



Preparing for the Seattle SICK AND SAFE LEAVE ORDINANCE: Three Areas to Consider

Does your company have five or more full-time equivalent employees? Are any working in Seattle? If so, your company may fall under the Seattle Paid Sick and Safe Leave Ordinance that takes effect September 1, 2012. Employers under this ordinance will be required to provide paid sick/safe leave to full-time, part-time, and temporary employees who perform more than 240 hours of work in Seattle within a calendar year. An employer should prepare now to ensure compliance with the requirements of this ordinance. The following areas should be considered in your preparation:

1. Personnel Policies

Review your current employee handbook and paid time off (PTO) policies to determine if they meet the minimum requirements of this ordinance. If your company has a current sick leave or PTO policy that requires an employee to “use it or lose it” before year-end, the policy will need to be revised to allow some sick or PTO hours to be carried over to the following calendar year. As the ordinance covers employees working in Seattle, a company with offices and employees working outside of Seattle may want to consider adopting separate

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paid time off policies for employees covered by the Seattle ordinance. Preparation should also be made for the proper notice to employees of their legal rights under the ordinance. This notice can be included in an employee handbook or other written or electronic document.

2. Accounting Procedures

Evaluate payroll processing systems to determine if Seattle sick/safe leave hours accrued and paid can be accounted for, and reported on,

a paycheck stub accurately. Only employee hours worked in Seattle will count toward accrual, and an employer is only required to permit use of the paid sick/safe leave for work an employee performs in Seattle. Therefore, if a company has employees who work in other cities besides Seattle, the payroll time entry system should be set up to separately account for employee hours worked in Seattle. Accounting policies and procedures should be in place to ensure that sufficient documentation exists to support hours worked by employees, accrued paid sick/safe leave hours earned and paid sick/safe leave hours taken. All payroll records and documentation should be “audit ready” as the Seattle Office for Civil Rights can request access to these records in order to investigate potential violations and monitor compliance.

3. Financial Reporting

Prepare for the impact, if any, on financial reporting for the accrual of employee sick/safe leave hours earned beginning September 1, 2012. The ordinance permits employees to carry over unused sick/safe hours to the next calendar year but does not require the employer to compensate for unused paid sick/safe hours upon an employee leaving their job. Under generally accepted accounting principles, an employer is not required to accrue a liability for an employee’s rights to receive sick pay benefits based on these conditions. However, if the company’s policy allows employees to use accrued sick hours for absences from work that are not actually the result of illness, the employer must accrue a liability for accumulated employee sick hours earned.

No matter where your company is located, if you have employees performing work in Seattle, the Seattle Sick and Safe Leave Ordinance may apply to you. Preparation for the ordinance before its September 1st effective date is essential in preventing violations.

Watch Julie’s video on this topic at www.clarknuber.com. The full ordinance and a detailed FAQ document can be found on the Seattle City website at www.seattle.gov/civilrights/SickLeave.htm.

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