

# Briefing Paper



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## Paid Sick Days Benefit Employers, Workers, and the Economy

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Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.<sup>1</sup> Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.<sup>2</sup>

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

### Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).<sup>3</sup> Such “presenteeism” has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.<sup>4</sup> A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.<sup>5</sup>
- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.<sup>6</sup> A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.<sup>7</sup> Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,<sup>8</sup> paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.<sup>9</sup>
- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.<sup>10</sup> As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,<sup>11</sup> a reduction in turnover can result in significant reductions in employer costs.

## Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.<sup>12</sup>
- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.<sup>13</sup> A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.<sup>14</sup> A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.<sup>15</sup>
- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.<sup>16</sup> A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.<sup>17</sup>

## **Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities**

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.<sup>18</sup> Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.<sup>19</sup>
- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.<sup>20</sup> One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.<sup>21</sup> Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.
- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing \$1.1 billion more than office visits would have. Part of these costs—\$500 million—were paid by public insurance programs such as Medicaid.<sup>22</sup>

## **Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers**

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.<sup>23</sup> In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.<sup>24</sup> In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.<sup>25</sup>

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.<sup>26</sup> Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.<sup>27</sup> Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.<sup>28</sup>
- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.<sup>29</sup> Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.<sup>30</sup> In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.<sup>31</sup> A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.<sup>32</sup>
- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.<sup>33</sup> In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.<sup>34</sup>
- **Improved employee morale, motivation, loyalty, and productivity:** Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.<sup>35</sup>
- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law’s passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.<sup>36</sup>

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.<sup>37</sup>

## Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

## Notes

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<sup>1</sup> For a complete list of paid sick days laws and their provisions, see: A Better Balance, “Overview of Paid Sick Time Laws in the United States,” <<http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf>> (accessed May 4, 2016).

<sup>2</sup> Jenny Xia, Jeffrey Hayes, Barbara Gault, and Hailey Nguyen, “Paid Sick Days Access and Usage Rates Vary by Race/Ethnicity, Occupation, and Earnings,” Institute for Women’s Policy Research (February 2016) <<http://iwpr.org/publications/pubs/paid-sick-days-access-and-usage-rates-vary-by-race-ethnicity-occupation-and-earnings>> (accessed March 18, 2016).

<sup>3</sup> Tom W. Smith and Jibum Kim, “Paid Sick Days: Attitudes and Experiences,” Public Welfare Foundation (June 2010) <<http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf>> (accessed January 12, 2016).

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