

Advocacy Recommends that DOL Consider Alternative Approaches to Minimize Costs of Paid Sick Leave Rule for Federal Contractors

On April 6, 2016, the Office of Advocacy (Advocacy) filed a comment letter with the Department of Labor (DOL) regarding its proposed rule entitled, *Establishing Paid Sick Leave for Federal Contractors*. A complete copy of Advocacy's letter to DOL may be accessed at: <http://www.sba.gov/advocacy/>.

- Executive Order 13706 requires certain parties that contract with the federal government to provide their employees with up to seven days of paid sick leave annually, including paid leave allowing for family care. DOL published this proposed rule on February 25, 2016.
- The proposed rule applies to any new contract or contract-like instrument with the federal government, provided that it is a procurement contract for construction covered by the Davis-Bacon Act (DBA); a contract for services covered by the Service Contract Act (SCA); a contract for concessions; or a contract in connection with federal property and lands and related to offering services for federal employees, their dependents or the general public.
- The rule requires that any contractor and any subcontractor incorporate a clause into any contracts with lower-tier subcontractors, specifying, as a condition of payment, that all employees earn not less than one hour of paid sick leave for every 30 hours worked. This paid sick leave must carry over from one year to the next and must be reinstated for employees rehired by a covered contractor within 12 months after a job separation.
- Based on feedback from small businesses, Advocacy is concerned that there may be hundreds or thousands of small businesses that DOL has not accurately estimated in its Initial Regulatory Flexibility Analysis, such as restaurants, retail and outdoor recreation companies operating on federal lands, in federal buildings, and on military bases. Advocacy is also concerned that DOL underestimated the costs of this rule for small businesses, such as regulatory familiarization costs, tracking costs, and payroll costs.
- Advocacy recommends that DOL revisit its IRFA to update their estimates of the numbers of small business impacted and the costs of this rule. Advocacy also recommends that DOL consider any small business alternatives submitted in the comment period that may minimize the economic impact of this rulemaking on small entities.

For more information, visit Advocacy's webpage at <http://www.sba.gov/advocacy>, or contact Assistant Chief Counsel Janis Reyes by email at Janis.Reyes@sba.gov or by phone at 202-205-6533.