Earned Sick Time Law: A Survey of Vermont Small Businesses

Earned sick time is a benefit that permits an employee to be compensated for time-off in the event of illness or personal need. In most places in the United States it is offered at the discretion of the firm. In recent years several states and municipalities have enacted earned sick leave mandates. San Francisco became the first major U.S. city to do so in 2006. The state of Connecticut enacted similar legislation in 2011. By 2016, paid sick leave legislation had been enacted in seven states and a host of municipalities.

Vermont passed a mandated earned sick time law during the 2014-2015 legislative session. The law requires that employees over the age of 18 who work an average of at least 18 hours per week for the same employer for 20 weeks or more must accrue leave. Initially, the accrual rate must be at least 1 hour for each 52 hours worked and the employee must be allowed to accrue at least 24 hours of leave. The minimum amount an employee must be allowed to accrue increases to 40 hours in 2019.

As part of the legislation the Vermont Department of Labor was directed to conduct a survey of small employers, defined in the legislation as those with five or fewer full time employees. The goal was to capture information about current sick time offerings and possible changes to business practices in response to the new law. The survey was conducted online over two weeks in November. The Department received 3,364 responses from employers that met the statutory definition of small employer. Brief results of that survey are discussed below.

Among respondents, just over half (51%) currently offer at least the statutory minimum of five days of earned sick leave per year for full time employees. An additional 18% offer sick leave but less than the minimum required by the new legislation. Thirty-one percent currently offer no sick leave, though this figure includes firms that have zero full-time employees.

Employer Awareness

A little over half (54%) of firms surveyed indicated they were familiar with the law. Among those familiar with the law the most common source of information was the news media (46%) followed by the State of Vermont (26%) and payroll or accounting services (11%).

Eleven percent of respondents indicated they understand the law very well, with another 33% expressing at least some understanding. The remaining 55% were either wholly unfamiliar or did not understand the law.

Employer Expectations

The survey asked employers how they expected the law to impact their business. 43% indicated it would increase operational costs, with 16% indicating the increase would be significant. 27% expect the law to increase employee absences while 14% believe it will improve employee morale. Expected impacts on employee productivity and employee turnover were both minimal.

Half of all respondents anticipate increased costs associated with this legislation. Asked how they expect to respond to increased costs, a 29% plurality indicated smaller future wage increases. Other common responses included increased prices (24%), reduced profit margins (18%), reduced weekly hours (13%), reductions in other benefits (13%), limiting expansion in Vermont (12%) and reducing the number of employees (11%).

The 2016 Earned Sick Time survey was designed and conducted in collaboration with ELMI’s 2016 Summer Research Interns, Michael McNally and Caroline Keller.
The most recent recession had a profound impact on the labor market in the United States. Nationwide, unemployment increased from historically low rates (4.4% in May of 2007) to rates not seen since the early 1980’s, peaking at 10% in October of 2009. Vermont experienced elevated unemployment as well, though our peak was a more moderate 7.0% in May of 2009.

The recession’s impact can also be seen in the duration of unemployment. Using Vermont data extracted from the Current Population Survey, the median duration of unemployment in Vermont hovered around 6.5 weeks in 2005. It began climbing in 2007, drifting between seven and eight weeks in 2007 and 2008. By February of 2009 it climbed above 8 weeks and rose steadily until June of 2010, peaking at 14.1 weeks. The average duration of unemployment increased in a similar fashion, climbing from around 12 weeks in 2005 to almost 25 weeks by the fall of 2010.

Nationally, the duration of unemployment followed a similar but far more pronounced trend. The average duration of unemployment increased from just over 16 weeks in 2007 to just over 40 weeks in the fall of 2011. While the average has declined significantly, at 26 weeks it is still well above pre-recession levels. Median duration hovered around 8 weeks prior to the recession, peaked at just over 25 weeks in June of 2010 and has since fallen unsteadily to a November 2016 figure of 10.1 weeks. The percent of unemployed people who have been unemployed for greater than 27 weeks has fallen from 46% in April of 2010 to just under 25% in November, 2016. This is still well above the pre-recession figure, between 16 and 18% for most of 2006 and 2007.

By December of 2009 almost 27,000 Vermonters were unemployed. 9,000 (33%) had been unemployed for greater than 27 weeks. 4,100 of those had been unemployed for greater than a year. By way of comparison, in November of 2016, 9,200 Vermonters were unemployed. 800 (8.7%) had been unemployed greater than 27 weeks and 400 of those had been unemployed more than a year. Almost half (4,000) of unemployed Vermonters have been without work for less than 5 weeks.
Local Area Unemployment Statistics

The Local Area Unemployment Statistics (LAUS) program produces monthly and annual employment, unemployment, and labor force data for Census regions, states, counties, metropolitan areas, and towns by place of residence. Statewide estimates are derived primarily from a survey of approximately 1,200 Vermont households each month as part of the nationwide Current Population Survey. The November, 2016 seasonally adjusted statewide unemployment rate stood at 3.2%, down one tenth of a point from October and four tenths of a point from the same month last year. The labor force decreased by 250 over the month, composed of a 400-person reduction in unemployment and a 150-person increase employment. November’s labor force was 1,450 people larger than the same time last year.

The not-seasonally-adjusted unemployment rate for November was 2.9% statewide, a half-point decline relative the same period last year. Chittenden County continues to have the lowest unemployment rate at 2.2%, a decline of three tenths of a point over the year. At 5.3% Essex County maintains the highest rate in the state though the number has fallen 1.1 points in the past year. The unemployment rate for November is below 3% in Windsor, Washington, Orange, Franklin, and Addison counties.

Current Employment Statistics

The Current Employment Statistics (CES) program provides data on employment, hours and earnings of workers on nonfarm payrolls. It is designed to take a monthly ‘pulse’ of the economy based on historical data and a survey of approximately 2,000 Vermont firms each month.

Total seasonally adjusted nonfarm payroll employment stood at 318,100 in November, a decline of 1,300 from October. The October figure stood as a 2,600 increase over September. This recent volatility will likely be smoothed during annual benchmarking in the spring of 2017.

Over the month, large November gains were seen in Hotels and Motels (+800), Retail Trade (+500), and Transportation & Warehousing (+300). The largest losses were in Arts, Entertainment & Recreation (-800), Food Service & Drinking Places (-700 or) and Construction (-600). Over the year, the largest gains were in Food Service & Drinking Places (+1,100) while the largest losses were in Accommodation (-1,100).
Career Planning and Employment Data Resources

The VT Department of Labor has a wide range of resources available to Vermonters seeking to find work, change careers or just explore opportunities. Our staff work to connect Vermont businesses with qualified employees and offer innovative programs to help train motivated individuals. The Economic & Labor Market Information Division houses data related to occupations, industries, wages, income and labor force utilization for the state and various sub-state geographies.

Career Exploration Resources

**American Job Centers:** The Vermont Department of Labor has 12 Career Resource Centers throughout the state. These centers can assist with job searches and provide access to online resources. [www.labor.vermont.gov/workforce-development](http://www.labor.vermont.gov/workforce-development)

**Start Where You Are** explores the variety of occupations available to Vermonters and offers guidance on where to receive the requisite education and training. [www.startwhereyouarevt.org](http://www.startwhereyouarevt.org)

**My Skills My Future** is a place to manage your career and create a pathway to success. Tools are available to help students, businesses and career professionals. [www.careeronestop.org](http://www.careeronestop.org)

**My Next Move** helps young people and those changing careers make informed decisions about career choices, including a unique exploration tool that allows the user to search by interests and training. [www.mynextmove.org](http://www.mynextmove.org)

**Vermont Job Link** is a free, self-service job matching system for jobseekers and employers. Job seekers can post a resume and apply for positions directly from the site. Job Link is hosted by the VT Department of Labor. [www.vermontjoblink.com](http://www.vermontjoblink.com)

Resources for Employers

**Vermont Small Business Development Center** is a source for no-cost business advising and low-cost training for Vermont entrepreneurs. [www.vtsbdc.org](http://www.vtsbdc.org)

**The Agency of Commerce and Community Development** is a source for information about starting, expanding and relocating a business in VT. [www.accd.vermont.gov/business](http://www.accd.vermont.gov/business)

Economic & Labor Market Data

From our homepage at [www.vtlmi.info](http://www.vtlmi.info), Vermonters can access a wide range of labor market data. This includes all of the background data for sections of this newsletter as well as occupational and industrial projections, wage ranges and quintiles by occupation, fringe benefits comparisons, per capita incomes, an employer database, quarterly workforce indicators and assorted related data. Other sources for labor market data include:

- **The Employment and Training Administration** [www.doleta.gov](http://www.doleta.gov)
- **Vermont Department of Labor** [www.labor.vermont.gov](http://www.labor.vermont.gov)

For questions about this newsletter or for more information, please reach us at:

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