



# 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; sick leave pay rate calculations; “missed” work time provisions; and recordkeeping 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

In September 2014, California became the second state to enact a paid sick leave law. Scheduled to take effect in July 2015, the Healthy Workplace, Healthy Families Act of 2014 grants covered employees one hour of paid sick leave for every 30 hours worked. Employees are compensated at their normal hourly rate (the state provides guidance on calculating hourly rates for salaried employees and employees who work at different pay rates), and portions of unused time can rollover to the following year.

Legally mandated paid sick leave is a growing trend. In 2011, Connecticut was the first state to enact a paid sick leave law, and cities including Washington D.C., Portland, Seattle, New York and San Francisco also passed paid sick leave ordinances. Although the rules vary, at the time of this writing four commonalities arise.

### Regulations governing sick leave accrual, usage and carry over

Many paid sick leave laws regulate how leave is accrued and can be used, and how unused time can carry over. For instance, California bases accrual on hours worked and gives employers the option to designate “reasonable minimum increments” of leave. The state also allows a portion of unused time to carry over into the next calendar year.

### Sick leave pay calculations

Sick leave pay rates are generally straightforward (California makes them equivalent to an employee’s normal hourly rate), but this is more difficult to determine for salaried employees and employees that work at different pay rates. In those instances, the law specifies how an employee’s hourly sick leave rate should be calculated.

### Provisions regarding “making up” missed time

Some laws clarify that employers cannot ask (or require) employees to make up for missed time when paid sick leave is used. In California, employers cannot require employees to find a worker to replace them while using leave; in Connecticut, employers cannot require workers to pick up extra shifts to compensate for missed time (and employees cannot volunteer for this option, either).

### Administrative obligations that fall on employers

Many paid sick leave laws impose administrative obligations on employers in terms of tracking and recordkeeping. For example, California requires employers to regularly provide employees with available sick leave balances, track how much paid sick leave has been used by each employee, roll over qualifying unused time to the following year, reinstate accrued leave for rehired employees, and maintain sick leave records on individual employees for up to three years.



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 “carve-outs” that exempt certain types of employees from paid sick leave and excuse businesses that already provide paid sick leave as long as their policy meets certain criteria.

In addition, it makes sense to compare notes with colleagues in similar organizations. See how other organizations 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 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, automation removes manual data collection and reporting tasks from your to-do list. Look for opportunities to automate tasks with a reliable management 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

Recordkeeping 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 recordkeeping 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 recordkeeping make compliance contagious.

## About Attendance on Demand, Inc.

Attendance on Demand supports the labor management needs of thousands of companies and more than a half million employees across North America. Launched in 2006, Attendance on Demand is a rapidly deployed, cloud-based solution that minimizes a company's risk and technology investment while providing advanced features for securely managing labor data—calculating pay rules, scheduling employees, budgeting labor, and automating recordkeeping for labor law compliance. With standard uptime over the industry average of 99.995% and above average customer retention rates, Attendance on Demand removes the worry of maintaining expensive infrastructure. An extensive North American distribution network helps organizations use Attendance on Demand to reduce labor expenses and improve decision making.



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