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**Supporting Healthy Washington, DC Communities with a Minimum Paid Sick Days Standard  
Testimony on the Paid Sick and Safe Days Act of 2007, Bill 17-197**

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**Institute for Women's Policy Research**

**July 9, 2007**

Chairperson Schwartz and Members of the Committee on Workforce Development and Government Operations:

Thank you for allowing me an opportunity to address issues related to the proposed Paid Sick and Safe Days Act, Bill 17-197. I am Dr. Vicky Lovell, Director of Employment and Work/Life Programs at the Institute for Women's Policy Research (IWPR) in Washington, DC. The Institute is an independent, scientific research organization that provides nonpartisan data and policy analysis of issues of importance to women. With a Ph.D. in Public Policy from Portland State University, my research focuses on women's employment and the labor market.

The Institute for Women's Policy Research has been conducting research and providing technical assistance on paid sick days to members of Congress, state legislatures, municipal governing bodies, and other groups since 2000. We have been assessing paid sick days in the District of Columbia since 2004. Analyzing data collected by the U.S. Department of Labor and the National Center for Health Statistics of the U.S. Centers for Disease Control and Prevention and research findings published in peer-reviewed journals, I have documented inadequacies in current paid sick days policies and calculated the costs and benefits of expanding workers' access to paid time off for sickness. This work has been central to informing policy makers, the media, and the general public about this issue. Last year, I provided a cost/benefit analysis of a paid sick days ordinance that was adopted by San Francisco voters.

Nearly half (48 percent) of all private-sector workers in the United States have no paid sick days.<sup>1</sup> Among the lowest-paid workers, these policies are particularly inadequate, with only 21 percent of workers in the lowest wage quartile being covered by paid sick days policies.<sup>2</sup> Many of these are the workers with the most contact with customers, such as those in the restaurant industry, where only 22 percent have paid sick days.<sup>3</sup> The same situation is found in the District of Columbia. Approximately 210,000 people working in the District of Columbia lack paid sick days<sup>4</sup>—just under half the District's private-sector workforce.

In my testimony today, I will discuss four crucial aspects of consideration of the Paid Sick and Safe Days Act:

1. The likely costs and benefits of this proposal.
2. How many days of leave workers will use.
3. What we know about possible fraud in the use of this policy.
4. The Act's special relevance for low-wage workers.

## **Costs and benefits of the Paid Sick and Safe Days Act**

Using a methodology developed by the Institute for Women’s Policy Research, in 2005 the DC Fiscal Policy Institute conducted a cost-benefit analysis of proposed DC legislation providing 10 paid sick days per year to be used to care for workers’ own health needs and the health needs of their families, as well as school-related purposes for workers’ children. Accounting for the average wages and work hours of those workers in DC who currently lack paid sick days and so would be affected by the legislation being developed at that time,<sup>5</sup> the costs of the 10 paid sick days legislation would amount to \$10.35 per worker per week in benefits for workers taking paid sick days, along with associated payroll taxes and administrative expenses.<sup>6</sup>

Analysis of paid sick days policies shows that businesses experience financial benefits from offering workers access to paid sick days and that these gains exceed the costs. Not being able to afford the loss of income or the threat of job loss that will accompany missing work, employees without paid sick days are more likely to go to work while sick. But these workers cannot perform at their full level of productivity, and their “presenteeism” reduces the value of their work.<sup>7</sup> Not taking adequate time off increases the duration of illness<sup>8</sup> and the likelihood of spreading the illness to coworkers.<sup>9</sup> Providing paid leave for workers to stay at home to care for a sick child also reduces the likelihood illness will be passed to other working parents through child care facilities and schools, which are busy hubs for illness during flu season. By reducing presenteeism, a paid sick days policy increases the productivity of workers and so enhances a firm’s profitability.

Workers with adequate paid sick days are also less likely to change jobs.<sup>10</sup> Among women registered nurses, for instance, those with paid leave are nearly three times as likely to return to work following a heart attack or angina, as compared to those lacking paid leave.<sup>11</sup> This reduced turnover can be a huge cost-saving for employers. Retaining a worker means an employer avoids replacement costs such as having a vacant position, advertising for a new employee, evaluating applicants, training new hires, and low productivity for workers learning the ropes at a new job.

The DC Fiscal Policy Institute estimates that savings per worker per week from lower turnover, improved productivity, reduced family health-care spending, and reduction in the spread of influenza in the work place would total \$11.69 per worker per week.<sup>12</sup> This is more than the expected costs, amounting to average net savings of \$1.34 per week for each worker. If anything, this estimate of savings is low because it reflects national wage levels and not the higher DC average.

Beyond these estimates, there are likely to be other very substantial benefits to ensuring that workers have adequate time off with pay to deal with health-care needs. For instance, because workers who are fired for taking unauthorized time off when they are sick, or to care for sick children, may turn to public assistance for support, lower turnover from paid sick days may reduce spending on these programs. To the extent that better paid sick days policies allow workers to respond to medical needs more promptly, their overall health-care costs may be lower. This generates savings for workers, employers, insurers, and taxpayer-supported medical facilities.

### **How many paid sick days do workers need?**

IWPR has assessed the prevalence of the specific circumstances covered by the PSSDA in the District’s private-sector workforce.<sup>13</sup> It is estimated that the average private-sector worker in DC will use 4.3 Paid Sick and Safe Days per year. The main use—3.1 days—will be for workers’ own health needs and for family health care, including doctor visits. Workers with chronic diseases or a medical emergency and those responsible for children or elderly relatives may use more paid sick days.

Based on the number of births to women working in DC, assuming pregnant workers will take the full 10 days

of PSSDA time for prenatal care and as part of the time needed to recover from childbirth, and allowing time off for partners, adoptions, and foster-care placements, the average DC worker will use an estimated 0.2 days per year related to the birth, adoption, or placement of a child.

The Paid Sick and Safe Days Act will make the promise of the District's Parental Leave Act of 1994 real for those who cannot afford the loss of income from missing work without pay to consult with a teacher or attend a child's school performance. An average of 0.9 days per worker per year is estimated to be used by parents for school-related activities for their children.

Use of the PSSDA by domestic violence victims is estimated to amount to an average of 0.1 days per worker per year. This assumes that an estimated 8,100 DC workers who are victims of domestic violence take their full 10 days of PSSDA time.

These estimates of average need for to PSSDA obscure the fact that individual workers' use of the Act will vary considerably. Some will not need to use PSSDA time at all in a given year. For others, however, every day provided by the Act will help their families stay healthy, safe, and secure. Single parents, for instance, who lack a partner to share parenting obligations may well need 10 days to stay home with children who are sick and to meet with teachers over the course of the school year. For domestic violence victims whose pursuit of safety involves time-consuming dealings with the police and courts, as well as seeking physical and mental health care and finding a safe place to live, 10 days may just cover the first steps toward healing. Anyone recovering from surgery, facing protracted treatment for a disease such as cancer, or coping with the daily routine of having a chronic disease or disability will also benefit from a more adequate paid time off standard. The flexibility provided by the PSSDA will help these workers deal with their health and family issues and, while at work, contribute to their fullest.

### **Responsible use of paid sick days policies**

Some businesses voice the concern that an offer of paid sick days will be abused. However, data collected by the federal government suggests that workers tend to use these policies responsibly. Those who do have paid sick days miss an average of 3.9 days per year, compared to those without paid sick days who miss an average of 3.0 days.<sup>14</sup> Thus, having an adequate paid sick days policy does not appear to substantially affect absenteeism, although it does provide important job and income security. In fact, nearly half of all workers who are covered by a paid sick days policy do not take a single day off for illness-related purposes in a given year.<sup>15</sup>

Employers themselves report that rates of absenteeism are affected by the morale of the particular workplace. According to a survey conducted by CCH Incorporated, the rate of unscheduled absenteeism is more than twice as high in companies with poor to fair morale as in companies with good to very good morale (3.2 percent in low-morale workplaces and 1.5 percent in those with good morale).<sup>16</sup> This suggests that effective human resources management shape the nature of a business's experience with time-off programs.

### **Special considerations for low-wage workers**

Few low-wage workers are currently covered by paid sick days policies, according to analysis by the Institute for Women's Policy Research of data collected by the U.S. Bureau of Labor Statistics.<sup>17</sup> Four in five (79 percent) low-wage private-sector workers lack paid sick days. This is partly because paid sick days coverage is less adequate in some industries that employ a lot of low-wage workers, such as accommodation and food service; construction; and arts, entertainment, and recreation; and because some employers offer paid sick days to only some of their employees.<sup>18</sup> These workers are less likely than those earning higher wages to have savings to dip into if they must miss work because of illness or domestic violence. Without the protections of the PSSDA, a health-care emergency or a problem at school may be compounded by extra financial stress.

In addition to a temporary loss of earnings, the threat of losing a job because of illness is very real for low-wage workers. Not only are some workers who lack paid sick days threatened with being fired for staying home when they're ill, even some *with* such a policy are penalized for taking time specifically allowed under the policy.<sup>19</sup> In families with incomes below 200 percent of the poverty threshold, workers who do not have paid sick days are nearly twice as likely to suffer a job loss as those who do have such a policy.<sup>20</sup> A minimum paid sick days standard can prevent a routine but unavoidable health-care problem from escalating into a full-scale family economic crisis.

Recovering from illness, participating in the education of their children, becoming parents, caring for needy family members, or surviving domestic abuse all require time, yet many cannot afford to give up earnings by missing work, or to risk job loss if their employer does not provide for time off. A minimum standard such as that provided by the Paid Sick and Safe Days Act would allow workers to be more productive when on the job and to fulfill their caregiving responsibilities, without jeopardizing their economic security, and at the same time offer concrete benefits to employers in reduced employee turnover.

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<sup>1</sup> Hartmann, Heidi. 2006. U.S. Senate Committee on Health, Education, Labor, and Pensions. *The Healthy Families Act: Impacts on Workers, Businesses, the Economy, and Public Health*. 110<sup>th</sup> Cong., 1<sup>st</sup> sess., 13 February, 2007.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> DC Fiscal Policy Institute. 2005. "Giving Workers in DC the Right to Paid Sick Days: Benefits to Business are Likely to Outweigh the Costs." Washington, DC: Author.

<sup>5</sup> The language considered in 2005 did not include coverage of victims of domestic violence.

<sup>6</sup> The cost-benefit analysis was revised in 2007 to show per-worker impacts for those currently lacking any paid sick days, to more accurately estimate the number of births to DC workers, and to adjust for inflation. Lazere, Ed. 2007. District of Columbia Committee on Workforce Development and Government Operations. *Testimony of Ed Lazere, Executive Director, DC Fiscal Policy Institute*. 9 July 2007.

<sup>7</sup> Nichol, Kristin. 2001. "Cost-Benefit Analysis of a Strategy to Vaccinate Healthy Working Adults Against Influenza." *Archives of Internal Medicine* 161 (March 12): 749-759.

<sup>8</sup> S. Jody Heymann, Alison Earle, and Brian Egleston, "Parental Availability for the Care of Sick Children," *Pediatrics* 98 (August 1996): 226-230.

<sup>9</sup> Ibid.

<sup>10</sup> Cooper, Philip F., and Alan C. Monheit. 1993. "Does Employment-Related Health Insurance Inhibit Job Mobility?" *Inquiry* 30 (Winter): 400-416.

<sup>11</sup> Earle, Alison, John Z. Ayanian, and Jody Heymann. 2006. "Work Resumption after Newly Diagnosed Coronary Heart Disease: Findings on the Importance of Paid Leave," *Journal of Women's Health* 15 (4): 430-441.

<sup>12</sup> Lazere 2007.

<sup>13</sup> See Appendix A for a description of the methodology used for the analysis presented in this section.

<sup>14</sup> Lovell, Vicky. 2005. *Valuing Good Health: An Estimate of Costs and Savings for the Healthy Families Act*. Washington, DC: Institute for Women's Policy Research. These numbers include the experiences of workers with more generous paid time off policies than the PSSDA and thus exceed the numbers used in IWPR's estimates.

<sup>15</sup> Lovell, Vicky. 2006. *Valuing Good Health in San Francisco: The Costs and Benefits of a Proposed Paid Sick Days Policy*. Washington, DC: Institute for Women's Policy Research.

<sup>16</sup> CCH Incorporated. 2005. "Morale Plays a Surprisingly Large Part in Absenteeism." *Human Resources Management Ideas & Trends* No. 616 (October 12): 151.

<sup>17</sup> Hartmann 2007.

<sup>18</sup> Twenty-one percent of establishments that have a paid sick days policy cover only a portion of their workers. Unpublished Institute for Women's Policy Research analysis of the March 2006 National Compensation Survey.

<sup>19</sup> Healy, Melissa. 2005. "Call in Sick – Please." *latimes.com*. (January 10).

<sup>20</sup> Unpublished analysis of the Unheard Third survey by the Community Service Society of New York, 2007.



**Appendix A**  
**Testimony on the Paid Sick and Safe Days Act of 2007, Bill 17-197**  
**Vicky Lovell, Ph.D.**  
**Institute for Women’s Policy Research**  
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**How Many Paid Sick and Safe Days Do Workers Need?**

The Paid Sick and Safe Days Act (PSSDA), currently under consideration by the Council of the District of Columbia, provides 10 paid sick days per worker per year. The PSSDA may be used for workers’ health and caregiving needs, for parental involvement in education, and for the health and safety of domestic violence victims. The Institute for Women’s Policy Research estimates that workers in DC will use an average of 4.3 PSSDA days annually. Individual use will vary considerably, however. While half of all workers will not take a single paid sick day in a given year (Lovell 2005), others will need their full 10 days to care for an elderly parent, stay home with a child who has the flu, or escape a violent partner. The proposed standard provides reasonable support to meet the diverse needs of the DC workforce, protecting workers from loss of income as they handle routine health needs and family crises, welcome new children to their families, and actively manage their children’s school experiences.

Workers’ own health needs and family health care

According to one source, the average worker with paid sick days takes 5.2 days of sick time per year (Mercer Human Resources Consulting, cited in Selvin 2007). This average reflects workers with only one or two days of sick leave available annually, as well as those with much more generous paid sick days allotments. When workers are limited to a maximum of 10 days of work absence for health, they miss an average of 2.0 days. Adding time to care for workers’ family members and for visits to the doctor, workers will likely use an average of 3.1 days per year for their own health and for family health care (Table 1).

**Table 1. Estimated average number of days needed for workers’ own health and family health care**

<b>Worker’s own sickness absence</b>	<b>2.0 days</b>
<b>Family care</b>	<b>0.7 days</b>
<b>Doctor visits</b>	<b>0.5 days</b>
<b>Total</b>	<b>3.1 days</b>

**Note: Column does not sum to total due to rounding.**

**Source: Institute for Women’s Policy Research analysis of the 2003 National Health Interview Survey and Lovell 2005.**

Some workers clearly need more than the average, such as those who have chronic diseases or a medical emergency and those who are responsible for children or for elderly or disabled adult relatives.

Childbirth, adoption, and foster care

Pregnant women need time off with pay to get prenatal care, recover from childbirth, and care for a new baby. Their partners and those adopting children or providing foster care also need paid time to bond with their new child. The Paid Sick and Safe Days Act would help these new parents and guardians give their children a good

start, without jeopardizing families' financial security.

There are approximately 12,600 births, adoptions, and foster-care placements each year to women employed in the District (including those living outside the District's boundaries). Assuming these workers take their full 10 days of PSSDA time and allowing time off for partners employed in DC, this use averages to 0.2 days per worker per year.

#### Parental involvement in education

The District's Parental Leave Act of 1994 (PLA) ensures that parents may use up to 24 hours of job-protected leave to speak with teachers or participate in other school-related activities. Without pay during this leave, however, this is an empty guarantee for many who cannot afford to lose income.

Nearly one in three workers (29 percent) has a school-aged child. Assuming these parents all use three days of time under the PLA, this use averages to 0.9 days per worker per year.

#### Domestic violence

Victims of domestic violence need time to seek medical care, access law enforcement and judicial proceedings, gain shelter, and address mental health issues as they try to establish safety and care for their families. This can involve seeking a Temporary Protection Order and a Civil Protection Order, accessing counseling, working with case managers, and preparing for criminal or civil trials. While a relatively small number of DC workers will likely need paid time off for these purposes, this job-protected paid time off would be critical to building family safety and security.

Nationally, 18 of every 10,000 individuals experience family violence in a given year (U.S. Bureau of Justice 2006); in DC, an estimated 8,100 workers are victims of domestic violence yearly. Assuming these workers take their full 10 days of PSSDA time, this use of the PSSDA averages to 0.1 days per worker per year.

#### Summary

Averaging predicted use of the PSSDA for all specified uses over all workers employed by DC private-sector employers, we estimate that 4.3 days will be used annually by the average worker (Table 2).

**Table 2. Average number of days needed for Paid Sick and Safe Days Act circumstances**

<b>Workers' own health and family health care</b>	<b>3.1 days</b>
<b>Maternity, paternity, adoption, foster care</b>	<b>0.2 days</b>
<b>School involvement</b>	<b>0.9 days</b>
<b>Domestic violence</b>	<b>0.1 days</b>
<b>Total</b>	<b>4.3 days</b>

**Source: Institute for Women's Policy Research analysis.**

The purpose of a minimum paid sick and safe days standard is to ensure that workers have the time off they need to address their own, and their families', health, education, and domestic violence-related needs, without experiencing undue financial strain. For many workers, no such days will be used in any given year. For others, however, a 10-day allotment will offer an important measure of economic security.

## References

- Lovell, Vicky. 2005. *Valuing Good Health: An Estimate of Costs and Savings for the Healthy Families Act*. Washington, DC: Institute for Women's Policy Research.
- Selvin, Molly. 2007. "Merrill Gets Tough on Sick Days." *Los Angeles Times*, May 24.
- U.S. Department of Justice. 2006 *Criminal Victimization in the United States, 2005 - Statistical Tables* (<http://www.ojp.usdoj.gov/bjs/pub/pdf/cvus/current/cv0535.pdf>, accessed June 29, 2007).