

Will COVID-19 usher in permanent restaurant paid sick leave benefits?

The restaurant industry is notorious for a lack of paid sick leave policies for foodservice workers. Some experts think policy changes during the outbreak could make these improvements last.

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Twitter is littered with stories of scared restaurant employees making their way to work, walking along empty sidewalks and driving on bare streets, as others are self-isolating in their homes. A Washingtonian reporter tweeted this story from one worker, "To go to work in the middle of an unprecedented pandemic, without health insurance, so I can make to-go food for everyone privileged enough to quell their anxieties by staying at home. I'm anxious too. I want to stay home and feel safe... We literally kill ourselves for your entertainment. We sacrifice SO MUCH for something so gratuitous. Where is the line?"

The restaurant worker also wrote about the holidays and special events she missed over the years because she couldn't take time off. So where is the line?

Thin-margined restaurants have historically rejected paid sick leave benefits — making employees choose between forgoing pay or coming into work ill — for fear of eroding the bottom line. This dynamic sparked food safety disasters like Chipotle's norovirus outbreak in 2017, an incident that took a massive toll on the chain's reputation and sales.

But some experts think COVID-19 could make these policies a standard offering across all segments.

In the wake of the novel coronavirus, U.S. restaurants, from casual dining to QSRs, are rolling out emergency paid sick leave to protect diners, customers, and their reputations. But will these benefits outlast the pandemic?

Despite the risks, restaurants have avoided shelling out sick pay in the past over fear that these policies drop revenue, Keri McWilliams, a franchise law attorney for Nixon Peabody, told Restaurant Dive.

"In the current situation, a lot of those [concerns] go out the window because restaurants are struggling to survive," McWilliams said. "They're trying to get people in the door and take precautions on an everyday basis to make sure [diners] can feel comfortable coming in. They're also trying to be good employers."

Currently nearly 60% of diners are concerned about dining in restaurants, with one in five "definitely" avoiding dining at restaurants, according to a recent Datassential report.

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Though the House passed an emergency coronavirus relief bill Saturday that guarantees sick leave to certain workers, these provisions do not apply to businesses with 500-plus employees, leaving many major restaurant chains off the hook.

But McDonald's, Panera, Taco Bell and a number of other legacy brands have announced emergency two-week paid sick leave for employees impacted by COVID-19 at corporate-owned stores. The tide is turning, McWilliams said, because the risk of permanent brand damage over spreading the virus in-store is greater than the fear of thinning pocketbooks. Franchisors, however, cannot require their franchisees to implement paid sick leave. And because franchise-owned stores make up the lion's share of major chains' networks, only a small percentage of hourly employees are reaping these benefits.

"This is a really good moment for restaurants to explore [paid sick leave] because the incentives are in line," McWilliams said.

Whether these policies become permanent depends on a number of market factors, but some experts predict it will be difficult to pump the brakes on these offerings once coronavirus is under control.

"It's always a challenge to give someone a benefit and then take it away," Mark Heymann, CEO of Unifocus, a workforce solutions company for the service industry, told Restaurant Dive. "You might be able to pare [those offerings] back a little bit, but you're not going back to zero."



chuttersnap, Unsplash

Balancing costs and benefits

When the coronavirus outbreak is eventually brought under control, restaurants who choose to keep their new paid sick leave benefit — or some version of it — will need to find other areas to cut costs, Heymann said.

One possible trade off is a reduction in minimum shift length. Because of the peaks and valleys of daily restaurant traffic, shorter minimum shift lengths could help make operations more efficient and have a dramatic impact on bottom lines, Heymann said.

"The question is at what point does profitability get impacted too heavily by these policies," he said.

Still, restaurants could use this time as a testing ground for the impact of a sustained paid sick leave policy to gauge if their profitability concerns are overblown. If few employees use these benefits in full once coronavirus is no longer a concern,

McWilliams said, it could be a powerful recruiting tool to attract top-quality workers.

Brands like Starbucks and Sweetgreen, which offered paid sick leave before the COVID-19 outbreak, have already been moving the needle on U.S. restaurant benefits toward more progressive leave policies.

Just last week, Darden Restaurants launched a paid sick leave policy for its 180,000 hourly workers. The benefit, which offers employees an hour of sick leave for every 30 hours worked, is a permanent benefit the company had been developing before the COVID-19 outbreak, Darden spokesperson Rich Jeffers told Restaurant Dive. The chain just accelerated the policy rollout.

"I think this could very well be the start of a trend," Kyle Winnick, a labor and employment attorney at Chamberlain Hrdlicka, told Restaurant Dive. "From an employment law perspective, having a sound paid time off or sick leave policy just makes good sense regardless of the threat posed by COVID-19."

Because there's growing precedent for these benefits, restaurants could be incentivized to test paid sick leave post-coronavirus to see if it can give them an edge in a crowded market, Heymann said.

"If this is the new normal from an overall worker benefit perspective, because everyone's doing it, it may not have that big of a [negative] impact on a publicly traded company," he said.

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Labor and employment attorney, Chamberlain Hrdlicka

McWilliams is confident that there will be a greater number of restaurant chains offering permanent paid sick leave benefits than prior to the outbreak. The question is, to what degree, and how restaurants will fare in the meantime.

"The next two weeks are going to be a really, really challenging period for restaurant hospitality," she said. "The restaurants that are able to most creatively and effectively communicate their [response] efforts to the general public ... are going to survive this period with the least number of layoffs and shift reductions."

It's likely that as restaurants emerge from this period, workers will have greater expectations for more robust, flexible leave policies, Winnick said.

"Restaurants should have a plan in place to attract replacement labor," he said. "If [restaurants] and their employees find that amplified sick leave or paid time off policies create a better working environment, these [new policies] may stay beyond the threat caused by COVID-19."

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