Pandemic response reveals potential for more equitable paid sick leave coverage in the Northeast

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The views expressed in this paper are those of the author and do not necessarily represent those of the Federal Reserve Bank of Boston or the Federal Reserve System.
Abstract

The coronavirus pandemic has highlighted the importance of paid sick leave for promoting public health and maintaining a healthy economy. This brief assesses the potential role of policy in increasing and equalizing access to paid sick leave. Before the pandemic, there was no federal paid sick leave policy in place for private sector workers.1 In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required private sector firms with 500 or fewer employees to provide paid sick leave to all employees for coronavirus-related reasons through the end of 2020. This leave was funded through a refundable employer tax credit. To illustrate the potential for policy to mitigate disparities, I analyzed data from the National Health Interview Study to show the rate of paid sick leave access in the Northeast region, in the absence of state or federal paid sick leave legislation, and how FFCRA alone would have altered this picture.

In the absence of state or federal paid sick leave policy, 41.4 percent of Northeasterners with some work history had no paid sick leave. Certain groups had much lower rates of access to paid sick leave: Hispanics, those in low-income families, and self-employed and hourly workers. The FFCRA (along with state policies) made access to paid sick leave more equitable, when required for pandemic-related reasons. The FFCRA ended at the end of 2020. With virus cases still rising around the country, continued access to this benefit is vital. Furthermore, the increase in equity of access created by the FFCRA suggests that a permanent federal paid sick leave policy, applicable toward any healthcare need, has the potential to create a fairer labor market while also protecting public health.2

Even in non-pandemic times, paid sick leave is essential for workers to maintain stable participation in the labor force. This brief is one in a series to inform sound policy that helps the nation achieve full employment, part of the Fed’s congressional mandate.

Key Findings

- Prior to the enactment of state paid sick leave laws in 2015, 41.4 percent of Northeasterners did not have paid sick leave.
- Hispanics, workers from low-income families, self-employed workers, and hourly workers had disproportionately low rates of access to paid sick leave in the Northeast prior to the enactment of state policies and the pandemic.
- The vast majority—92.1 percent—of workers in the Northeast who lacked paid sick leave prior to the pandemic and in the absence of state policies would have

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1 Prior to the pandemic, thirteen states and several localities had paid sick leave laws in place. One state passed a paid sick leave law during the pandemic. In the Northeast region (New England states plus New York, New Jersey, and Pennsylvania), all but two states (New Hampshire and Pennsylvania) have instituted universal state paid sick leave laws since 2015.

2 Though the costs and financing mechanisms are beyond the scope of this brief, there are a number of ways the public, employers and employees could share costs.
Introduction

The coronavirus pandemic has made clear the importance of paid sick leave, both for public health and for labor force participation. Paid sick leave (or earned sick time) is generally understood as time that workers can take off from work to address short-term healthcare or preventative care needs for themselves or, sometimes, their family members, without loss of wages, benefits, or employment. It is often earned based on hours worked. Prior to the pandemic, no federal paid sick leave policy existed, and many workers did not have access to this benefit. However, 13 states—many in the Northeast—had legislated some form of paid sick leave benefits to workers.

During the pandemic, paid sick leave is a critical work support, allowing exposed and infected individuals who cannot work remotely to maintain employment while quarantining, recovering, or caring for a loved one. Without it, workers may be forced by economic necessity to go to work while contagious. But to do so compromises not only the worker’s health, but also the health of their coworkers, customers, and anyone else they interact with. However, the urgent need for paid sick leave that we see now also illuminates its importance in ordinary circumstances. Paid sick leave protects public health and productivity by preventing the spread of infectious disease and helping to maintain a healthy workforce. Paid sick leave also allows employees greater income stability and job security.

The importance of paid sick leave at this time is reflected in its inclusion in the Families First Coronavirus Relief Act (FFCRA). The FFCRA, introduced as a bill on March 11, 2020, and passed into law one week later, was the first major federal relief package to respond to the pandemic. In addition to allocating funds for COVID-19 testing and for food assistance programs, the FFCRA required all public employers as well as small- and medium-sized private employers (up to 500 employees) to provide all employees with protected paid sick leave (up to two weeks) and paid family leave (up to 12 weeks at two-thirds pay, with partial exemption possible for employers with fewer than 50 employees). This leave was in addition to any paid leave to which they might already

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4 Paid family leave, which also includes leave for the birth or adoption of a child, is also vital to workers, but is excluded from this analysis because there are no publicly available microdata on paid family leave (see Paid Family Leave Box for a general discussion of paid and unpaid family leave).


6 Just over half of the adult civilian workforce in the Northeast (56.2 percent) worked in firms with fewer than 500 employees between 2010 and 2014 (author’s analysis of CPS-ASEC data (Flood et al., 2020)). Nationally, just under half of workers worked in firms with fewer than 500 employees according to analysis of 2012 Census data (Caruso, 2015). It is worth noting that employees of large firms (500 or more employees) are much more
be entitled through state or local law or through their employer or union.7 Employers were required to provide this benefit through December 31, 2020, and were reimbursed for the expense via a refundable tax credit. The subsequent relief packages (both the December 2020 appropriations act,8 and the March 2021 American Rescue Plan9) have extended the funding for expanded paid sick leave, but they have not extended the requirement that employers provide this benefit.

This brief examines the potential for a universal paid sick leave policy to increase and equalize access to paid sick leave across all workers in the Northeast region.10 It builds upon a set of publications the Boston Fed’s Regional and Community Outreach department has released on the ways the pandemic has exacerbated underlying inequalities.11 It is one in a series to inform sound policy that helps the nation achieve full employment, part of the Fed’s congressional mandate.

I analyzed data from the National Health Interview Study (NHIS)12 to show the overall rate of paid sick leave access in the absence of state or federal paid sick leave legislation, and how FFCRA altered this picture.13 (See the Note on Methodology at the end of this brief for details on the survey and analysis.) I focused on the nine states in the Northeast region of the United States: the six New England states of Maine, Vermont, New Hampshire, Massachusetts, Connecticut, and Rhode Island, plus New York, New
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Jersey, and Pennsylvania. I used data from 2010–2014, the time period prior to enactment of state paid sick leave laws.

Massachusetts passed the first state paid sick leave legislation for all workers in 2015. By the start of the pandemic, five of the nine states in the Northeast region (CT, MA, VT, RI, NJ) had paid sick leave laws in place. Maine passed a paid sick leave law in May 2019 that went into effect in January 2021, and New York made the FFCRA protections permanent as of September 2020. (See Appendix for details on state paid sick leave laws.) Only New Hampshire and Pennsylvania still have no paid sick leave law. Therefore, in the time period just before the start of the pandemic, the share of workers with paid sick leave in the Northeast was likely somewhat higher than in the rest of the country. Due to data limitations, I cannot determine which respondents live in which states and am unable to illustrate the role of state policy in expanding access. States that mandate paid sick leave typically pay for it through payroll taxes. Some states

14 Prior work on the disparate effects of the pandemic focus on New England, the first region of the Federal Reserve System. In this report, data limitations preclude limiting the analysis to the New England states. The smallest geographic region available for analysis is the census region: Northeast, South, Midwest, and West. This analysis, therefore, reflects the population of the Northeast region.

15 Connecticut passed a paid sick leave law for service workers only, in 2011 (in effect starting in 2012). This law only applied to service workers, with covered occupations specified in the legislation. Given the limited scope of this legislation, this brief uses data from the period leading up to 2015, when Massachusetts legislated statewide paid sick leave for all workers. The text of Connecticut’s law can be viewed at Connecticut Department of Labor, https://www.ctdol.state.ct.us/wgwkstnd/SickLeave.htm; the text of Massachusetts’ law can be viewed at 191st General Court of the Commonwealth of Massachusetts, https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXI/Chapter149/Section148C; for additional information, see Massachusetts Attorney General’s Office, 2018.

16 The text of Rhode Island’s law can be viewed at Chapter 28-57 Healthy and Safe Families and Workplaces Act, http://webserver.rilin.state.ri.us/Statutes/TITLE28/28-57/INDEX.HTM; for additional information, see Department of Labor and Training, Rhode Island, 2020. The text of Vermont’s law can be viewed at The Vermont Statutes Online, https://legislature.vermont.gov/statutes/section/21/005/00481; for additional information, see State of Vermont Department of Labor, n.d. The text of New Jersey’s law can be viewed at State of New Jersey Department of Labor and Workforce Development, https://nj.gov/labor/wagehour/lawreqs/nj_state_wage_and_hour_laws_and_regulations.html?ga=2.3046328.941822682.1597866029-1802431770.1597866029#11D1.

17 The text of the law can be viewed at Maine Legislature, Maine Revised Statutes, https://www.mainelegislature.org/legis/statutes/26/title26sec636.htm; for additional information see Thistle, 2019. For the rules governing Maine’s paid leave, see Maine Department of Labor, 2021.


require both employers and employees to contribute, while in other states the burden falls solely on employees.

The increase in equity of access created by the FFCRA suggests that a permanent federal paid sick leave policy has the potential to create a fairer labor market while also protecting public health.

Without state or federal laws in place, the distribution of paid sick leave was inequitable. Although over half the population overall had paid sick leave, certain groups had it at much lower rates, including those from low-income families and those with no college.²⁰ The expansion in access brought by the FFCRA demonstrates how public policy can address, to some degree, existing inequities, and support an equitable economic recovery. Note, however, that since this leave was in addition to other paid leave, disparities would have persisted in the amount of paid sick leave available.

The increase in equity of access created by the FFCRA suggests that a permanent federal paid sick leave policy, covering workers with any healthcare need, has the potential to create a fairer labor market while also protecting public health. That said, it is unclear whether the public is best served through continued public financing of paid sick leave (i.e., through refundable tax credits for employers), or if the burden should fall to employers and/or employees, through a payroll tax. The former option has the benefit of emphasizing the public benefit from paid sick leave, while the latter puts the cost on the shoulders of those most directly impacted and promotes its sustainability over time. It is also worth considering the costs and benefits of layering leave onto existing available paid sick leave or allowing for replacement.

Paid Sick Leave Legislation

Until the FFCRA, no federal law mandated provision of paid sick leave for private-sector workers. For most workers, paid sick leave (for the worker to care for themself or a family member) was provided at the discretion of their employer, and research has shown that white workers, men, and well-educated workers are most often the beneficiaries.²¹

In recent years, federal paid sick leave legislation has been introduced, but none has passed. In February 2015, House and Senate Democrats introduced the Healthy

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²⁰ If resources were distributed equitably, then each group would have access to paid sick leave at the same rate as the overall population.

Families Act.\textsuperscript{22} Healthy Families proposed requiring firms with 15 or more employees to provide paid sick time to workers, accrued at one hour of sick time for every 30 hours worked, up to 56 hours per year (employers would have the option to provide more than 56 hours.) This leave could be used for personal illness or to care for a sick family member. Healthy Families would have resulted in significantly greater access to paid sick leave if it had passed.\textsuperscript{23} However, Healthy Families stalled in committee and never made it to a vote. The bill was reintroduced in 2019, and again it failed.

The pandemic sparked renewed interest in federal paid sick leave legislation. In early March 2020, advocates, news media, and scholars called for a national paid sick leave policy to protect workers and slow the spread of the virus.\textsuperscript{24} Prior to the passage of any relief legislation, several major companies, including Walmart, McDonald’s, Amazon, Darden Restaurants, Apple, and Starbucks, instituted new paid sick leave policies or funds or expanded existing ones.\textsuperscript{25} Firms that typically use independent contractor labor, such as Instacart, Uber, and Lyft, \textsuperscript{26} also committed to expanding access to paid sick leave.\textsuperscript{27} Some employers offered details about the policies while others, like Uber and Lyft, committed only to “provide funds.”\textsuperscript{28}

On March 9, 2020, the original sponsors of the Healthy Families Act introduced a new version of the bill, the Paid Sick Days for Public Health Emergencies and Personal and Family Care Act,\textsuperscript{29} which provided the same benefits as Healthy Families, plus an additional 14 days of paid sick time any time that a public health emergency is declared.

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\textsuperscript{22} First Focus on Children, 2015. The House and Senate versions of the bill can be viewed at congress.gov, https://www.congress.gov/bill/114th-congress/house-bill/932 and https://www.congress.gov/bill/114th-congress/senate-bill/497, respectively. It is worth noting that unlike the FFCRA, Healthy Families’ leave would not have been in addition to whatever leave workers already received.

\textsuperscript{23} Goldman and Gupta, 2020.


\textsuperscript{25} Coleman, 2020; Gibson, 2020; Fantozzi, 2020; Peters, 2020.

\textsuperscript{26} Fantozzi, 2020; Diaz & Zraick, 2020. It is worth noting here that many firms that rely on independent contractor labor, such as Uber and Lyft, have been accused of misclassification, that is, of using independent contractors in a work arrangement that more closely resembles a typical employer-employee relationship. California (among other states) recently sued Uber and Lyft for violating a new state employee classification statute, stating that their drivers in California are entitled to the protections that all regular employees receive, including the paid-leave provisions in Families First (Bensinger, 2020).

\textsuperscript{27} This account of initial corporate responses to the pandemic was taken with permission from the unpublished work of Erin Graves.


The legislation did not pass, and instead, paid sick leave was incorporated into the FFCRA.

As stated earlier, the FFCRA required employers in firms with 500 or fewer employees to provide employees with paid leave for coronavirus-related reasons. Specifically, the law mandated that from April 1 through December 31, 2020, all eligible employees were entitled to the number of hours usually worked in two weeks (maximum eighty) as paid leave at their full rate of pay if they could not go to work for one of six reasons:30

(a) A federal, state, or local quarantine or isolation order
(b) A medical professional’s advice to self-quarantine
(c) Experiencing COVID-19 symptoms
(d) Caring for someone who is required or advised to quarantine, or is experiencing COVID-19 symptoms
(e) Caring for a child whose school or daycare facility is closed for a COVID-19-related reason
(f) Other similar conditions

A few states expanded the FFCRA’s sick leave provision and/or enacted state laws establishing permanent paid sick leave laws.31

**Access to Paid Sick Leave before Policy Implementation**

Before the first statewide paid sick leave law passed in the Northeast, in 2015, many workers in the region did not have access to paid sick leave. According to my analysis of data from the 2010–2014 NHIS, about 3 of every five people in the Northeast with some work history (58.6 percent) reported having paid sick leave.32

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32 In the United States, according to the NHIS, just over half (53.2 percent) of those with some work history report having paid sick leave in this time. Analysis excludes those survey respondents whose response to the question was coded “unknown” (1.4 percent of responses).

The Bureau of Labor Statistics also tracks rates of paid sick leave receipt in its National Compensation Survey (NCS). The NCS excludes part-time workers, the self-employed, and employees of the federal government and military. According to the NCS, about three-quarters of civilian workers in the United States (76 percent) had access to some paid sick leave in 2019. NHIS data yield a similar estimate when these exclusion criteria are applied. The analysis presented includes these classes of workers in order to generate an estimate that more accurately reflects the need for this benefit. Also, the Bureau of Labor Statistics notes that for some workers, paid sick leave time is part of a consolidated time-off benefit, which also includes time off for vacation. Most (about two-thirds) receive designated sick time, on average eight days per person (U.S. Bureau of Labor Statistics, 2020). It is also worth noting that not all workers know that they have this benefit. Therefore, the survey may underrepresent the share of workers with paid sick leave.
Access to paid sick leave was not distributed equally in this time. Prior literature shows that workers in smaller firms and workers from lower-income families were less likely to have access to paid sick leave.\(^{33}\) My analysis of NHIS data confirms these findings in the Northeast region and United States overall (Table 1). More specifically, workers from families with income below the official poverty line were less likely to have paid sick leave, as were Hispanic workers\(^{34}\) and those with lower levels of education. Workers who were paid hourly and those in small and medium-sized firms were also less likely to have paid sick leave. And self-employed workers (also known as independent contractors, including gig workers)\(^{35}\) had extremely low rates of paid sick leave: only about one in nine self-employed workers in the Northeast had paid sick leave (one in twelve nationally). These disparities mirror others in the workforce, including disparities in income and benefits such as health insurance.\(^{36}\)

**Expanding Access with FFCRA**

Through a legislative mandate, the FFCRA expanded access to paid sick leave dramatically for workers in the United States. The following analyses examine whom the FFCRA would reach in the absence of any state paid sick leave laws, and whom it would leave behind. Because state paid sick leave laws might confound the FFCRA paid sick leave provision in unknown ways, I use data from prior to 2015 (when the Massachusetts paid sick leave law was passed) to illustrate the probable impact of the FFCRA.

The FFRCA would, in the absence of state paid sick leave policy, have created near universal coverage in the region. In effect, it would have increased the share of the total Northeast workforce entitled to paid sick leave from 58.6 percent to 94.4 percent, an increase of over 25 percentage points (Figure 1). The paid sick leave provision in the FFRCA also has important implications for equity: as Figure 1 shows, it would have reduced disparities in access to paid sick leave across family income, employment status, education, and ethnicity.

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\(^{33}\) Silver, 2020.

\(^{34}\) Although a wealth of literature shows non-Hispanic Black workers having worse labor market outcomes than non-Hispanic white workers (see, for instance, Grodsky & Pager, 2001), this analysis finds that the share of non-Hispanic Black and white workers with paid sick leave was statistically equal prior to the pandemic. This finding might be explained in part by the higher share of non-Hispanic Black workers working in large firms (≥ 500 employees), which tend to provide a paid sick leave benefit more often than do smaller firms (author’s analysis of the distribution of non-Hispanic Black workers by firm size is corroborated with analysis of the 2020 CPS-ASEC (Flood et. al., 2020).

\(^{35}\) The FFCRA provides paid sick leave to these workers through a refundable tax credit.

# Table 1 | Percentage with Paid Sick Leave 2010-2014

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Northeast</th>
<th>United States overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has Paid Sick Leave</td>
<td>58.6%*</td>
<td>53.2%*</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>58.6%</td>
<td>52.6%</td>
</tr>
<tr>
<td>Female</td>
<td>58.6%</td>
<td>53.7%</td>
</tr>
<tr>
<td>Race**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Hispanic white</td>
<td>60.0%</td>
<td>55.0%</td>
</tr>
<tr>
<td>Non-Hispanic Black</td>
<td>60.4%</td>
<td>54.4%</td>
</tr>
<tr>
<td>Non-Hispanic Asian/other/multi</td>
<td>57.8%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>47.9%*</td>
<td>41.9%*</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not a high school graduate</td>
<td>36.2%*</td>
<td>31.4%*</td>
</tr>
<tr>
<td>High school graduate or equivalent</td>
<td>52.6%</td>
<td>46.3%</td>
</tr>
<tr>
<td>Some college</td>
<td>56.5%*</td>
<td>51.6%*</td>
</tr>
<tr>
<td>Bachelor’s degree or higher</td>
<td>72.2%*</td>
<td>70.0%*</td>
</tr>
<tr>
<td>Family Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below federal poverty level</td>
<td>26.1%</td>
<td>23.9%</td>
</tr>
<tr>
<td>At or above federal poverty level</td>
<td>63.2%*</td>
<td>57.9%*</td>
</tr>
<tr>
<td>Class of Worker</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-employed</td>
<td>10.8%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Not self-employed (includes government workers)</td>
<td>62.6%*</td>
<td>57.4%*</td>
</tr>
<tr>
<td>Status of Worker</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid hourly</td>
<td>51.0%</td>
<td>46.4%</td>
</tr>
<tr>
<td>Not paid hourly</td>
<td>69.0%</td>
<td>63.3%</td>
</tr>
<tr>
<td>Employer Size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fewer than 500 employees</td>
<td>53.6%</td>
<td>48.0%</td>
</tr>
<tr>
<td>500 employees or more</td>
<td>82.7%</td>
<td>78.0%</td>
</tr>
</tbody>
</table>

* Indicates categories are significantly different from each other at p < 0.05 using bivariate analysis. Among race categories, significance is tested against non-Hispanic white (the reference group) using bivariate logistic regression. Between education categories, significance is tested against high school (the reference group) using bivariate logistic regression.

** The NHIS uses 1997 OMB race categories in all surveys from 1997 on.

## Paid Family Leave

Paid family leave is generally understood to mean temporary leave from a job, with some compensation, to care for a worker’s own or family member’s health issue, or for reasons related to the birth or adoption of a child.\(^{37}\) Paid family leave is another benefit that is critical to families’ ability to weather the pandemic. Microdata on paid family leave are not publicly available, so this analysis does not explore the distribution of this benefit. As with paid sick leave, paid family medical leave currently is not available universally. Notably, the United States is the only OECD country without a paid family leave policy.\(^{38}\) Also as with paid sick leave, this benefit is not distributed equally in the United States. The Bureau of Labor Statistics reports that only about one in five workers in the private sector has access to paid family medical leave, a far lower percentage than for paid sick leave.\(^{39}\) And similar to paid sick leave, analysis from 2012 suggests that Hispanic and non-Hispanic Black workers are less likely to have access to paid family leave than are non-Hispanic whites.\(^{40}\)

Family leave—unpaid and paid—has been addressed at both the federal and state levels. The federal Family Medical Leave Act of 1993 (FMLA) requires most employers to provide up to 12 weeks of unpaid leave to employees with a minimum tenure, but does not provide for paid leave.\(^{41}\) In 2019, the Federal Employee Paid Leave Act (FEPLA) passed, providing up to 12 weeks of paid leave to some federal employees for the birth or adoption of a child. The FEPLA went into effect in October 2020.\(^{42}\)

States and cities have expanded access to paid family leave beyond the federal guidelines. In 2006, the city of San Francisco passed a paid family leave ordinance requiring employers in San Francisco to provide workers with paid family leave.\(^{43}\) Since that time, several cities and states have followed suit. Currently eight states and Washington, DC, have paid family leave laws on the books.\(^{44}\) Three of these states—

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\(^{37}\) Sakaria & Tosto, 2018; U.S. Department of Labor, 2016.

\(^{38}\) Sakaria & Tosto, 2018. OECD stands for Organisation for Economic Co-operation and Development.


\(^{41}\) Certain employing firms are exempted, including those with fewer than 50 employees. Regulations regarding implementation and enforcement are in the Code of Federal Regulations, Title 29, Subtitle B, Chapter V, Subchapter C, Part 825. (Electronic Code of Federal Regulations, current as of December 2020).

\(^{42}\) Kaiser Family Foundation, 2020.


\(^{44}\) Kaiser Family Foundation, 2020.
Massachusetts, Connecticut, and Rhode Island—are in New England. In 2019, Massachusetts passed Paid Family Medical Leave (PFML), providing up to six months’ paid leave for illness or care for a family member, with benefits beginning in January, 2021.\(^{45}\) Connecticut’s 2019 law provides up to 12 weeks of paid leave, beginning in January 2022.\(^{46}\) Rhode Island’s 2018 law, which began providing benefits in 2019, provides up to four weeks of paid family leave to care for a new child or sick family member.\(^{47}\)

The FFCRA provides two weeks of paid family leave at employees’ usual rate of pay for their usual hours worked if employees have to miss work to care for children (reasons (e) and (f) above), provided the employer has fewer than 500 employees. Employees who have been employed at the firm for at least 30 days are eligible for up to 10 more weeks at two-thirds pay if continued childcare is required due to ongoing school or daycare closure.\(^{48}\) Firms with 50 or fewer employees and some healthcare providers can claim exemption from this requirement if the worker’s absence will compromise business viability.\(^{49}\) As with the paid sick leave provision, employers are reimbursed for the cost of this leave via a tax credit. However, like the sick leave portion of the law, this benefit requirement expired at the end of December 2020.

Because the FFCRA paid sick leave requirement was restricted to firms with fewer than 500 employees, this significant increase in access to paid sick leave can be attributed entirely to workers in these small- and medium-sized firms gaining access. Therefore, in the following analyses, I focus on businesses with fewer than 500 employees (small- and medium-sized firms), as they are the ones that are subject to the FFCRA requirements. Before 2015, 53.6 percent of those employed by small- and medium-sized businesses in the Northeast had paid sick leave (48.0 percent nationwide; see Table 1). In fact, the FFCRA would have expanded access to paid sick leave to close to half of the workers in small- and medium-sized companies in the Northeast.

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\(^{45}\) Commonwealth of Massachusetts, 2020.

\(^{46}\) Connecticut State Department of Administrative Services, 2020.

\(^{47}\) RI Paid Leave, n.d.

\(^{48}\) U.S. Department of Labor, 2020a.

\(^{49}\) The legislation states that Department of Labor regulations for emergency paid sick and family leave can allow exemption for businesses with fewer than 50 employees "when the imposition of such requirements [i.e., to allow leave] would jeopardize the viability of the business as a going concern" (Wage and Hour Division, U.S. Department of Labor, 2020, pp. 19,345, 19,352). The regulations do not offer guidelines for determining business viability. As such, small businesses have discretion to assess the impact of an absent employee on business viability and allow or deny paid leave accordingly.
Before the passage of statewide paid sick leave laws, among workers in small- and medium-sized companies in the Northeast, Hispanics, workers from low-income families, self-employed workers, and those with no college education all faced significantly lower rates of access to paid sick leave in their jobs than the total workforce (Figure 2).

So, for example, while one in nine workers (10.9 percent) was from a low-income family, close to one in five workers without paid sick leave (18.2 percent) was from a low-income family (Figure 3). By giving all workers in small- and medium-sized firms access
to this important benefit, the FFCRA began to rectify the inequities in access. This expansion is particularly important because Hispanics (and Non-Hispanic Blacks) have been contracting the virus at disproportionately high rates. Since the expiration of the FFCRA paid sick leave mandate, state laws have helped to ameliorate the inequity in access that characterized the period before 2015 (shown in the darker bars in Figure 1) but they do not achieve the level of equity brought about by the federal law.

**Figure 3 | Subgroups of Workers Disproportionately Lacked Access to Paid Sick Leave in Small- and Medium-Sized Firms (<500 Employees) in the Northeast, Prior to 2015**

<table>
<thead>
<tr>
<th>Subgroup</th>
<th>Paid Hourly</th>
<th>Self-Employed</th>
<th>No College</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Income Family</td>
<td>10.3%</td>
<td>9.4%</td>
<td>10.8%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Paid Hourly</td>
<td>18.2%</td>
<td>18.2%</td>
<td>12.9%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Self-Employed</td>
<td>57.7%</td>
<td>40.2%</td>
<td>48.7%</td>
<td></td>
</tr>
<tr>
<td>No College</td>
<td>66.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hispanic</td>
<td></td>
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</tr>
</tbody>
</table>

Source: National Health Information Survey 2010-2014; Blower, et al. (2013)
Note: Analysis includes Northeast region only (CT, ME, MA, NH, NJ, NY, PA, RI, VT); all estimates are weighted. The difference between each pair of bars is statistically significant (p < 0.05).

**Conclusion**

Paid sick leave benefits workers, employers, and society, and supports full and equitable labor force participation. Workers need paid sick leave in order to recover from illness quickly or care for sick dependents and to prevent an interruption in income. Employers benefit from being able to retain workers if they fall ill. They also benefit from the public health perspective: allowing people to stay home when they are sick reduces the chances of spreading infectious diseases, which means fewer employees ultimately become ill. This health advantage also benefits society as a whole, particularly in times like the present, when a highly contagious virus is continuing to spread through the nation, but also in non-pandemic times, to prevent transmission of the seasonal flu and other contagious illnesses.

As detailed in this study, prior to the start of the pandemic and the introduction of state paid sick leave laws, paid sick leave was distributed unequally in the Northeast. Close to six in ten workers had paid sick leave with their jobs, but only five in ten Hispanic workers, and less than a quarter of workers from low-income families, had this benefit. Following the introduction of the FFCRA, the sponsors of Healthy Families once again...
introduced permanent paid sick leave legislation. Building on the precedent set by the FFCRA, the Providing Americans Insured Days of Leave (PAID Leave) Act of 2020\(^{51}\) proposed to replace the paid sick and family leave provisions from the FFCRA, before it was set to expire in December 2020, with the more permanent Healthy Families paid sick leave requirement, along with 60 days of partially paid family leave. The federal government would reimburse employers for the cost of this leave. The PAID Leave Act stalled in committee and never made it to a vote.

The FFCRA ended at the end of 2020. The subsequent relief packages extended the funding for expanded paid sick leave but did not extend the requirement that employers provide this benefit. During the pandemic, funding the benefit certainly helps employers to be able to provide paid sick leave, but without a provision requiring employers to provide sick leave to employees, we may see more inequity in who receives the benefit.

Several states in the Northeast have passed paid sick leave laws: Connecticut (for service workers only), Massachusetts, Vermont, Rhode Island, and Maine. New York State passed a permanent paid sick leave law in 2020 in order to extend the protection that the FFCRA provided. In the Northeast, New Hampshire and Pennsylvania have an opportunity to also provide statewide coverage in order to promote equitable sick leave for all workers, and Connecticut to expand coverage to all workers, using the funding mechanisms that some states are already employing, and to provide enough leave to recover from COVID-19 safely.

The FFCRA was a nearly universal policy, though some exemptions exist, most notably of those working for large businesses. It evened out the distribution of paid sick leave benefits, so that workers who were much less likely to have it before, ended up having it at similar rates as everyone else. It is, therefore, an example of how thoughtful and well-implemented universal policies can play an important role in creating equity within the labor market. This study suggests that making the paid sick leave provision requirement permanent, applicable in all circumstances (i.e., not just for COVID-related reasons), and expanded to all employers of any size, could greatly enhance its effect. In doing so, it has the potential to keep individuals in the labor force and secure in their jobs.

Note on Methodology

The NHIS is an annual survey administered by the Centers for Disease Control and Prevention to assess the health of the noninstitutionalized U.S. population. The NHIS is the only survey with publicly available microdata that includes a question about paid sick leave. The main survey collects health information on every member of all households in the sample. The survey also includes additional questions asked of two subsamples, one including one adult from each household and the other including one child from each household. The adult survey includes a set of job-related questions asked of adult respondents who have some work history. This analysis is based on these job-related questions.

Unlike in other surveys, the job-related questions can be answered not only by respondents who are working at the time of the survey, but by anyone “aged 18+ years who [was] working last week, or who [was] with a job or business but not at work, or who [was] working, but not for pay, at a family-owned job or business, or who [has] ever worked.” And the survey asks about job characteristics related to the respondent’s current job or a past job. Specifically, the survey asks respondents if they have/had paid sick leave “on [their] main job, or on the job that [they] held the longest, or on the job [they] held most recently.” The other survey questions used in this analysis (paid hourly, class of worker, firm size) reflect this same universe of jobs.

Because the questions are not limited solely to current work, those who responded do not represent the employed adult population at the time covered by the survey (2010–2014). Importantly, this limitation would compromise weighted estimates of counts of people. However, within the universe of jobs represented in this dataset (whether they were jobs held during 2010–2014 or earlier), I am reasonably confident that the share of those with paid sick leave is reasonably accurate, in spite of possible shifts in employment, and firm or state policy, over time. For this reason, this brief includes only estimated shares of workers, and no estimated counts.

It is worth noting that the share of workers in this dataset who work or have worked for firms with fewer than 500 employees is much greater than the share reported in datasets such as the CPS-ASEC (Flood et al., 2020), which ask about jobs held at a specific point in time. I believe that this discrepancy is a consequence of the fact that the NHIS question is phrased in terms of a current or past job. In any case, this discrepancy should not affect the estimation of the share of jobs (in this or any universe of jobs) that are reported to come with a paid sick leave benefit.

52 National Center for Health Statistics, Centers for Disease Control and Prevention, 2020.
53 IPUMS Health Surveys. (n.d.a.)
54 IPUMS Health Surveys. (n.d.b)
Appendix: State Paid Sick Leave Laws for Private Firms in the Northeast

<table>
<thead>
<tr>
<th>State</th>
<th>Date</th>
<th>Amount of leave</th>
<th>Uses of leave</th>
<th>Population covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>Took effect 1/1/2012; 2014 amendments took effect on 1/1/2015</td>
<td>One hour accrued per 40 hours worked; maximum required is 40 hours per year (year start date determined by employer); up to 40 hours can be carried over to next year.</td>
<td>Leave can be used for illness or preventative care for self or family member (spouse or child), or if a victim of domestic violence or sexual assault, to attend to related needs.</td>
<td>Applies to nonexempt service workers (Standard Occupational Codes listed in the statute) who have completed 680 hours of work (about four months full-time) and average at least 10 hours per week, in firms that had 50 or more employees on payroll during the week of October 1 in the prior year. Contract workers, day laborers, etc. are not included.</td>
</tr>
<tr>
<td>Maine</td>
<td>Passed 5/2019; took effect 1/1/2021</td>
<td>One hour accrued for every 40 hours worked; maximum required is 40 hours per year.</td>
<td>Earned paid leave can be used for any purpose.</td>
<td>Applies to all workers in firms with 10 or more employees working more than 120 days per year, including part-time, per diem, and seasonal workers; workers covered by a collective bargaining agreement are excluded, except construction workers, who are included. Leave can be restricted to use after 120 days of employment.</td>
</tr>
<tr>
<td>State</td>
<td>Date</td>
<td>Amount of leave</td>
<td>Uses of leave</td>
<td>Population covered</td>
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<td>---------------</td>
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<td>-----------------------------------------------------</td>
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<tr>
<td>Massachusetts</td>
<td>Took effect 7/1/2015</td>
<td>One hour accrued for every 30 hours worked (leave for exempt workers is calculated assuming forty hours worked per week); maximum required is 40 hours per year.</td>
<td>Leave can be used for illness or preventative care for self or family member (spouse or child), or if a victim of domestic violence or sexual assault, to attend to related needs.</td>
<td>Applies to all workers in firms with 11 or more employees. Includes both exempt and nonexempt workers, as well as seasonal, temporary, and per diem workers whose primary place of work is in Massachusetts, starting on the 90th calendar day after beginning employment. Independent contractors are excluded. Firms with fewer than 11 employees must provide unpaid sick leave, accrued at the same rate.</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Took effect 10/29/2018</td>
<td>One hour accrued for every 30 hours worked; maximum required is 40 hours per year.</td>
<td>Leave can be used for illness or preventative care for self or family member (spouse or child), or if a victim of domestic violence or sexual assault, to attend to related needs.</td>
<td>Applies to all workers in firms of any size, including temp workers. Per diem workers and construction workers who are part of a collective bargaining agreement are excluded.</td>
</tr>
<tr>
<td>New York</td>
<td>Took effect 9/30/2020</td>
<td>One hour accrued for every 30 hours worked; maximum required is 40 hours per year for firms with 99 or fewer employees (some exemption for firms with fewer than five employees) and</td>
<td>Leave can be used for illness or preventative care for self or family member (spouse or child), or if a victim of domestic violence, sexual assault, stalking, or human trafficking, to attend to related needs.</td>
<td>Applies to all workers in firms of any size. Further guidance is expected in the coming months.</td>
</tr>
</tbody>
</table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Rhode Island</td>
<td>Took effect 7/1/2018</td>
<td>One hour accrued for every 35 hours worked; maximum required is 40 hours per year, starting in 2020.</td>
<td>Leave can be used for illness or preventative care for self or family member (spouse or child), or if a victim of domestic violence or sexual assault, to attend to related needs.</td>
<td>Applies to all workers in firms with 18 or more employees. Includes seasonal and temporary workers but excludes per diem workers. Firms with fewer than 18 employees must provide unpaid sick leave, accrued at the same rate.</td>
</tr>
<tr>
<td>Vermont</td>
<td>Took effect 1/1/2017</td>
<td>One hour accrued for every 52 hours worked; maximum required is 40 hours per year, starting in 2018.</td>
<td>Leave can be used for illness or preventative care for self or family member (spouse or child), or if a victim of domestic violence or sexual assault, to attend to related needs.</td>
<td>Applies to all workers who work an average of 18 or more hours per week in a position lasting 20 or more weeks. Per diem workers are excluded.</td>
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</tbody>
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About the Author

Sara Chaganti

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Sara.Chaganti@bos.frb.org

Acknowledgements

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Reference List


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