

MANDATORY PAID SICK LEAVE FOR FEDERAL CONTRACTOR EMPLOYEES

OBAMA SIGNS EXECUTIVE ORDER

INTRODUCTION

President Obama signed an [executive order](#) on September 7, 2015, requiring that federal contractors and subcontractors provide their workers with **up to seven days** (56 hours) of **paid sick leave** each year. The order “seeks to increase efficiency and cost savings in the work performed by the parties that contract with the Federal Government,” and the White House believes that “these savings and quality improvements will lead to improved economy and efficiency in Government procurement.” The details are discussed below.

PAID SICK LEAVE

Under the executive order, workers will earn one hour of paid leave for every 30 hours of work. Workers will be able to use this sick leave to care **for themselves or family members**, and will be able to carry over any unused leave from year to year. Unused leave will be reinstated for employees rehired by a covered contractor within 12 months after job separation. Payment for unused sick leave will not be required upon job separation.

An employee will be able to use earned paid sick leave for an absence resulting from:

- Illness, injury, or medical condition;
- Obtaining diagnosis, care or preventive care from a health care provider;
- Caring for a child, parent, spouse, domestic partner, or any other individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship who has need for diagnosis, care, or preventive care, or is otherwise in need of care; and
- Domestic violence, sexual assault, or stalking.

Workers will be required to give at least seven days’ notice prior to taking leave that is foreseeable, or “as soon as practicable” if the need for leave is not foreseeable. For leave taken of more than three consecutive workdays, workers will be required to provide certifications supporting the need for leave within 30 days of the first day of leave taken.

Contractors will be prohibited from retaliating against or interfering with an employee’s right to take covered sick leave.

The executive order does not supersede other federal, state, or local laws or collective bargaining agreements that provide greater benefits than those required by the new regulation. **Thus, a contractor’s current paid sick leave policy can satisfy the executive order’s requirements if it provides the same or greater leave time, for the same reasons and under the same conditions as the executive order.**

EFFECTIVE DATE

The executive order and resultant regulations will apply to new contracts **entered into after January 1, 2017**. The new regulations will require contractors and subcontractors to provide and incorporate the new requirements into lower-tier subcontracts. Contracts covered by the executive order include:

- Procurement contracts for construction covered by the Davis-Bacon Act;
- Contracts for services covered by the Service Contract Act;
- Contracts for concessions;
- Contracts entered into with the Federal Government in connection with Federal property or lands and related to offering services for Federal employees, their dependents, or the general public.

NOTE: the executive order will “not apply to grants; contracts and agreements with and grants to Indian Tribes under the Indian Self-Determination and Education Assistance Act...as amended.”

IMPACTS ON CONTRACTORS

To meet the requirements of the executive order, contractors will need to **evaluate and act upon their contracts** and purchase orders to incorporate these new regulations. Contractors should **begin now** by reviewing their paid sick leave policies and practices and start making preparations to provide paid sick leave for all employees working on such contracts.

Contractors who currently do not have a paid sick leave policy, or whose current policy is below the standards set forth in the executive order, should take steps to ensure that the costs of providing paid sick leave are passed on to the Government. This is especially true for MATOC contracts and long-term O&M contracts.

Contractors' costs for paid sick leave should be accounted for in the same way paid vacation time is accounted for - as labor costs. After all, these will be the real costs of labor under the new regulation. Knowledge of these impending regulations and adequate preparation or their resulting impacts will allow contractors to meet the demands in stride and capitalize on this FORTHCOMING CHANGE for ALL federally oriented contractors.

In the end, you will be glad you made the call; by the way, it's a FREE CALL.

EXCELL CONSULTING: “HERE TODAY FOR YOUR TOMORROW.”

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