



## **State and Local Paid Sick Leave Laws Should Be Federally Preempted**

**Issue:** Recently, a number of states and cities have enacted laws mandating that employers offer paid sick leave (PSL) to employees. The state and local PSL laws create a myriad of compliance rules that impact large multi-state employers, many of which already offer generous paid leave to employees.

**Position:** The National Business Group on Health representing approximately 422, primarily large, employers (including 72 of the Fortune 100) who voluntarily provide generous health benefits and other health programs to over 55 million American employees, retirees, and their families recognizes the need for family-friendly benefits. The Business Group does not support mandated PSL as it raises labor costs, increases administrative burden, reduces employers' competitiveness, increases unemployment, reduces productivity, jeopardizes existing leave benefits and limits employers' flexibility to design leave benefits packages for their unique workforces.

### ***The Business Group's PSL recommendations, in order of priority, include:***

- PSL mandates should be preempted by federal law. If Congress were to enact PSL mandates, it must include federal preemption of state/local law. In the absence of federal preemption, states/localities should standardize requirements to reduce employers' administrative burdens.
- PSL accrual rates should not be based upon hours worked (1 hour per 30 hours, 1 hour per 40 hours, etc.), but instead follow employers' existing accrual periods (work week or payroll period). Additionally, there should be an employee cap on accrued hours in lieu of annual employee use caps.
- Employees should notify employers after an absence within a given period of time (recommendation of 2 weeks or end of payroll period); otherwise employers should have flexibility to assign PSL or unpaid leave.
- Employees' required minimum use should be set at 1 hour of PSL with employer flexibility to use in shorter increments.
- Employers should have flexibility for:
  - Determining when employees are eligible to use leave (minimum 90 day work requirement with employer flexibility to allow before); and
  - Annually cashing out employees' leave.
- State and local deemed compliance standards should be straightforward with employers attesting that their paid leave policies meet or exceed state/local PSL requirements.