



Most Hourly Workers at Large Service Sector Firms Still Lack Paid Sick Leave

Introduction

Paid sick leave provides an essential benefit to workers, their families, and public health. Workers with paid sick leave are more likely to stay home to recover when sick and also to be able to care for sick family members and secure important preventative health care.^{1, 2} Beyond benefits to workers and their immediate families, paid sick leave also helps prevent the spread of disease, especially in customer-facing and food service environments.³ The COVID-19 pandemic shone a bright light on service sector workers' limited access to paid sick leave, but over three years after initial stay-at-home orders, paid sick leave benefits in the service sector still remain minimal.

Despite the importance of paid sick leave, there is no federal law in the United States requiring that employers provide it, and although some state and local governments have their own mandatory paid sick leave laws, most do not.⁴ Given the dearth of national legislation, paid sick leave access in the United States is largely determined by private employers and is highly unequal across occupations.

White-collar workers and other well-paid employees are the most likely to receive paid sick leave, with 95 percent of the highest income quartile reporting paid sick leave benefits.⁵ In contrast, only 58 percent of the lowest income quartile has access to paid sick leave.⁶ This inequality is compounded by the fact that service sector workers are especially financially fragile and unable to take time off work without pay. Three out of four service workers surveyed by The Shift Project in spring 2023 or fall 2022 had difficulty making ends meet, and 40 percent of workers said they would not be able to come up with \$400 in the event of an emergency. Just under a quarter of workers experienced hunger hardship.

Using recent Shift Project data, we find that workers' access to paid sick leave remains limited even in the wake of the global pandemic. Providing paid sick leave is far from impossible, however. We find that many firms in the service sector do provide their employees with paid sick leave, that pressure on firms to provide paid sick leave can shift firm behavior, and that many large firms are already required to provide paid sick

leave by state and local laws. We also show that even when paid sick leave is provided, workers face impediments to effective leave taking. Substantial barriers, including short staffing and fears of workplace repercussions, often prevent sick workers from staying home.

Access to Paid Sick Leave in the Service Sector

We find that half of hourly service sector workers employed at large firms in the United States do not have access to paid sick leave. This deep deficit persists three years after the start of the global COVID-19 pandemic that shocked the world economy, including the service sector, and highlighted the importance of paid sick leave for frontline workers. While the Families First Coronavirus Response Act (FFCRA), did expand paid sick leave for many workers, those at America’s largest firms were left out.⁷ Nevertheless, we find that at the height of the pandemic, in the spring of 2020, service sector workers’ access to paid sick leave did improve, with 16 percent of workers reporting expansions in paid sick leave benefits.

However, we find that this expansion of PSL was on the intensive rather than extensive margin; that is, these expansions accrued to workers who already had some access to paid sick leave, rather than providing new access to workers who previously did not have PSL. Figure 1 illustrates the association between pre-

pandemic paid sick leave and pandemic-era increases in paid sick leave. Firms are grouped into quintiles by pre-pandemic paid sick leave access, with firms whose workers reported the least access forming the lowest quintile and firms whose workers reported the greatest access forming the highest quintile. Pandemic-era increases in paid sick leave generally correspond with pre-pandemic paid sick leave access. The lowest quintile of pre-pandemic paid sick leave firms had the lowest average increase in paid sick leave during the pandemic. Just 3 percent of workers at those firms reported COVID-19-related expansions in PSL, while workers at firms who provided the most paid sick leave before the pandemic were the most likely to report augmented paid sick leave during the pandemic (36 percent).

Moreover, these expansions in paid sick leave were temporary. While 16 percent of workers reported expansions in paid sick leave in the spring of 2020, that share had declined to just 6 percent by the fall of 2020. The result of this uneven and temporary growth in benefits is very little net change over time in the percentage of workers with paid sick leave. Figure 2 charts the average percentage of service sector workers with access to paid sick leave from 2017 to 2023. The line is essentially flat. 49 percent of workers reported access to paid sick leave in fall 2017, and 51 percent reported access in spring 2023, over five years later.

Figure 1. Paid Sick Leave Access Before and During COVID-19

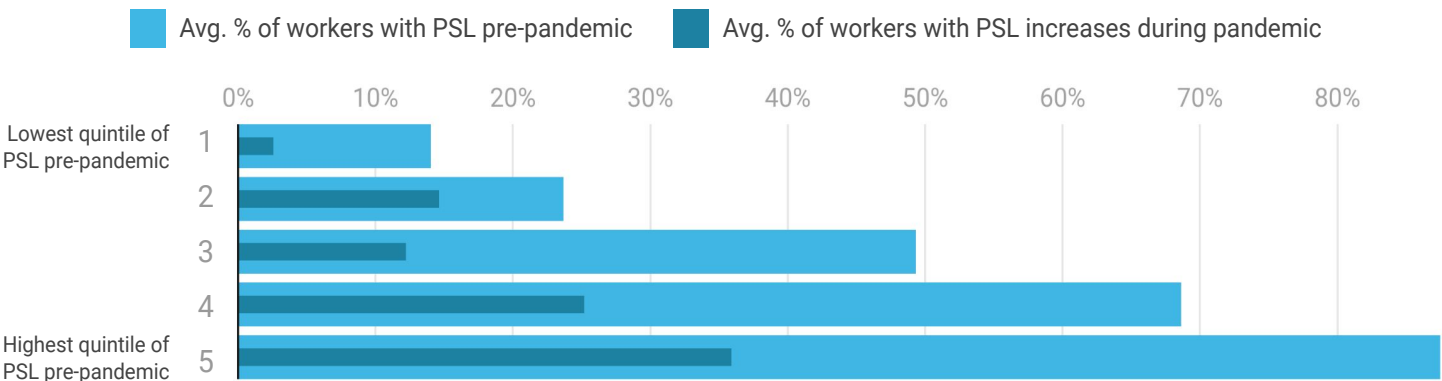
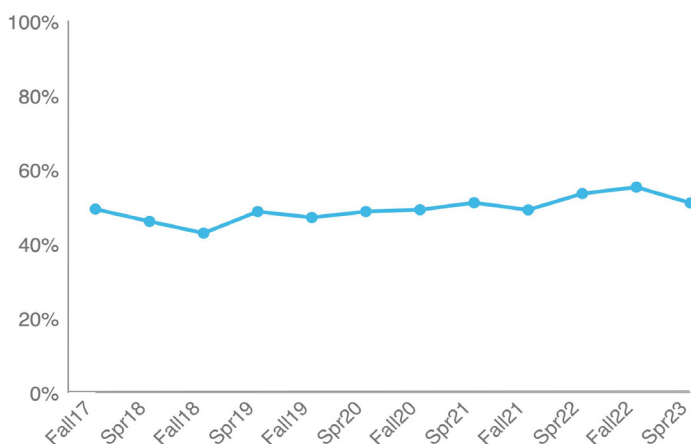


Figure 2. Percent of Service Sector Workers with Paid Sick Leave



Paid Sick Leave (Im)Possible?

Given that access to paid sick leave remains limited and essentially unchanged after even a global pandemic, it could be tempting to conclude that service sector firms have little capacity to provide their workers with broad access to paid sick leave. However, multiple pieces of evidence contradict this assumption.

First, low levels of access to paid sick leave at the industry level conceal a great deal of variation in access to PSL between companies in the service sector. Figure 3 highlights several industries with such wide spreads in PSL coverage between firms. In the fast food sector, for example, close to 90 percent of Chipotle workers have access to paid sick leave, compared to only 10 percent of Dairy Queen workers.

The extent of this variation between firms is shown in Figure 4, which charts the average percentage of workers with paid sick leave at seventy service sector firms from a variety of sub-sectors. Paid sick leave access varies from 10 percent of workers at Texas Roadhouse to 96 percent at Costco. Even within the same sub-sector, paid sick leave benefits can span a large range.

Second, companies have changed their policies in response to public pressure in the past. In March 2020, Olive Garden dramatically expanded paid sick leave in response to a widely publicized exposé criticizing the company’s lack of paid sick leave benefits during the pandemic. Previous Shift Project work demonstrated that the share of workers reporting access to paid sick leave at Olive Garden subsequently rose from 23 percent to 66 percent.⁸ Further, this expansion successfully reduced the incidence of working while sick among Olive Garden’s frontline food service workers.

Finally, while there is no federal requirement to provide paid sick leave to workers, many states and localities have enacted paid sick leave mandates. Fourteen states plus Washington, D.C.,⁹ along with over twenty counties and municipalities,¹⁰ currently have required paid sick leave laws in place. The large national chains listed in Figure 4 almost all have some exposure to these mandates in their business operations.

Figure 3. Range of Firm-level Paid Sick Leave Access by Industry

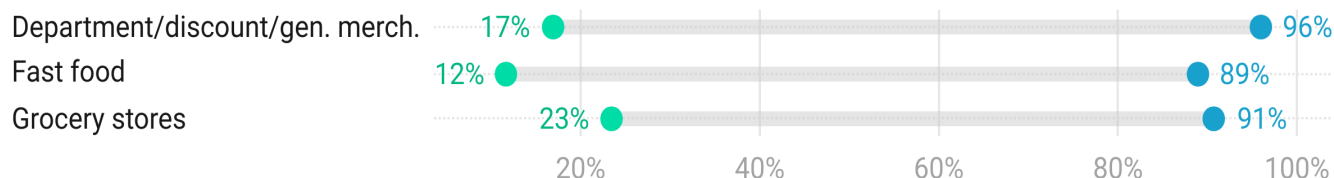
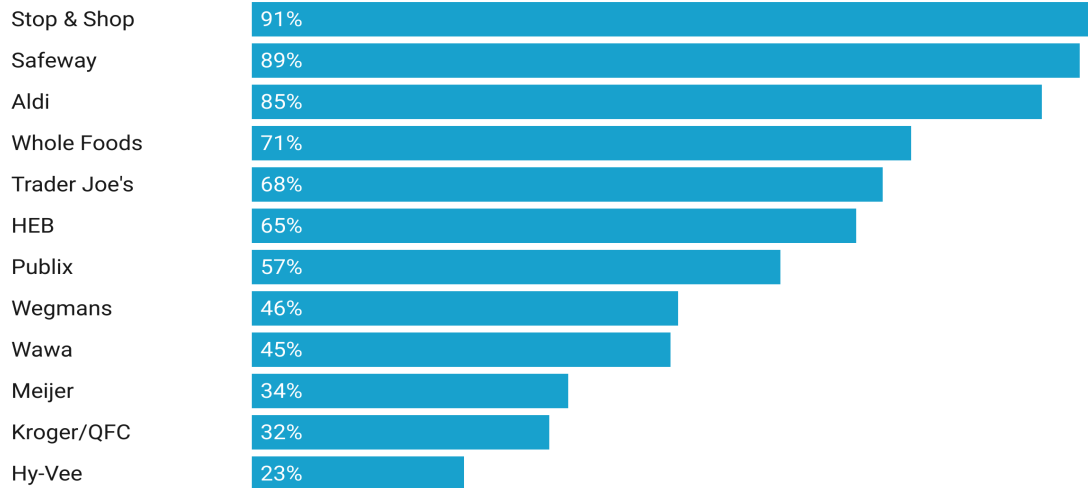


Figure 4. Paid Sick Leave Access by Firm

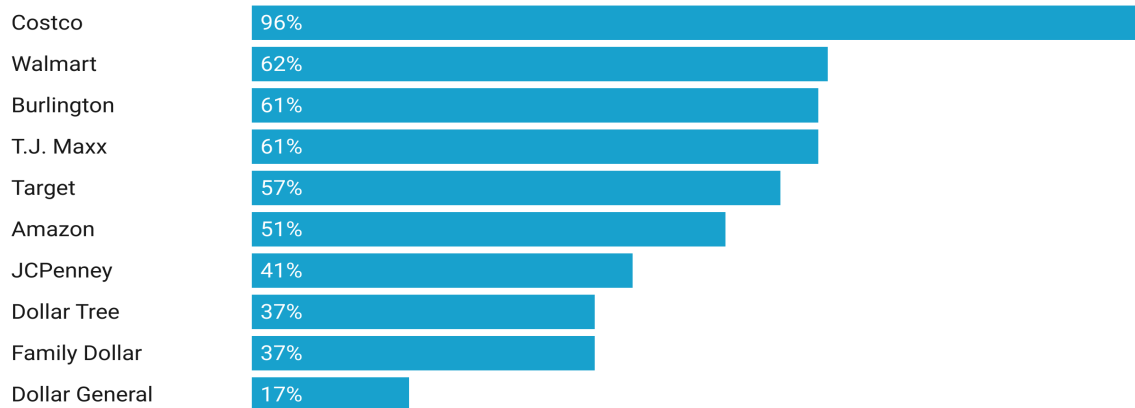
Auto parts



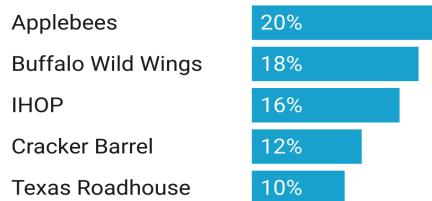
Grocery stores



Department/discount/general merchandise



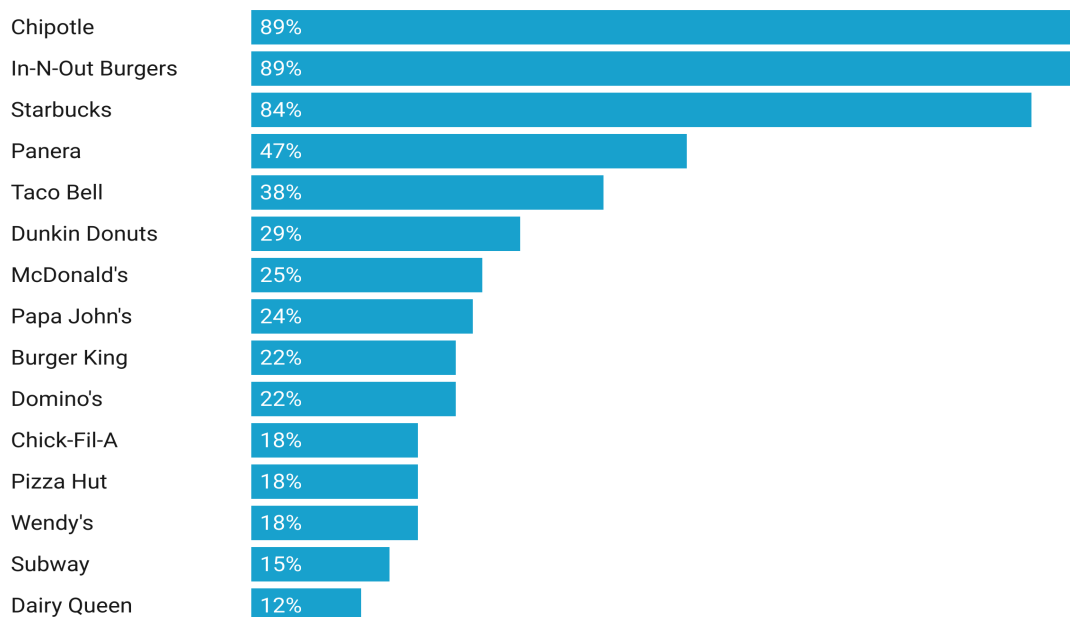
Casual Dining



Electronics stores



Fast food



Pharmacies/drug stores



Miscellaneous retail



Delivery



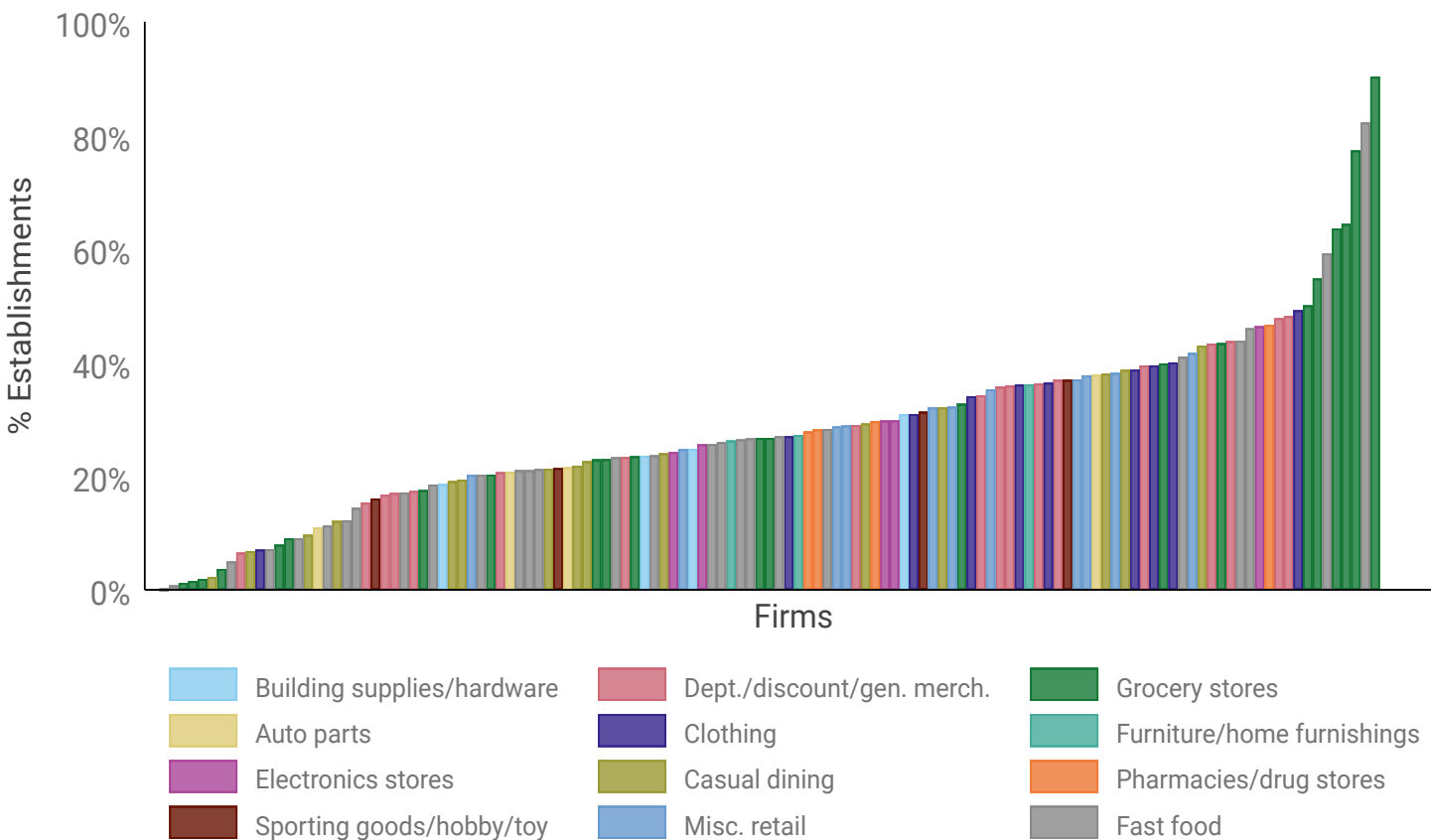
Building supplies/hardware



Figure 5 shows firm-level exposure to paid sick leave laws, with column height indicating the percentage of each firm’s establishments covered by local- or state-level paid sick leave legislation. Almost all firms surveyed by the Shift Project are covered at least in part by paid sick leave laws, with some more regional chains being located nearly entirely in paid sick leave-mandated zones.

Firms located in areas both with and without paid sick leave mandates provide evidence that even those firms unwilling to establish paid sick leave policies across all locations can do so when required. If paid sick leave policies can be successfully implemented by some companies, including companies otherwise very similar to those who do not offer paid sick leave, they can be implemented by all.

Figure 5. Firm Exposure to Paid Sick Leave Mandates



Exposure based on state, county, and city laws, and establishment locations, as of 2021.

Access in Practice

Having access to paid sick leave at work is a crucial step toward reducing the incidence with which employees work while sick and toward increasing workers’ ability to fulfill their care work responsibilities. But, we find that simply having a paid sick leave policy is not enough. The broader conditions of precarious service sector work can often function to render these benefits moot. Many hourly workers in the service sector are employed in workplaces that have insufficient staffing, punitive time and attendance

policies, and work scheduling practices that make it difficult to stay home while sick, even when workers report that paid sick leave policies are in effect.

We asked workers who reported working while sick in the last month, but who also reported having paid sick leave at their job, why they did so. Some of the constraint was related to the generosity of their paid sick leave benefits – 21 percent reported paid sick leave exhaustion, 23 percent reported that they wanted to save their paid time off, and 59 percent reported that they “needed the pay,” as shown in Figure 6.

In addition, large shares of workers also reported that they worked sick despite having paid sick leave because they were “afraid of getting in trouble” if they stayed home (42 percent) or were pressured by their supervisor to work (13 percent). In a sector where workers often struggle to get sufficient and predictable hours and managers govern work schedules, calling out sick may have real costs for workers down the line. In a separate item, we find that 37 percent of workers who had paid sick leave still reported that their employer only sometimes, rarely, or never encouraged them to stay home when sick.

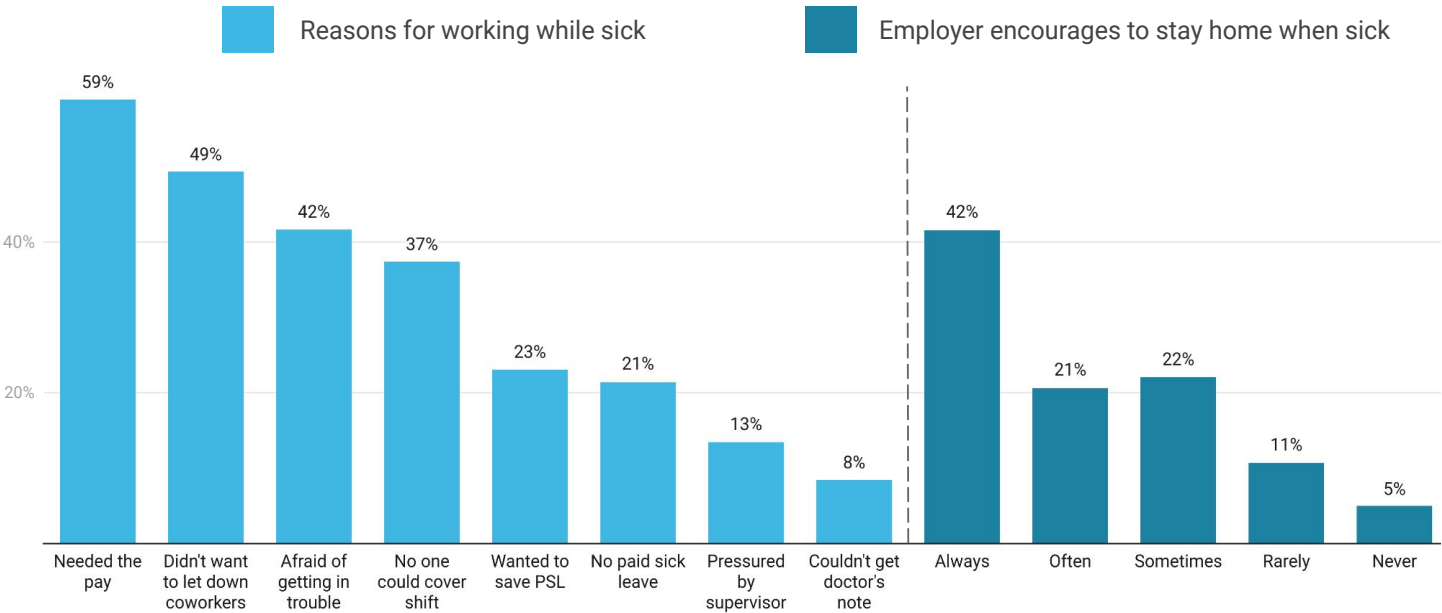
These precarious scheduling practices go hand-in-hand with lean staffing, as firms seek to constrain worker headcounts to contain compensation costs. But, this lean staffing has real consequences for workers’ ability to take paid sick leave. 37 percent of those workers who had paid sick leave, but still worked sick, reported that they did so because they could not find a co-worker to cover their shift, and 49 percent reported that they worked sick despite having paid sick leave because they didn’t want to let their co-workers down. While lean staffing may reduce compensation costs, it imposes real costs on workers’ health and that of the public.

Conclusions

Insufficient access to paid sick leave is injurious to workers’ wellbeing and the overall public health, yet millions of service sector workers across the United States still lack access to paid sick leave. Using Shift Project data, we find that although some workers reported increases in paid sick leave during the pandemic, these increases were of short duration and generally went most toward those workers who already had access to paid sick leave prior to the start of the pandemic. The net result is that access to paid sick leave in the service sector has changed very little since before the start of the pandemic, and generally remains much lower than the rest of the United States workforce as a whole.

Despite the sobering numbers on paid sick leave in the service sector, there is reason to believe that firms can provide their workers with paid sick leave. Many firms already do provide paid sick leave access, firms have responded to public pressure in the past to implement paid sick leave, and a growing number of state and local governments require that firms provide paid sick leave.

Figure 6. Working While Sick (Workers with Paid Sick Leave)



Just providing paid sick leave on paper, however, is not enough. Workers must also feel able and empowered to use that leave. We find that many workers with paid sick leave still work while sick, for reasons including inability to find shift coverage, fear of getting in trouble, and need for pay. Furthermore, almost half of workers do not feel encouraged to stay home when they are ill. These findings suggest that even when paid sick leave is provided, there may be insufficient hours of leave, short-staffing, and management pressure contributing to sick workers' continued presence in the workplace.

Firms must go beyond just providing paid sick leave and ensure that workers are able to take that leave. Implementing fuller staffing and more secure scheduling practices are important steps in improving workers' ability to stay home while sick. Firms that have not yet implemented paid sick leave policies should look to their peers, or establishments located in paid sick leave-mandated regions, that already have. At the legislative level, lawmakers should consider not only if paid sick leave is mandated or not, but also how much is mandated. Personal health, public health, and normative values might also shape consumers decisions on where to shop and eat, driving business to those firms that provide safe, healthy, and equitable working conditions.

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Methodological Appendix

Overview of Shift Project Data

The Shift Project has collected survey data from hourly service-sector workers employed at large retail and food establishments since the fall of 2016. This brief focused on a subsample of 14,363 hourly service-sector workers who were surveyed in fall 2022 or spring 2023 and who had valid responses to the paid sick leave survey item. When calculating firm-specific statistics, we limited our sample to firms with at least seventy-five valid responses to the survey item(s) in question.

The Shift Project recruits survey respondents using online Facebook and Instagram advertisements, targeted to workers employed at large retail and food-service employers. Those who responded to the Shift survey invitation were automatically routed to a survey landing page where they were asked to consent to participate in the study, then began the online self-administered survey using the Qualtrics platform. As an incentive, those who completed the survey and provided contact information were entered into a lottery for a \$500 Amazon gift card. The survey included modules on job characteristics, work schedules, demographics, economic stability, health, parenting, and child outcomes. To screen out invalid survey responses, we used an attention filter (a question that instructed respondents to select a particular response category to verify the accuracy of their responses).

The survey recruitment approach yields a non-probability sample of workers, which may differ from the broader population of service-sector workers. To mitigate potential bias, we construct survey weights that adjust our sample to reflect the universe of early career service-sector workers in the U.S. These weights are constructed in two stages.

First, we construct survey weights to adjust the demographic characteristics of the Shift survey sample to match the demographic characteristics of service-sector workers in the American Community Survey (ACS) for the years 2012-2021. We align the ACS sample with the Shift sample by selecting workers in the ACS who are employed in the same occupations and industries as the Shift sample. These weights are constructed using age, gender, race/ethnicity, and educational attainment.

Second, to ensure that our sample accurately reflects the distribution of employment types among large retail and food-service employers, we use data from the Reference USA database of U.S. establishments. The RefUSA database contains a detailed listing of all retail and food establishments nationally. RefUSA contains the size of the workforce for each establishment, which we aggregate up to the industry level. Then, using the aggregated RefUSA employer data, we create weights to align our Shift survey sample to the distribution of workers by industry within state. The results we present in this report are unweighted, but in supplementary analyses we applied these ACS demographic and RefUSA employer weights and results did not vary substantially.

For a detailed discussion of The Shift Project data collection, methodology, and data validation, see Schneider and Harknett (2022).

End Notes

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