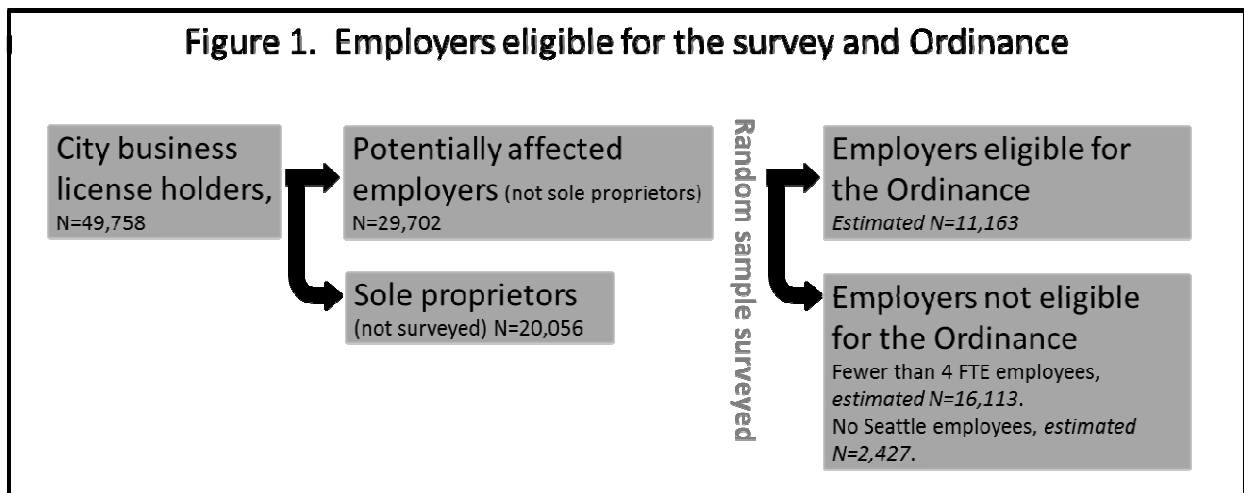
Survey results

Responses to the baseline survey provide insight into how employers and employees will be affected by the Ordinance. This section summarizes some key findings. Appendix 2 (attached)

summarizes data on responses to all questions. Except when noted, results reported here are weighted to reflect all employers subject to the Ordinance. Differences noted in the text are statistically significant at the 95th percent confidence level.

Which employers must comply with the Ordinance?

The Ordinance applies only to employers with more than four full-time equivalent employees at least one of whom works within the City of Seattle. Smaller employers and firms that conduct business with the City of Seattle but do not have employees who work within the city are not affected. Of the approximately 30,000 non-sole-proprietor firms and organizations licensed to do business in the city, just over a third (37.7 percent) have enough total and Seattle employees to be affected by the Ordinance. See Figure 1.



Rates of eligibility differ statistically significantly by sector.

- Employers in the accommodation and food services sector are most likely to be subject to the Ordinance, with more than six out of ten of such businesses having enough employees to be affected.
- Manufacturing and the “everything else” sector – a catch-all group including smaller sectors ranging from agriculture to real estate – also account for a disproportionately greater share of businesses subject to the Ordinance.
- In contrast, only 15.6 percent of employers in the arts, entertainment, and recreation sector are subject to the Ordinance.

Table 1 displays the rate and estimated number of Ordinance-eligible employers by industry and other select characteristics.

TABLE 1. Employers subject to the Ordinance by industry and characteristics

	% of employers subject to the Ordinance	Number of employers subject to the Ordinance
All employers	37.6	11,163
<i>By industry</i>		
Accommodation and Food Service	63.4	1,059
Administration and Waste Management	34.9	433
Arts, Entertainment and Recreation	15.6	115
Construction	36.1	1,426
Everything Else	46.3	2,708
Health Care and Social Assistance	38.1	587
Manufacturing	55.6	654
Other Services	27.1	1,056
Professional, Scientific and Technical Services	31.6	1,895
Retail Trade	33.0	1,015
Transportation, Warehousing	37.5	215
<i>By select characteristics</i>		
Locally-owned	35.9	7,172
Family-owned	34.7	3,725
Women-owned	25.5	1,665
Minority-owned	28.6	911
Immigrant-owned	26.3	387
Publically traded	69.7	674
Franchise	58.5	379
<i>By number of employees</i>		
	% of total subject to Ordinance	
5-19*	53.7	5995
20-49	16.2	1813
50-99	9.9	1107
100-249	8.9	990
250+	11.3	1259

*The Ordinance applies to workers with more than four full-time equivalent workers. However, for ease of comprehension, surveyed employers were asked to characterize their workforce using whole numbers only.

Respondents were asked to characterize their firms' ownership characteristics. Most employers affected by the Ordinance are locally-owned (7,172 or 64.2%) and have fewer than 50 employees (7,808 or 69.9%). Employers that identify as publically traded firms and franchises are more likely than average of 37.7% to have enough employees to be subject to

the Ordinance. Of the employers surveyed, businesses owned by women, minorities, or immigrants are less likely than average to be subject to the Ordinance.

How many employers reported offering paid sick leave and other benefits?

The majority of Seattle employers subject to PSSTO reported offering paid sick leave. However, this benefit is most commonly offered only to full time workers. As summarized in Table 2, 72.9 percent of employers reported offering paid time off for sickness to *full-time* employees either as sick leave or as part of an undesignated leave time bank, commonly known as paid time off (PTO, see sidebar next page). In contrast, only 34.6 percent of employers offered paid sick leave or PTO to *part-time* workers, and only 3.0 percent extend such paid leave to occasional or temporary employees. All of these workers are eligible for paid sick leave under the Ordinance.

The survey also tracked other benefits, as one hypothesized outcome of the Ordinance is that employers will shift benefit spending away from other areas in order to meet the PSSTO requirements. Paid sick leave was offered to full time workers less frequently than other benefits in the survey. Health insurance is the most commonly offered benefit for full-time employees, with 82.4 percent of employers offering personal health insurance coverage to their full-time employees and 28.4 percent offering it to part-time. Three quarters of employers offer paid holidays to their full-time employees, and 72.9 percent offer paid vacation leave. Again, these benefits are less frequently offered to part-time employees with less than one third of employers offering paid vacation or holidays to part-time employees.

TABLE 2. Employers offering Paid Sick Leave and Other Benefits

	Offered to Full-time Employees (%)	Offered to Part-time Employees (%)	Offered to occasional or temporary employees (%)	Not Offered (%)
<i>Paid sick leave</i>				
Paid sick leave	59.1	26.7	2.7	40.9
Paid sick leave OR PTO*	72.9	34.6	3.0	27.1
<i>Other benefits</i>				
PTO	38.3	18.1	1.4	61.7
Paid Vacation Leave	72.9	29.0	3.2	27.1
Paid holidays	75.0	31.9	3.9	25.0
Health insurance	82.4	28.4	2.9	17.6
Spouse or dependent health insurance	62.9	23.6	2.5	37.1

*This includes employers who offer paid sick leave and/or PTO. Some employers offer both.

Employers reported how much leave a full-time employee would be eligible for after one year of work. On average, employers that offer paid leave would provide such an employee with 6.9 days of paid sick time, 9.2 days of paid vacation time, and 7.9 paid holidays. Employers that offer PTO report offering 10.9 PTO days.

When employees are sick

When an employee is sick during scheduled work hours, employee and employer must decide whether the employee should be present in the workplace while sick. A majority of employers (55.8%) reported having written policies outlining what employees should do if sick during work hours. A minority reported written policies for other reasons for absence including needing to take care of a sick relative (47.9% reported written policies), as a result of domestic violence, sexual assault or stalking (26.8%) or to limit personal or dependents' exposure to infectious agents (18.9%).

About Paid Time Off (PTO). Instead of offering separate allotments of time for illness, personal reasons, or vacation, some employers instead offer a single bank of leave which employees may direct toward any of these uses. This benefit type is alternatively called "universal leave," "undesigned leave," or "paid time off" (PTO). In the survey, 38.3 percent of Seattle employers reported using PTO. Advantages to aggregating different types of leave are that employers can control costs and employees may use time as they please. Disadvantages to this scheme are that it may create an incentive for employees to work while sick in order to preserve vacation time and that employees with exceptional personal or family health needs may risk losing vacation time. PTO that can be used for sick leave complies with the Ordinance, although employers with more than 250 employees that choose to offer PTO must offer 13.5 days of undesigned leave as opposed to a mandated nine days of designated sick and safe leave. One hypothesized effect of the Ordinance is that more employers may shift existing vacation or holiday time to PTO system in order to comply while not substantially increasing paid time off.

Employers report that sick employees generally stay home. Table 3 displays employers' responses to the question of what happens when employees are sick. Over 90 percent of employers report that employees stay home when they are sick; in just under 80 percent of firms, this is the most common practice. In 40.6 percent of workplaces, employees also work sick, although this is the most common practice in a small minority (5.9 percent) of employers. Many of the employers who wrote in other responses mentioned that sick workers telecommute.

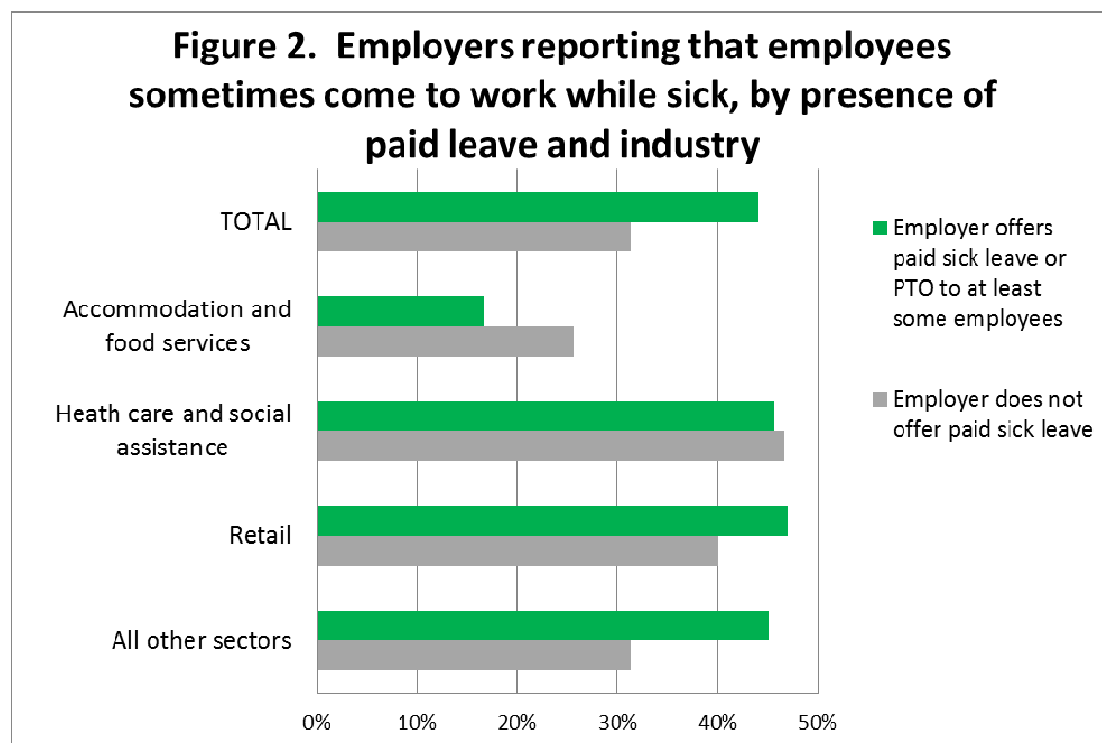
TABLE 3. When employees are sick and absent

	This happens (%)	This happens most frequently (%)
<i>When an employee is sick</i>		
The employee stays home	91.4	79.7
The employee comes in anyhow	40.6	5.9
The employee gets sent home if s/he comes in sick	49.2	2.4
Other*	10.7	2.6
Don't know / non-response	-	9.3
<i>When a sick employee is absent</i>		
The absent employee makes up the work later	45.5	26.0
The manager or owner does the absent employee's work	46.2	9.4
Someone else does the absent employee's work	80.5	42.4
The absent employee arranges to swap shifts with another worker	17.0	2.6
The manager or someone else arranges for the absent employee to swap shifts with another worker	18.4	2.4
Other**	8.9	5.9
Don't know / non-response	-	11.4
<i>One or more employees reprimanded for abuse of sick leave in past year</i>	11.9	-

*Common write-in responses are that employee telecommutes or has discretion as to whether to work or not. **Common write-in or open-ended responses are that clients or customers go un-served, the sick employee's co-workers carry on short-staffed, or that the sick employee works remotely.

The PSSTO is hypothesized to reduce the transmission of infectious diseases by reducing the likelihood that employees will come to work while sick. The top two bars in Figure 2 show that overall, employers who offer paid sick leave are more likely to report that their employees come to work while sick. Of employers that offer paid sick leave, 44 percent report that employees come to work while sick, whereas only 31.3 percent of employers who do not offer paid sick leave report working while sick. This seemingly contradicts the intent of the ordinance. Because the survey oversampled the accommodation and food service, health care and social assistance, and retail trade industries, those industries could be examined individually. In each of these there is no statistically significant difference between employers that do and do not offer paid sick leave in the rates employees reportedly working while sick. However, for all other sectors – which includes professional and technical services,

administration, manufacturing and other services – the overall trend remains statistically significant.



Employee absences due to sick leave may interrupt work flow. The lower panel of Table 3 summarizes what happens when sick employees are absent. Most commonly, co-workers do the absent employee’s work. This happens in 80.5 percent of workplaces and is the most commonly provided consequence. Other common responses to absence are that the absent employee makes up the work later or the manager or owner covers the tasks. Employers also noted that sometimes customers go un-served or get rescheduled for service at a later date.

In some workplaces, absences are covered by shift-swapping. In shift-swapping, an absent employee exchanges a scheduled shift with a co-worker, perhaps working a substitute shift later in the week or month. Over a quarter of all employers report having a formal written policy for shift-swapping. Employees may swap shifts for personal reasons, for vacation needs, or when they are sick. Twenty-two percent of employers reported using shift-swapping to cover sickness-related absences. This practice is most common in the accommodation and food industry, where 78.9 percent of employers report that their employees swap shifts in response to health-related absences. This may be because earnings in this industry depend on tips, and employees would rather trade than give up shifts. Shift-swapping is also more common than average in retail and health care (47.9 and 35.4 percent respectively). Approximately equal

numbers of employers reported that employees are responsible for arranging shift swaps rather than managers or someone else, and many reported that both these strategies are used.

Employers also reported whether they had in the past year reprimanded employees verbally or in writing about abusing sick leave. Fewer than 12 percent of employers reported such reprimands. In most instances, these employers reported five or fewer employees were issued reprimands. Reprimands occurred among employers who offer paid leave (13.8% reported reprimanding one or more employees) and among those who do not currently offer paid leave (9.2% reported reprimands).

Awareness and early response

Over six out of every ten employers eligible for the Ordinance reported having heard about it at the time we administered our initial survey. Among employers who currently do not offer paid leave, just over half (53.7 percent) report having heard of the Ordinance. Employers that are branches of national or publically-traded firms are less likely to report having heard about the ordinance than employers without those characteristics. This may be because the survey was completed by a national human resources officer who was not aware of the Ordinance; local managers may or may not be more aware of the Ordinance.

TABLE 4. Ordinance awareness and response

	All	Currently offer paid sick time or PTO?	
		Yes	No
Aware of the Ordinance (% responding yes)			
All employers	63.1	66.6	53.7
<i>By size of firm</i>			
5-49 employees	62.6	n/a*	
50-249 employees	70.7		
250+ employees	53.2		
Changing policies when the Ordinance goes into effect (% indicating intent to change)			
All employers	25.9	26.4	24.5
<i>By size of firm</i>			
5-49 employees	22.9	n/a*	
50-249 employees	38.1		
250+ employees	24.0		

*Sample size is too small to examine knowledge and intent to change by current status within size groups.

Overall, about a quarter of employers reported that they have changed or plan to change their paid sick leave policies in response to the Ordinance. Employers who offered paid leave (but may not offer it to all employees eligible under PSSTO) and those who do not offer paid leave are roughly equally likely to plan changes. Mid-size employers – those with 50-249 employees – are significantly more likely than smaller or larger employers to plan changes. However, even among employers who do not currently offer paid sick leave or PTO and who do know about the Ordinance, only 39.6 percent plan to change their policies.

Summary and Discussion

The City of Seattle Paid Sick and Safe Time Ordinance requires Seattle employers to provide paid time off for employees' personal and family members' health and safety needs. The Ordinance applies to over 11,000 employers, the majority of which are locally-owned and have fewer than 50 employees.

At or near the time the Ordinance went into effect, over two thirds of Seattle employers were non-compliant or in only partial compliance. Over a quarter offer neither paid sick leave nor undesignated paid time off to any employee. The majority do not offer paid sick time or paid time off to part-time employees, and only a small minority (3.0) extend such paid leave to temporary employees as required under the Ordinance.

Paid leave may increase employees' earnings and employers' labor costs. Employers say that sick employees most typically stay home, regardless of whether paid leave is offered. When employees are absent due to illness, a co-worker typically makes up the work. This suggests that sick workers already stay home, but under the Ordinance they will now be paid for this time.

Whether sick-or safe-related absenteeism will increase is unclear. Four out of ten employers report that employees sometimes work while sick. Working while sick is more – not less - common in workplaces that already offer paid leave.

Many employers have not heard of the new requirements. A substantial minority of firms – four out of ten – reported not knowing about the Ordinance at the time of our survey. Employers who do not currently offer paid sick leave are less likely to have heard about the Ordinance. This suggests a substantial need for greater outreach and awareness.

Change may come gradually. Among employers who know about the Ordinance and do not currently offer paid leave, only four in ten plan to change their policies.

ⁱ A review of 1607 surveys published in peer reviewed journals between 2000 and 2005 found an average response rate from institutions of 35.7 with a standard deviation of 18.8. This suggests that our response rate of 63.3 percent would be higher than the response rate of 90% of all surveys. (Yehuda Baruch and Brooks C. Holton. 2008. "Survey response rate levels and trends in organizational research." *Human Relations* vol. 61 (8) p. 1139-1160).

Appendix 1
Seattle Employer Study - Sample Selection, Survey Response, and Eligibility Estimates
Prepared by Cori Mar, University of Washington

Sampling

Defining the population

The "raw" data on Seattle businesses was provided by Tami Green, Management System Analyst, City of Seattle Department of Finance and Administrative Services at the request of Mary Denzel, Deputy City Auditor Office of City Auditor, City of Seattle, WA. This data, "Businesses with a starting date of business prior to 1/1/2010 that are currently open as of April 30, 2012," was the starting point with 114,285 records. From this raw data set, a file of unique businesses defined by "business legal name" was created. This reduced the data to 49,758 businesses, because the original had many businesses in the file more than once. Then all "Sole Proprietor" businesses were deleted as they were assumed not to be eligible for the Paid Sick and Safe Time Ordinance (PSSTO). The final population of businesses numbered 29,702. Table A1 shows the distribution of these businesses by sector by the two digit 2007 North American Industry Classification System (NAICS) code (<http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2007>).

Choosing the strata

Stratified sampling by sector ensured representation from all sectors, the ability to oversample higher priority sectors, and statistical efficiency within the constraints of a sample size restricted by budget considerations.

We used information from the 2011 Washington State Employment Security Department (ESD) Employee Benefits Survey to target sectors with low rates of sick leave for full-time employees (that is, those under 50%): (a) Construction, (b) Manufacturing, (c) Retail Trade, (d) Transportation and Warehousing, (e) Administrative and Support and Waste Management, (f) Accommodation and Food Services, and (g) Other Services Except Public Administration. Although the Agriculture, Forestry, Fishing and Hunting sector and the Mining sector also met the under 50% criteria, they only accounted for .27 and .08 percent, respectively, of the businesses in our population and so were not targeted for oversampling. Although ESD estimates that 58.7% of employers in the Healthcare and Social Assistance sector provide sick leave, this sector was also oversampled because of its importance for public health outcomes.

Table A1. Unique business license holders by NAICS classification

Sector	Description	Frequency	Percent
11	Agriculture, Forestry, Fishing and Hunting*	81	0.27
21	Mining, Quarrying, and Oil and Gas Extraction*	24	0.08
22	Utilities*	25	0.08
23	Construction	3,947	13.29
31	Manufacturing	253	0.85
32	Manufacturing	290	0.98
33	Manufacturing	634	2.13
42	Wholesale Trade*	2,152	7.25
44	Retail Trade	1,412	4.75
45	Retail Trade	1,665	5.61
48	Transportation and Warehousing	526	1.77
49	Transportation and Warehousing	47	0.16
51	Information*	872	2.94
52	Finance and Insurance*	730	2.46
53	Real Estate and Rental and Leasing*	1,293	4.35
54	Professional, Scientific, and Technical Services	5,992	20.17
55	Management of Companies and Enterprises*	84	0.28
56	Administrative and Support and Waste Management	1,241	4.18
61	Educational Services*	489	1.65
62	Health Care and Social Assistance	1,542	5.19
71	Arts, Entertainment, and Recreation	737	2.48
72	Accommodation and Food Services	1,670	5.62
81	Other Services (except Public Administration)	3,894	13.11
92	Public Administration*	45	0.15
	Missing*	57	0.19
	Total	29,702	100.0

*These sectors were combined into an "Everything Else" group for sampling and analysis purposes.

A total sample size of 500 was chosen as large enough to provide information about subgroups while remaining within our budget. Each strata was assigned a relative importance (relative oversample factor) -- with all of the above receiving at least 1.5 importance and Accommodation and Food Services

as well as Healthcare and Social Assistance receiving a 3.0, in order to bring up their total sample size to a level where there would be power to detect pre-post differences of the approximate magnitude found in the evaluation of a similar ordinance in San Francisco.¹ All other sectors received a relative importance of 1.0, except for the largest sector, Professional, Scientific, and Technical Services, which was under-sampled by a relative factor of 0.5. The third column of Table A2 displays the relative sampling importance factor for each industry.

The “Target Number of Completed Surveys” column shows the final target sample size for completed surveys from Paid Sick and Safe Time Ordinance (PSSTO) eligible businesses for each strata. However, it was not known what proportion of businesses in our population were actually eligible for the PSSTO, so this was estimated from ESD data at 50%. In addition, the data collectors estimated a response rate of 60%. Using these estimates, the “Initial Sample Size” would produce the “Target Number of Completed Surveys”.

Table A2. Sampling relative importance and target number by industrial sector

Sector	Number of firms in population	Percentage of Firms in Population	Relative Importance in Sample	Target Number of Completed Surveys	Initial Sample Size
Accommodation, Food Services	1,670	5.6	3.0	62	207
Construction	3,947	13.3	1.5	73	243
Transportation, Warehousing	573	1.9	1.5	11	37
Admin, Support, Waste Manage, Remedial Services	1,241	4.2	1.5	23	77
Retail Trade	3,077	10.4	1.5	57	190
Manufacturing	1177	4.0	1.5	22	73
Other Services (except Public Administration)	3,894	13.1	1.5	72	240
Health Care, Social Assistance	1,542	5.2	3.0	57	190
Arts, Entertainment, Recreation	737	2.5	1.5	14	47
Prof, Science, Tech Services	5,992	20.2	0.5	37	123
EVERYTHING ELSE	5852	19.7	1.0	72	240
TOTAL	29,702	100.0		500	1667

Approximately mid-way through the data collection period, it became evident that the estimate of percent eligible of 50% varied by stratum and was too high for most. Consequently, several strata (sectors) were not going to reach their “Target Number of Completed Surveys”. Given the constraints of

¹ Robert Drago and Vicky Lovell. 2011. San Francisco’s Paid Sick Leave Ordinance: Outcomes for Employers and Employees. Institute for Women’s Policy Research.

time and budget, more sample was added to only the most important sectors that were lagging behind their target numbers: Construction, Retail Trade, and Health Care. Column 3 of Table A3 shows this adjusted sample size ("Final Sample Size"). Column 4, "Surveys Returned", shows the number of surveys that were returned. Note that these included surveys from both eligible and ineligible businesses. The next column, "Response Rate", is the number of surveys returned divided by the number of those sent out ("Sample Size") calculated as a percentage. Note the variance in Response Rate by industry and that the overall rate of 63% exceeded our goal of 60%. The next column, "Eligible for ordinance", contains the number of surveys with data relevant for this analysis. That is, the sampling was designed so that the numbers in the "Target Number of Completed Surveys" column, would equal the numbers in the "Eligible for ordinance" column. Overall, we exceed our target size of 500 by 10% (total eligible sample = 550). Although a comparison of these two columns shows that some industries exceeded their target (e.g., Health Care and Social Assistance) while others did not meet their targets (e.g., "Other Services"). The next to last column, "Eligibility Rate", is number of "Eligible for Ordinance" divided by number of "Surveys Returned" calculated as a percentage. It is an estimate of the percentage of businesses in each industry that is eligible for the ordinance. This estimate was used to calculate the values in the final column. The final column takes the eligibility rate and multiplies it by the total number of businesses ("Population" column) for each industry to arrive at the "Estimated Eligible Businesses in City" number (rounded to the nearest integer).

How are the respondents different from the non-respondents?

Respondents and non-respondents are differentially represented by stratum (sector). That is, some sectors either over or under responded relative to their proportion in the population. This overall statistically significant difference in response rates by sector is driven by particular stratum according to the criteria of non-overlapping confidence intervals. Specifically, the Professional, Scientific, and Technical Services sector businesses over responded relative to their population proportion while the Accommodation and Food Service sector, the Retail Trade sector, and the "Everything Else" sectors businesses under responded.

The numbers of eligible and the ineligible

The weighted estimate of the number of eligible businesses in the population is 11,163 (95% Confidence Interval is 10,272 to 12,053) and the number of ineligible is 18,540 (95% CI is 17,649 to 19,430).

An estimated 16,113 (95% CI is 15,204 to 17,021) businesses are ineligible because of too few employees and another 2,427 (95% CI is 1,945 to 2,909) because they do not have any Seattle employees.

Table A3. Sample, Survey Response, and Number of Businesses Eligible for the PSSTO Ordinance

Industry	Population	Target Number of Completed Surveys	Final Sample Size	Surveys Returned	Response Rate (%)	Eligible for Ordinance	Eligibility Rate (%)	Estimated Eligible Businesses in City
Accommodation and Food Service	1,670	62	207	112	54.1	71	63.4	1,059
Administration and Waste Management	1,241	23	77	43	55.8	15	34.9	433
Arts, Entertainment, and Recreation	737	14	47	32	68.1	5	15.6	115
Construction	3,947	73	395	263	66.6	95	36.1	1,426
Everything Else	5,852	72	240	134	55.8	62	46.3	2,708
Health Care and Social Assistance	1,542	57	362	252	69.6	96	38.1	587
Manufacturing	1,177	22	73	45	61.6	25	55.6	654
Other Services	3,894	72	240	166	69.2	45	27.1	1,056
Professional, Scientific, and Technical Services	5,992	37	123	98	79.7	31	31.6	1,895
Retail Trade	3,077	57	518	291	56.2	96	33.0	1,015
Transportation, Warehousing	573	11	37	24	64.9	9	37.5	215
TOTAL	29,702	500	2,319	1,460	63.0	550	37.7	11,163
SOURCE	<i>City business license data</i>	<i>Design decision</i>		<i>Survey results</i>				<i>Analysis</i>

How are the eligible different from the ineligible?

Rates of eligibility differ statistically significantly by sector. In particular, Accommodation and Food Services; Everything Else; and Manufacturing all account for a disproportionately greater share of businesses eligible for the ordinance. For example, Accommodation and Food Services accounts for only about 5.6% of the total population of businesses, yet accounts for about 9.5% of the eligible businesses. In contrast, Arts, Entertainment, and Recreation; and Other Services both account for fewer eligible businesses as compared to their rate in the population. In other words, different sectors have different rates of eligible businesses, as one might expect.

Question 1 asked about the type of business: locally- owned, family- owned, women- owned, minority- owned, immigrant- owned, publicly traded, branch of regional state-wide company, branch of national or international company, franchise, or other. Some business types were statistically significantly more or less likely to be eligible for the ordinance relative to their proportion in the population. The stronger effects were: women- owned business were less likely to be eligible, publically traded companies were more likely to be eligible, and branches of national or international companies were more likely to be eligible. The weaker effects were: minority businesses and immigrant- owned businesses were less likely to be eligible, and franchises were more likely to be eligible. [Cross-tabulations are available by request].

Appendix 2

Seattle Employer Study – Initial Employer Survey - Responses by Item

Prepared by Chiho Song, Jennifer Romich and Cori Mar, University of Washington

The tables below display item-by-item responses to the initial survey of employers. In most cases, both raw and weighted numbers are given. The **raw sample size of 550** is the number of employers subject to the Paid Sick and Safe Time Ordinance (PSSTO) who responded to the survey. These respondents were then weighted to be representative of *all* employers subject to the Ordinance. The **weighted sample size of 11,163** is estimated based on three numbers (the final population of businesses (N=29,702), returned survey sample (N=1,460), and the raw sample eligible for the PSSTO (N=550)) by 11 strata of industrial sectors. For instance, the weighted number for “Accommodation, Food Services” (1,059) is computed as its population size (1,670) times the proportion of eligibility in the raw sample (71/112). The weighted numbers for the other 10 industrial sectors are computed in the same way. The total weighted number (N=11,163) is produced by aggregating these estimated numbers over the 11 strata.

Although 550 employers responded to the survey, not all answered every question. Unless otherwise noted in the tables below, non-responses were assumed to be “no” or negative answers in the case of affirmative questions. For instance, a respondent who did not select any of the options in question 1 was assumed to not meet any of those descriptions.

PART 1 – GENERAL BUSINESS INFORMATION

1. What type of business is this? (CHECK ALL THAT APPLY)

	Raw (N=550)	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
Locally-owned business	375	64.77	59.67	69.56
Family-owned business	207	34.01	29.81	38.49
Women-owned business (51% ownership or greater, regardless of official certification)	85	15.15	11.80	19.25
Minority-owned business (51% ownership or greater, regardless of official certification)	48	8.39	6.02	11.57
Immigrant-owned business	23	3.60	2.33	5.53
Publicly traded company	24	6.09	3.88	9.44
Branch of a regional or state-wide company	22	4.43	2.71	7.16
Branch of a national or international company	39	9.67	6.80	13.57
Franchise	17	3.42	2.03	5.70
Other (please specify) _____ [the most common response was non-profit]	79	13.92	10.81	17.73

Seattle Employer Study – Initial Employer Survey - Responses by Item

2. How many **Full Time Equivalent** employees does your business have? Use your business’ definition of Full-Time Equivalent (FTE). If your firm does not have a set definition, consider an FTE to be 40 hours per week. For example: if you define full-time as working 40 hours per week and have four employees who each work 20 hours per week, then you have 2 FTEs.

	Raw (N=550)	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
None (0)	-	-	-	-
1 – 4 (If you have one part-time employee, please select this option)	-	-	-	-
5 – 19	316	53.70	48.56	58.77
20 – 49	90	16.24	12.77	20.42
50 - 99	55	9.91	7.26	13.39
100 – 249	40	8.87	6.27	12.40
250 or more	49	11.28	8.24	15.25

Note: No missing values

3. How many of your FTE employees are **Seattle** employees? A “Seattle employee” is an employee who performs more than 240 hours (30 full-time days) of work in Seattle within a calendar year. This includes employees who telecommute in Seattle, who work in Seattle on an occasional basis, temporary employees, and those who make pickups, deliveries, and sales calls in Seattle. For example: A full-time worker who works half the time in Seattle and half the time in another location is a 0.5 FTE Seattle employee. If all your employees work in Seattle, your answer is the same as for question 2.

	Raw (N=550)	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
None (0)	-	-	-	-
1 – 4 (If you have one part-time employee, please select this option)	97	20.28	16.49	24.68
5 – 19	320	56.05	50.92	61.06
20 – 49	75	12.83	9.83	16.57
50 - 99	27	4.90	3.10	7.67
100 – 249	21	3.53	2.11	5.85
250 or more	10	2.41	1.16	4.95

Note: No missing values

Seattle Employer Study – Initial Employer Survey - Responses by Item

4. When did your business hire its first employee?

	Raw (N=550)	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
Prior to 2010 (SKIP TO Q5)	533	96.83	94.62	98.15
January 2010 or later (CONTINUE TO Q4a)	9	1.21	0.60	2.42
Did not reply / data missing	8	1.96	0.92	4.12

4a. Please list the **month** and **year** of your business' first hire: _____

MM YYYY

Responses range from January 2010 through May 2011

For the rest of the questions in this survey, please report **only** for the employees that work in the City of Seattle. This includes employees who telecommute in Seattle, who work in Seattle on an occasional basis, temporary employees, and those who make pickups, deliveries, and sales calls in Seattle. Any employee who performs more than 240 hours (30 full-time days) of work in Seattle within a calendar year is a Seattle employee.

	Raw Freq.	Raw Mean (s.d.)	Weighted (N=11,163)		
			Total	Lower bound	Upper bound
5. Number of Seattle employees who work full-time:	523	20.69 (62.73)	247991	173969	322015
6. Number of Seattle employees who work part-time:	502	8.77 (25.82)	82438	55776	109052

Note: Weighted total is the total aggregate number of Seattle employees weighted by the adjusted sampling weight.

7. Are any of your Seattle employees covered by a union contract or Collective Bargaining Agreement (CBA)?

	Raw	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
Affirmative (Yes)	50	7.71	5.76	10.23

PART 2 – BENEFITS

PLEASE NOTE: If you are completing this survey after August 31, 2012, please refer to the business policies and practices that were in place prior to September 1, 2012.

8. Which of the following benefits does your business offer to its Seattle employees?

	Raw Counts (N=550)				Total (N) (1)+(2)+(3) +(4)
	(1) Offered to full-time employees only	(2) Offered to full- and part-time employees only	(3) Offered to full-time, part-time, seasonal, and temporary employees	(4) This benefit is not offered / data missing	
	Freq	Freq	Freq	Freq	
a. Health insurance for employee	293	129	15	113	550
b. Health insurance for employee's spouse, domestic partner or dependents	202	100	12	236	550
c. Paid sick leave	166	119	12	253	550
d. Paid vacation leave	236	134	16	164	550
e. Paid holidays	222	143	23	162	550
f. Undesignated leave or universal "Paid time off" (PTO)	105	84	7	354	550

Seattle Employer Study – Initial Employer Survey - Responses by Item

	Weighted % (N=11,163)												Total (%) (1)+(2)+(3) +(4)
	(1) Offered to full-time employees only			(2) Offered to full- and part-time employees only			(3) Offered to full-time, part-time, seasonal, and temporary employees			(4) This benefit is not offered / data missing			
	%	LB	UB	%	LB	UB	%	LB	UB	%	LB	UB	
a. Health insurance for employee	54.02	48.91	59.05	25.43	21.14	30.26	2.93	1.57	5.40	17.62	14.48	21.28	100.00
b. Health insurance for employee's spouse, domestic partner or dependents	39.29	34.39	44.42	21.11	17.07	25.80	2.49	1.23	4.97	37.12	32.54	41.94	100.00
c. Paid sick leave	32.44	27.81	37.44	23.99	19.78	28.77	2.68	1.35	5.26	40.89	36.36	45.58	100.00
d. Paid vacation leave	43.96	39.03	49.02	25.71	21.42	30.52	3.24	1.82	5.69	27.09	23.01	31.59	100.00
e. Paid holidays	43.09	38.19	48.13	28.04	23.72	32.81	3.90	2.37	6.34	24.97	21.47	28.83	100.00
f. Undesignated leave or universal "Paid time off" (PTO)	20.21	16.32	24.74	16.66	13.02	21.06	1.40	0.55	3.54	61.73	56.62	66.60	100.00

Seattle Employer Study – Initial Employer Survey - Responses by Item

9. For each of the types of paid leave listed below, how many days or hours would a **full-time** Seattle employee accrue after s/he has been with the company for one year? PLEASE FILL IN ONLY ONE COLUMN BELOW (Either # of days or # of hours)

	Raw responses		Weighted (N=11,163)		
	Valid N ¹⁾	Mean Number of paid days accrued per year among employers offering benefit ²⁾	Mean Number of paid days accrued per year among employers offering benefit	Lower bound	Upper bound
a. Paid sick leave	227	6.79	6.94	6.39	7.48
b. Paid vacation leave	312	8.61	9.24	8.63	9.86
c. Paid holidays	332	7.48	7.87	7.59	8.15
d. Undesignated leave or universal "Paid time off" (PTO)	145	10.73	10.86	9.05	12.67

Notes: 1) If both paid days and paid hours are missing, total paid days are considered as missing. Valid N is the number of cases without these missing values.

2) The number of paid days accrued per year is computed as adding days and hours divided by 8.

PART 3 – POLICIES AND PRACTICES

10. Does your business have a written policy for what should happen in the following circumstances?

		Raw counts (N=550)	Weighted (N=11,163)			
		Freq.	%	Lower bound	Upper bound	
a.	When an employee is sick during work hours?	Affirmative (Yes)	305	55.80	50.74	60.75
b.	When an employee needs to take care of a sick relative during work hours?	Affirmative (Yes)	251	47.90	42.92	52.93
c.	When an employee wants to swap shifts to cover time off due to illness or other reasons?	Affirmative (Yes)	179	27.03	23.05	31.42
d.	When an employee has experienced domestic violence, sexual assault, or stalking which interferes with his/her work?	Affirmative (Yes)	161	26.84	22.59	31.56
e.	When an employee needs to take time off for closure by order of a public official to limit exposure to an infectious agent, biological toxin or hazardous material?	Affirmative (Yes)	117	18.95	15.31	23.22

11. Are these policies the same or different for part-time employees?

	Raw (N=550)	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
Totally the same	369	63.94	58.86	68.73
Mostly the same	83	15.93	12.43	20.18
Mostly different	24	4.50	2.78	7.21
Totally different	20	4.30	2.60	7.05
Don't know / Refused / Did not respond	54	11.33	8.38	15.13

Seattle Employer Study – Initial Employer Survey - Responses by Item

12. What happens in your business when Seattle employees are sick? (CHECK **ALL** THAT APPLY)

		Raw (N=550)	Weighted (N=11,163)		
		Freq.	%	Lower bound	Upper bound
The employee stays home	Affirmative (Yes)	505	91.44	88.04	93.94
The employee comes in anyhow	Affirmative (Yes)	221	40.60	35.76	45.64
The employee gets sent home if s/he comes in sick	Affirmative (Yes)	296	49.23	44.19	54.27
Other (please specify) _____	Affirmative (Yes)	69	10.73	7.95	14.33

13. What happens most often in your business when Seattle employees are sick? (CHECK ONLY **ONE**)

		Raw (N=550)	Weighted (N=11,163)		
		Freq.	%	Lower bound	Upper bound
The employee stays home		438	79.71	75.26	83.54
The employee comes in anyhow		32	5.91	3.95	8.75
The employee gets sent home if s/he comes in sick		15	2.44	1.23	4.79
Other (please specify) _____		16	2.61	1.36	4.94
Don't know / Refused / Did not respond / Multiple responses		49	9.33	6.77	12.73

Seattle Employer Study – Initial Employer Survey - Responses by Item

14. What happens in your business when a Seattle employee does not come to work due to illness? (CHECK **ALL** THAT APPLY)

		Raw (N=550)	Weighted (N=11,163)		
		Freq.	%	Lower bound	Upper bound
The absent employee makes up the work later	Affirmative (Yes)	220	45.53	40.63	50.51
The manager or owner does the absent employee's work	Affirmative (Yes)	278	46.20	41.27	51.21
Someone else does the absent employee's work	Affirmative (Yes)	450	80.48	76.10	84.22
The absent employee arranges to swap shifts with another worker	Affirmative (Yes)	136	16.99	14.44	19.89
The manager or someone else arranges for the absent employee to swap shifts with another worker	Affirmative (Yes)	140	18.37	15.50	21.65
Other (please specify)	Affirmative (Yes)	52	8.90	6.37	12.32

15. What happens **most often** in your business when a Seattle employee does not come to work due to illness? (CHECK ONLY **ONE**)

		Raw (N=550)	Weighted (N=11,163)		
		Freq.	%	Lower bound	Upper bound
The absent employee makes up the work later		100	26.03	21.77	30.81
The manager or owner does the absent employee's work		66	9.36	7.08	12.29
Someone else does the absent employee's work		245	42.35	37.48	47.37
The absent employee arranges to swap shifts with another worker		21	2.59	1.68	3.97
The manager or someone else arranges for the absent employee to swap shifts with another worker		24	2.42	1.65	3.55
Other (please specify)		33	5.89	3.91	8.79
Don't know / Refused / Did not respond / multiple responses		61	11.35	8.50	15.00

Seattle Employer Study – Initial Employer Survey - Responses by Item

16. Does your business have an absence control or attendance management program?

	Raw	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
Affirmative (Yes)	50	29.55	25.22	34.28

17. In the **past year**, how many employees were reprimanded (verbally or in writing) for abuse of sick leave?

	Raw (N=550)	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
None	399	73.47	68.84	77.63
One employee	33	5.26	3.47	7.91
2-5 employees	32	5.53	3.65	8.29
6 or more employees	5	1.15	0.44	2.96
Don't know / Refused / Did not respond	49	9.99	7.21	13.69
N/A – no paid leave offered	32	4.60	3.26	6.46

18. Has your business heard about the City of Seattle Paid Sick and Safe Time Ordinance that will go into effect on September 1, 2012?

	Raw	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
Affirmative (Yes)	367	63.08	58.04	67.85

19. Is your business going to change policies when the City of Seattle Paid Sick and Safe Time Ordinance goes into effect?

	Raw (N=550)	Weighted (N=11,163)		
	Freq.	%	Lower bound	Upper bound
Yes	158	25.90	21.81	30.47
No	222	42.97	38.04	48.03
Don't know / Refused / Did not respond	170	31.13	26.70	35.93

20. Please share any questions or comments about this survey, employee benefits, or the City of Seattle Paid Sick and Safe Time Ordinance.

The survey also included an open comment box. Two thirds of respondents (N=369) chose to write a comment. Many of these were clarifications about survey questions or explanations about their responses (N=126 clarifications about specific questions). For instance, some respondents used this space to explain that they did not have enough employees to be eligible or to note that the categories offered on questions did not well capture their policies or practices.

A total of 195 respondents also left substantive comments about the ordinance and its relation to their business or organization's practices and policies. The preponderance of substantive comments expressed opinions about the ordinance. These ran 8:1 in opposition. Here is a selection of comments:

- It makes sense for FT and regularly PT staff to be provided with some paid time off for this purpose but is excessive to also include seasonal and occasional staff-the 240 hr requires less then 5 hrs per week of work. The management and administration of a program for a large number of staff who will likely never be able to USE their time off (only for scheduled time-someone who works occasionally isn't scheduled enough!) feels excessive.
- Implementing this policy has been a huge expense: getting our payroll system to calculate the hours; informing staff about the new policy; writing the policy; sending HR and managers to trainings.
- our company is in compliance and exceeds the requirements of the new ordinance. The information found online (esp. the PDF's posted for all employees to see) has been very helpful.
- Liberal as I am and as much as I try to be an "enlightened" employer, this city ordinance is the dumbest, most unrealistic law I've ever encountered in my 35 years of owning a "closely held" company.
- We have 3 salaried full-time employees and 1 salaried part-time employee. It is understood that we each have approximately 2 weeks off/year for vacation and to stay home if we are sick. Because we're such a small company, no one has abused this system. We're local and somewhat family operated, so we have great respect for our higher management. if anyone were to need more time off, it would be granted based on circumstances.
- I would like to see the changes, however for a very small employer we are very generous and so I can't see us not meeting or exceeding the requirements.
- As a small young business, we already do our best to create a fair and living wage employment. However, there is high turnover in our field, and we generally start benefits after 1 year of employment. We cannot afford to pay new employee's sick leave, though we can

offer unpaid at first. Though I agree with worker's rights enhancements, I believe this will hurt small businesses like FIRM NAME REDACTED and discourage our employees from staying with us for long-term employment.

- Most family owned businesses are too small to have policies to enforce. if a worker is sick, owner works double! Sick days, paid leave are just not for small deli like ours.
- In our business, all employees (full time and part time) set their own hours, so many of the questions don't apply.
- If a business can't afford to give employees a little paid sick leave they probably don't have a viable business model.
- The new regulation is a bit over the top.
- I think that it is nice that you are collecting this information so that you can draw some conclusions about the effect this policy has had on local employees and workers. For most businesses of our ilk we already had a policy that met or exceeded the requirements of the ordinance or else we wouldn't have quality longterm employees.
- I think the new ordinance is a step forward, a large one, and helpful to employees and morale. i don't think that it will be abused by many. We may be ahead of the curve with this ordinance.
- Our company has had generous paid time off benefits which creates a very healthy supportive work environment that promotes employees participation in their family's life. care for children. most of our employees have earned 80+ hours of paid time per year. we have the effect that this ordinance has caused on our PTO policies. We can't afford to simple add 52 hours PTO to each employee, and more days off is low on the list of what employees want. so the effect is to restrict their freedom to take PTO without designating what they are using it for. It rewards part time and less than 1 year employees which is not the main goal of our benefits. it is our opinion that the city has exerted its authority in an area they have no business being in
- This may not be a bad idea, but it was poorly executed.
- This has put an incredible burden, having to have it on the paychecks, accruing it and keeping it on the paychecks because we pay weekly and that's a lot of payroll.
- Why was it implemented mid-year? We had to have a new accrual created at additional expense which was not like any of the others we already have had to make, such as San Francisco, DC or CT.