

PAID SICK LEAVE

From Perk to Priority



Summary

Paid sick leave legislation is gaining traction in cities and states around the nation. Since it generally falls on payroll and HR to comply with these laws, personnel departments need to be aware of the four common obligations most paid sick leave laws currently contain: accrual, usage, and carryover rules; reasons for leave; sick leave pay rate calculations; and record-keeping requirements.

Whether your organization must comply with paid sick leave legislation or is simply seeking a better way to administer sick leave internally, this white paper examines three things you can do to streamline your sick leave strategy.

Legislation Trend Puts Pressure on Payroll & HR

Legally mandated paid sick leave is a growing trend. Connecticut was the first state to enact a paid sick leave law in 2011. Today, more than 15 states and 26 local jurisdictions have enacted sick leave laws.¹ And the numbers are likely to keep growing.

What does this mean for payroll and HR?

Payroll and HR are the departments that bear the biggest burden of complying with these laws. Because each jurisdiction has its own rules about paid sick time, this further complicates the situation for employers operating in several states with differing paid sick leave laws.

The good news is that although the rules vary, understanding four key elements can help HR and payroll professionals prepare.

4 Commonalities in Paid Sick Leave Laws

There are four general elements of paid sick leave laws that payroll and HR professionals should understand.

1. Rules governing sick leave accrual and carryover

Typically, employees earn an hour of sick time after working a certain number of hours. In California employees earn one hour of sick time for every 30 hours worked; in Connecticut it's 40 hours; in Michigan it's 35. Some laws allow employers to cap yearly accrual. Usually, unused sick time carries over from one year to the next. However, under some laws the amount of time carried over can be capped.

2. Reasons for using earned sick leave

Most laws clarify the reasons for using this type of leave. They routinely include medical and mental health reasons for the employee or a family member. Some also include “safe time” — that is, time off for reasons related to domestic violence, stalking, or rape. In Maine and Nevada, earned paid leave can be used for any reason.

3. Sick leave pay calculations

Sick leave pay rates are generally straightforward for hourly employees who always earn the same regular (non-overtime) rate. It is more difficult to determine the correct rate for salaried employees and employees who work at different pay rates. In those instances, the law specifies how an employee's hourly sick leave rate should be calculated.

4. Administrative obligations that fall on employers

Many paid sick leave laws impose administrative obligations on employers in terms of reporting and record keeping. For example, California requires employers to provide the available sick leave balance on the employee's pay stub or a written document each pay period. Jurisdictions such as Washington, Oregon, and New York require employers to reinstate accrued leave for rehired employees. These laws also require employers to maintain records about accrual, usage, and payment of leave for two years or longer.

3 Strategies to Streamline Paid Sick Leave

From an administrative standpoint, incorporating and meeting these specific requirements can sound like a headache. Payroll and HR professionals don't need a laundry list of paid sick leave compliance tasks on top of regular responsibilities. Instead, streamline your paid sick leave strategy with three basic best practices.



1. Familiarize yourself with the law

Taking the time to understand the law is the best way to start developing a solid strategy. Many paid sick leave laws include “carveouts” that exempt certain types of employees from paid sick leave and excuse small businesses or organizations that already provide paid sick leave as long as their policy meets certain criteria.

In addition, it makes sense to compare notes with colleagues outside your organizations. See how other companies plan to handle potential issues the law creates for your businesses or your industry. Also, consult with legal counsel on questions about the law itself as well as exemptions and exceptions to ensure that you're fully aware of your legal obligations. This increases your ability to spot opportunities to tailor your paid sick leave policies in beneficial ways or potentially exempt your organization altogether.

2. Automate administration as much as possible

Automation provides a powerful way to streamline sick leave administration. Not only can it ensure accuracy, but automation also removes manual data collection and reporting tasks from your to-do list. Look for opportunities to automate tasks with a reliable software system already in use by your organization. Many administrative tasks, like tracking hours worked, calculating sick leave pay rules, and tallying and reporting accrual and available balances, can be easily automated by existing technology, such as a time and attendance system, ensuring consistency and minimizing administrative time and costs.

Some systems come with preset rules that may no longer meet your needs (such as leave accruals based on seniority instead of hours worked). If that's the case, talk with your vendor about reconfiguring your system to automate calculations the law requires. Ask about new rules for accruing sick leave based on hours worked, capping leave accrual once it reaches a certain number, and carrying over unused leave in the new year.

Unsure which existing system fits the bill? Chances are the choice boils down to using either a payroll system or a time and attendance system. A payroll system works if your goal is simply after-the-fact reporting. If your strategy focuses more on proactive management, a time and attendance system is a better fit if it captures and reports in real time, allowing for flexible decision-making and adjustments.

3. Maintain accurate records

Record-keeping obligations are an increasingly common requirement in all types of labor regulations. And in almost every case, they fall directly on employers. For paid sick leave, important records include hours worked, amount of leave accrued, and amount of leave taken for every individual employee.

Additionally, the law may mandate a length of time these records must be kept.

Find out if these types of records can be maintained by the same system automating administrative tasks. If the system is already collecting and calculating data related to these records, any existing reporting capabilities will bring this information together quickly and accurately. If needed, talk with your vendor about creating custom reports to further automate the reporting process, and get familiar with how to share and export the results. Proactive record keeping not only ensures compliance; it demonstrates due diligence on the part of your organization and makes information accessible in the event of a dispute.

Conclusion

Ultimately, a streamlined sick leave strategy will help your organization meet its obligations while minimizing administrative investments. Taking time to understand the law, automating leave tracking and calculations, and prioritizing accurate record keeping make compliance contagious.



About WorkSync

WorkSync, the newest release from Attendance on Demand, is a state-of-the-art workforce management solution that empowers your employees, streamlines workflows, and reduces compliance risk. We are focused on helping businesses reach their goals by increasing employee engagement, improving customer experience, lowering operating expenses, minimizing risk, and automating accurate payroll.

To find out how WorkSync can help your organization, visit worksync.com.

This document simplifies complex laws as they are understood by WorkSync. It is not to be taken as legal advice. For further information about paid sick leave compliance, contact your state, county, or city.

References

¹ A Better Balance: The Work and Legal Family Center. "Overview of Paid Sick Time Laws in the United States." ABetterBalance.org. 22 April 2021. PDF. Accessed 24 May 2021. <https://www.abetterbalance.org/paid-sick-time-laws/?export>

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