

Paid Sick Days Lead to **Cost Savings** for All

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Paid sick days can save employers, taxpayers and families money in addition to promoting healthier workplaces and communities. Yet, nearly one in three private sector workers can't earn the basic paid sick time they need to care for themselves and their families when they are ill.¹ Establishing a national paid sick days standard can help make businesses and governments more efficient while giving working families more financial stability – leading to a stronger economy for all.

Paid Sick Days Reduce Government Spending

Ensuring all workers can earn paid sick days can significantly reduce public expenditures. In particular, savings to the public would be generated through:

- ▶ **Savings to public health insurance programs.** Expensive emergency department use is too high – and 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. If all workers had paid sick days, 1.3 million emergency room visits could be prevented each year in the United States, saving \$1.1 billion annually. More than half of these savings – \$517 million – would go to taxpayer-funded health insurance programs like Medicaid, Medicare and the State Children's Health Insurance Program.²
- ▶ **Savings from reduced need for public assistance.** Wage and job loss due to illness are real threats for workers without paid sick days. Nearly one in four workers report that they have lost a job or were threatened with job loss for taking time off due to personal or family illness.³ Paid sick days provide wage and job security by allowing workers to take the job-protected time they need when illness strikes. This security is critical to families' economic stability. Income or job loss can cause workers and their families to fall into poverty and to need public assistance and public programs. These public costs could be reduced if all workers had access to paid sick days.

Paid Sick Days Promote Savings for Employers

Paid sick days provide long-term cost savings for employers, including:

- ▶ **Savings due to worker productivity.** "Presenteeism," or workers performing at less than full productivity because of illness, is estimated to cost employers \$160 billion per year, or \$218 billion after adjusting for inflation – twice as much as the cost of absenteeism due to illness.⁴ When workers have paid sick days, they can recover at home or seek medical attention in a timely manner. That's one reason that workers who have paid sick days need less time to recover from illnesses and spend fewer days in bed overall than workers without paid sick days.⁵

▶ **Savings from lower turnover rates.**

An academic analysis of Medical Expenditure Panel Survey data shows that workers' access to paid sick days reduces the probability of job separation by 25 percent.⁶ A study of nurses with cardiac conditions isolated access to paid leave (defined as both paid sick days and longer-term paid leave) as a very significant factor in whether the nurses returned to

work after treatment.⁷ A study of restaurant industry practices found that implementing better workplace practices, including paid sick days, can reduce turnover by 50 percent.⁸ Reducing turnover is cost effective: Companies typically pay about one-fifth of an employee's salary to replace that employee.⁹

▶ **Savings from reduced workplace contagion.** Employers diminish their profits and jeopardize the health of other employees and customers when their policies force employees to come to work sick. Adults without paid sick days are 1.5 times more likely than adults with paid sick days to report going to work with a contagious illness, such as the flu or a viral infection.¹⁰ And an analysis of worker absence patterns during the 2009 H1N1 flu pandemic suggests that outbreaks lasted longer in workplaces that were less likely to have paid sick days.¹¹

▶ **Savings from fewer workplace injuries.** Workers who earn paid sick days are 28 percent less likely than workers who don't earn paid sick days to be injured on the job, according to the National Institute for Occupational Safety and Health at the Centers for Disease Control and Prevention. And hourly workers – who tend to have less access to paid sick days – are more than twice as likely as salaried workers to be injured on the job.¹²

A year and a half after New York City's strong paid sick days law took effect, the vast majority of employers said the cost impact was minimal or non-existent and 86 percent expressed support for the law.

— Center for Economic and Policy Research, *No Big Deal: The Impact of New York City's Paid Sick Days Law on Employers?*, 2016

Paid Sick Days Promote Economic Security for Families

Paid sick days provide workers the economic stability they need to care for themselves and their families. Access to paid sick days enables workers to:

▶ **Meet their families' basic needs each month.** Families without paid sick days often can't afford basic necessities when illness strikes. Just a few days of lost pay is equivalent to losing an entire month's worth of groceries, utilities or health care expenses for a typical family without paid sick days.¹³ Simply put, paid sick days help families make ends meet.

▶ **Avoid unnecessary health care expenses by obtaining timely primary and preventive health care.** Paid sick days allow workers and their families to access care,

Just a few days of lost pay can mean a family without paid sick days can't afford basic necessities for a month:

- 1.7 days equals a month of gasoline
- 2.7 days equals a month of groceries
- 3.1 days equals a month of utilities
- 3.3 days equals a month of health care expenses
- 7.5 equals a month of rent

— Economic Policy Institute, *Work Sick or Lose Pay?*, 2017

keeping undiagnosed problems or chronic conditions from going unattended. Workers without paid sick days are more likely to delay needed medical care for themselves and family members, potentially leading to major health problems – and higher medical costs – down the line.¹⁴

The Result: A Stronger Economy

A national paid sick days law would lead to a stronger economy for all. Such a standard would result in significant savings to government programs; savings to employers from reduced presenteeism, contagion and turnover; and greater economic security – and more income to spend – for workers and their families.

Federal contractors must now provide paid sick days to their employees. In 2015, President Obama signed an executive order requiring companies that do business with the federal government to allow workers who work on federal contracts to earn up to seven paid sick days per year. The final rule took effect in January 2017.

The federal Healthy Families Act would set a paid sick days standard at the national level. For businesses with 15 or more employees, the bill would enable workers to earn up to seven paid sick days per year to deal with personal and family illness. Workers in smaller businesses would earn up to seven *unpaid*, job-protected sick days, unless their employers choose to offer paid sick time. It is estimated that 90 percent of private sector workers would have access to paid sick days if the Healthy Families Act were law.¹⁵

Cities and states are leading the way. Seven states and 32 localities have or will soon have implemented paid sick days laws. All the evidence shows these laws are working well.¹⁶ Support and momentum are building in dozens more states and cities across the country.

Learn more at **PaidSickDays.org**.

1 U.S. Bureau of Labor Statistics. (2017, July 21). *National Compensation Survey: Employee Benefits in the United States, March 2017* (Table 6). Retrieved 21 July 2017, from <http://www.bls.gov/news.release/pdf/ebs2.pdf>

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3 Smith, T. W., & Kim, J. (2010, June). *Paid Sick Days: Attitudes and Experiences*. National Opinion Research Center at the University of Chicago Publication. Retrieved 6 July 2017, from <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf>

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10 See note 2.

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- 11 Drago, R., et al. (2010, January 31). *Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic*. Institute for Women's Policy Research Publication. Retrieved 6 July 2017, from <http://www.iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic>
- 12 Asfaw, A., et al. (2012, September). Paid Sick Leave and Nonfatal Occupational Injuries. *American Journal of Public Health, 102(9)*, e59-e64. Retrieved 6 July 2017, from <http://ajph.aphapublications.org/doi/abs/10.2105/AJPH.2011.300482>
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The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help women and men meet the dual demands of work and family. More information is available at NationalPartnership.org.

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