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IWPR #B322

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**Before the Committee on Finance and Revenue of the Washington D.C. City Council
regarding B20-438, the Minimum Wage and Accrued Sick and Safe Leave Amendment Act
of 2013; and B20-480, the Earned Sick and Safe Leave Act of 2013.**

Thank you for the opportunity to address the question of how an amendment to the current paid sick days policy would impact workers, employers, families, and the general public in Washington, DC. The Institute for Women's Policy Research (IWPR) conducts data analysis and disseminates its findings to inform policy, address the needs of women, promote public dialogue, and strengthen families, communities, and societies. We have been conducting research and providing technical assistance on paid sick days to, policy makers and other community leaders around the country since 2000.

In 2008, the District of Columbia passed the Accrued Sick and Safe Leave Act, which guarantees workers the right to earn paid sick days. This law, however, excludes tipped workers in the restaurant industry, and employees aren't covered until after they have worked for a particular employer for more than one year and 1,000 hours.

The current amendment is especially important because lack of earned sick days is very common in jobs requiring frequent contact with the public, such as tipped restaurant workers, and results in important public health consequences. In the South Atlantic region, 20 percent of food preparation and serving workers are estimated to have paid sick days coverage, according to the National Compensation Survey.

Research shows that businesses and workers benefit from paid leave policies. Earned sick days protect employees from being disciplined or fired when they are too sick to work, help families and communities economically by preventing lost income due to illness, and offer savings to employers by reducing turnover, minimizing absenteeism, and increasing productivity and morale. In addition, allowing workers with contagious illness to avoid unnecessary contact with co-workers and customers has important public health benefits.

Using the parameters of the proposed legislation and publicly available data, IWPR has estimated some of the costs and benefits of the Earned Sick and Safe Leave Amendment Act that the city council is currently considering. Our analysis focuses specifically on the costs and benefits associated with potential new coverage of tipped workers in the restaurant industry, and part-time and recently hired workers in all occupations and industries. Our estimates reveal that approximately 9,900 tipped workers and 10,400 part-time and recently hired workers currently

have no paid leave benefits of any kind and are eligible to receive new leave under the amendment.

Our analysis shows that if the amendment is enacted it will create cost-savings for employers. Employers are projected to see the cost of implementing this new policy defrayed by increased productivity and a reduction in costs associated with less contagion of communicable diseases, and reduced employee turnover.

Employers of newly covered workers in the District of Columbia are expected to expend \$5.9 million per year, or \$5.60 per worker per week in providing new earned sick days. Providing new earned sick days is expected to yield benefits of \$7.9 million, or \$7.45 per worker per week, resulting in a net savings for Washington D.C.'s employers of approximately \$2.0 million annually. An analysis of nearly a dozen independent studies found that turnover has costs for business of about to one-fifth of a worker's salary. In addition to the savings to employers listed above, IWPR also estimates savings of \$1.1 million to workers, their families, and the broader community. A part of these savings are derived from reduced emergency department visits. Workers without paid sick days are more likely to seek treatment at an emergency department because they can't take time off to get care during regular business hours. IWPR's estimates show that, covering additional workers as proposed, would lead to approximately 700 fewer emergency department visits each year in Washington, saving approximately \$400,000 annually.

Additional savings come from improved public health through reduced spread of flu and norovirus outbreaks and reduced nursing home stays. Workers with the flexibility to provide informal care for elderly, disabled, and medically fragile relatives may be able to reduce expenditures for health care, including paid care at home or in nursing homes.

The savings associated with disease spread are likely to be underestimated as they only account for a subset of contagious illness. A comprehensive accounting of the reduction in spread of all common contagious diseases would reflect much higher savings.

In addition to the benefits listed above, an expansion of earned sick days is likely to create many other significant benefits such as improved family economic security as a result of wage replacement and stable employment, and others that are more difficult to quantify. These benefits are likely to include: improved health and more efficient utilization of health care; improved public health through reduced spread of contagious disease; and reduced expenditures on public assistance programs due to improved family economic security.

I welcome questions regarding the costs and benefits of implementing the proposed law in Washington DC, as well as questions about paid sick leave policies in general. Thank you.