



INSTITUTE FOR WOMEN'S POLICY RESEARCH
1707 L Street NW, Suite 750 ♦ Washington, DC 20036

The Costs and Benefits of Paid Sick Days

**Testimony of Kevin Miller, Ph.D.,
Institute for Women's Policy Research**

**Before the Civil Service and Labor Committee
of the New York City Council regarding
Introduction 1059, the Paid Sick Time Act**

November 17, 2009 IWPR #B280

Chairman Nelson and members of the Committee,

Thank you for the opportunity to address the question of how a paid sick days policy would impact employers, workers, families, and the general public in New York City.

The Institute for Women's Policy Research (IWPR) has been conducting data and policy analysis and creating cost-benefit estimates regarding paid sick days for almost a decade, since the issue first drew the attention of policy makers. Our research has been presented to the U.S. Congress, state legislatures, and local governments. Our cost-benefit analyses have contributed to the adoption of paid sick days standards in San Francisco, the District of Columbia, and Milwaukee and continue to inform policy making across the country. I have been working extensively on the issue of paid sick leave since I joined the Institute full-time in July 2008 after completing my doctoral degree at Ohio State University.

The Institute has just released a report, authored by myself and IWPR analyst Claudia Williams, detailing our estimate of the costs and benefits of the paid sick days policy that the City Council of New York is currently considering. I submit our report along with my testimony. The report contains extensive detail regarding our estimate methodology and an executive summary that briefly states our findings; the report is available on the IWPR website.

Our analysis was conducted using publicly available data from the Bureau of Labor Statistics, the New York State Department of Labor, the National Health Interview Survey, and other sources detailed in our report. We estimate conservatively that 850,000 New Yorkers would receive new leave under the law, and that on average workers receiving sick days will use fewer than 3 days of sick leave per year. The average cost to New York employers of implementing the policy, per employee receiving new leave, would be about \$7.50 per week – or 21

cents per hour worked. Costs would be lower – about 15 cents per hour worked – at small businesses due to the provisions of the bill and lower average wages paid at small businesses. Citywide, this sums to about \$332 million annually due to lost productivity, additional wages and benefits, and administrative costs.

IWPR estimates that universal paid sick days will result in significant savings to employers, workers, families, and the general public. Employers are expected to see much of the cost of implementing paid sick days defrayed by a reduction in costs associated with employee turnover. Preventing workplace contagion of communicable diseases such as influenza will save employers additional millions. Contagion prevention will also save millions in health expenditures by families, insurers, and public agencies, while also improving quality of life for the residents of New York. Indirect and long-term health and economic benefits of paid sick leave policies have not been estimated by IWPR, but are likely to be substantial.

It is important to note that all of our estimates utilize and produce averages; costs and benefits experienced by individual employers may vary widely along with the individual characteristics and activities of employers.

Aside from cost, one concern about paid sick days laws is that they will motivate businesses to relocate. However, an IWPR analysis of employment in San Francisco before and after the implementation of their paid sick days ordinance found that San Francisco's job growth remained stronger than that in the surrounding counties, suggesting that the policy did not have any adverse effect on employment.

IWPR's research has repeatedly found that the monetary benefits of implementing paid sick days policies substantially defray or even outweigh the costs of implementing such policies. Benefits for which a monetary value cannot be estimated are also likely to be substantial. For more details of our methodology and findings, I refer you to IWPR's report. I welcome questions regarding the monetary costs and benefits of implementing the proposed law in New York, as well as questions about paid sick leave policies generally.