

Paid Sick Days Are Good for Business

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Businesses benefit when their employees have access to paid sick days. When sick workers are able to stay home to recover, it lessens the risk of contagion, making workplaces healthier and employees more productive. Workers can obtain timely medical care and recover faster from illness, enabling them to get back to work sooner and reducing health care costs. Yet one quarter of private sector workers do not have access to paid sick days to use to recover from an illness or care for a sick family member.¹

Businesses and Workers Benefit From Paid Sick Days

Many businesses have implemented sick leave policies that give workers paid, job-protected time off to address basic health needs. These business leaders understand the benefits of allowing employees to take time away from work to address personal and family illnesses. These benefits include:

- **Cost savings from greater workforce stability:**

Replacing workers can cost anywhere from 16 to 200 percent of annual compensation.² Paid sick days reduce turnover, which leads to reduced costs incurred from advertising, interviewing and training new hires.³ This is particularly important in lower-wage industries where turnover is highest. A study of restaurant industry practices found that implementing better workplace practices, including paid sick days, can reduce turnover by 50 percent.⁴ In Austin, Texas, a cost benefit analysis of the citywide paid sick days ordinance showed that on net, city businesses stand to save \$4.5 million annually, largely as a result of reduced employee turnover.⁵ In addition, the community stood to save \$3.8 million per year due to reduced flu contagion, fewer emergency room visits and other public health benefits.⁶

WORKING SICK COSTS THE NATIONAL ECONOMY \$234 BILLION ANNUALLY IN LOST PRODUCTIVITY.

— **Journal of Occupational and Environmental Medicine**

- **Increased productivity:** Paid sick days help to reduce the productivity lost when employees work sick – known as “presenteeism” – which is estimated to cost the national economy \$160 billion annually or about \$234 billion when adjusted for

inflation, surpassing the cost of absenteeism.⁷ Most human resources executives agree that presenteeism is a problem because of potential productivity loss (averaging 20 percent for an employee working while sick)⁸ and the risk of spreading infection.⁹

- **Disease and illness prevention:** Employees who go to work sick endanger public health by putting the health and productivity of other workers – as well as customers and the public – at risk, which carries an economic burden for employers. Providing paid sick days could save employers up to \$1.8 billion each year through fewer absences from reduced spread of flu-like illnesses alone.¹⁰ The risks and costs of contagion are highest in workplaces where employees regularly deal with the public, and these are frequently the very workplaces that typically do not allow workers to earn paid sick days. In a survey of women fast food workers, for example, the vast majority – 86 percent – said they lack access to paid sick days, and 7 in 10 report going to work at least once in the previous year while coughing, vomiting, or having a fever or other serious symptoms.¹¹ This puts workers, customers and the business itself in danger.
- **Lower health care costs:** Working adults without paid sick days are more likely to incur high family medical expenses.¹² Workers without paid sick days are twice as likely as those with paid sick days to seek emergency room care for themselves because they can't take time away from work during normal business hours to obtain routine care. Those without paid sick days are also 2.5 times more likely to seek emergency room care for their children or other relatives.¹³ These expensive emergency trips end up replacing routine medical appointments and preventive care, leading to higher health insurance costs for businesses.

Paid Sick Days Laws Work for Businesses

Paid sick days laws are, or will soon be, in place in 13 states, including the District of Columbia, and 22 other jurisdictions.¹⁴ A growing body of evidence from the longest-standing laws shows paid sick days policies are working for businesses.

- **The majority of employers support existing paid sick days laws.** In jurisdictions with paid sick days laws in effect, the majority of employers say they are supportive of the law and many did not need to change their policies to be in compliance. Almost two years after New York City's strong paid sick days law took effect, 86 percent of employers expressed support for it.¹⁵ And in San Francisco, more than three years after the city passed its law, more than two-thirds of employers expressed support for paid sick days.¹⁶

○ **Businesses report no impact on their bottom line or experiencing growth after paid sick days laws take effect.** Employers in jurisdictions where employees have paid sick days have seen increased growth and reported no negative impact on profitability. Connecticut, the first state to enact a paid sick days law, reported that the vast majority of employers saw minimal effects on cost and made no changes such as increased prices or reduction in employee hours.¹⁷ In Seattle, employer growth was significantly stronger than in Bellevue, Tacoma and Everett combined in the year following implementation of its paid sick days law.¹⁸ And San Francisco experienced higher rates of job and business growth than neighboring counties after its paid sick days law took effect, including in the sectors most impacted by the law.¹⁹

“I’VE SEEN FIRSTHAND WHAT THIS CAN DO. I’VE SEE WHAT THIS CAN DO TO MORALE. ... [I]T MEANS THE WORLD TO THE PEOPLE I WORK WITH, AND IT IS 100 PERCENT THE RIGHT THING TO DO.”

—Ryan Garrett, General Manager of Stubbs BBQ, Austin

○ **Communities and businesses thrive with paid sick days laws.** Paid sick days don’t just benefit employees – they benefit communities as well. In cities with paid sick days laws, economic growth is a recurrent outcome. Nearly two years after New York implemented its paid sick days law, the number of businesses grew, consumer prices fell, labor participation was the highest on record, and unemployment was at its lowest in six years.²⁰ In Seattle, the number of employees and total wages in the city increased, and no negative impact on the economy was reported.²¹

Paid Sick Days: A Standard that Is Good for Everyone

Public policies such as the **Healthy Families Act** would complement businesses’ existing practices while establishing a minimum paid sick days standard for all employers. Such a standard would level the playing field for smaller businesses by making paid sick days a universal practice, while also ensuring enough flexibility for employers to continue offering greater benefits. Businesses already providing basic paid sick days protections would not need to change their practices. The result: healthier workplaces, reduced turnover, more satisfied and productive workers, a stronger economy and better bottom lines. **Learn more at [PaidSickDays.org](https://www.paid sick days.org).**

¹ U.S. Bureau of Labor Statistics. (2020, September). *National Compensation Survey: Employee Benefits in the United States, March 2019* (Table 31). Retrieved 1 October 2020, from <https://www.bls.gov/ncs/ebs/benefits/2020/employee-benefits-in-the-united-states-march-2020.pdf>

² Boushey, H., & Glynn, S. J. (2012, November 16). *There Are Significant Business Costs to Replacing Employees*. Retrieved 7 October 2020, from Center for American Progress website: <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>

³ Siegwath Meyer, C., Mukerjee, S., & Sestero, A. (2001, Spring). Work-Family Benefits: Which Ones Maximize Profits?, *Journal of Managerial Issues*, 13(1), 28-44.

⁴ Batt, R., Lee, J. E., & Lakhani, T. (2014, January 15). *A National Study of Human Resource Practices, Turnover, and Customer Service in the Restaurant Industry*. Restaurant Opportunities Centers United Publication. Retrieved 7 October 2020, from <https://archive.ilr.cornell.edu/sites/default/files/National-Study-of-Human-Resource-Practices-High-Turnover-and-Customer-Service-in-the-Restaurant-Industry.pdf>

⁵ Milli, J. (2018, February 12). *Valuing Good Health in Austin, Texas: The Costs and Benefits of Earned Sick Days*. Retrieved 7 October 2020, from Institute for Women's Policy Research website: <https://iwpr.org/iwpr-publications/briefing-paper/valuing-good-health-in-austin-texas-the-costs-and-benefits-of-earned-sick-days/> (Report estimates that city businesses will save \$4.5 million annually largely because cost savings due to reduced turnover would exceed the expected costs of providing paid sick days; savings are net savings).

⁶ Ibid.

⁷ Stewart, W. F., Ricci, J. A., Chee, E., Morganstein, D. (2003, December). Lost Productive Work Time Costs from Health Conditions in the United States: Results from the American Productivity Audit. *Journal of Occupational and Environmental Medicine*, 45(12), 1,234-1,246. Retrieved 7 October 2020, from the National Partnership website: <http://www.nationalpartnership.org/research-library/work-family/psd/lost-productive-work-time-american-productivity-audit.pdf> (Unpublished calculation based on \$225.8 billion [in 2002 dollars] annually in lost productivity, 71 percent due to presenteeism). Inflation calculation for 2020 dollars based on calculation of \$160.32 billion in 2002 dollars using Bureau of Labor Statistics CPI Inflation Calculator available at <https://data.bls.gov/cgi-bin/cpicalc.pl>

⁸ Maestas, N., Mullen, K. J., & Rennane, S. (2018, August). *Absenteeism and Presenteeism Among American Workers*. Paper presented at the 6th Annual Meeting of the Disability Research Consortium, Washington, D.C. Retrieved 7 October 2020, from National Bureau of Economic Research website: <http://www.nber.org/2018drc/summaries/1.1-Maestas,%20Mullen,%20Rennane.pdf>

⁹ CCH Incorporated. (2006, October 26). *CCH Survey Finds Unscheduled Absenteeism Up in U.S. Workplaces*. Retrieved 7 October 2020, from CCH website: <http://www.cch.com/press/news/2006/20061026h.asp>; see also Kaplan, S., DeShon, R. P., & Tetrick, L. E. (2017). *The Bigger Picture of Employee Well-Being: Its Role for Individuals, Families and Societies*. Society for Human Resource Management and Society for Industrial and Organizational Psychology Publication. Retrieved 7 October 2020, from https://www.shrm.org/hr-today/trends-and-forecasting/special-reports-and-expert-views/Documents/2017%2002_SHRM-SIOP%20Employee%20Well-being.pdf

¹⁰ Asfaw, A., Rosa, R., & Pana-Cryan, R. (2017, September). Potential Economic Benefits of Paid Sick Leave in Reducing Absenteeism Related to the Spread of Influenza-Like Illness. *Journal of Occupational and Environmental Medicine*, 59(9), 822-829. doi: 10.1097/JOM.0000000000001076

¹¹ Hart Research Associates. (2016, November 11). *Survey Findings on Sick Days for Women Fast Food Workers*. Nationwide online survey of 1,217 women age 16 and older who work in fast food restaurants in a non-managerial position, conducted from July 22 to 27, 2016. Retrieved 7 October 2020 from National Partnership for Women & Families website: <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-sick-days/hart-research-survey-findings-on-sick-days-for-women-fast-food-workers.pdf>

¹² Stoddard-Dare, P., DeRigne, L., Mallett, C., & Quinn, L. (2018, March). How does paid sick leave relate to health care affordability and poverty among US workers? *Social Work in Health Care*, 57(5), 376-392, DOI: 10.1080/00981389.2018.1447532

¹³ Smith, T. W., & Kim, J. (2010, June). *Paid Sick Days: Attitudes and Experiences*. National Opinion Research Center at the University of Chicago for the Public Welfare Foundation Publication. Retrieved 7 October 2020 from <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf>

¹⁴ National Partnership for Women & Families. (2020, April). *Current Paid Sick Days Laws*. Retrieved 7 October 2020, from <http://www.nationalpartnership.org/research-library/work-family/psd/current-paid-sick-days-laws.pdf>

¹⁵ Appelbaum, E. & Milkman, R. (2016, September). *No Big Deal: The Impact of New York City's Paid Sick Days Law on Employers*. Retrieved 7 October 2020, from Center for Economic and Policy Research website: <http://cepr.net/images/stories/reports/nyc-paid->

sick-days-2016-09.pdf

¹⁶ Drago, R., & Lovell, V. (2011, February). *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*. Retrieved 27 January 2020, from Institute for Women's Policy Research website: <https://iwpr.org/publications/san-franciscos-paid-sick-leave-ordinance-outcomes-for-employers-and-employees/>

¹⁷ Appelbaum, E., Milkman, R., Elliott, L., & Kroeger, T. (2014, February 21). *Good for Business? Connecticut's Paid Sick Leave Law*. Retrieved 7 October 2020, from Center for Economic and Policy Research website: <http://cepr.net/documents/good-for-buisness-2014-02-21.pdf>

¹⁸ Romich, J., Bignell, W., Brazg, T., Johnson, C., Mar, C., Morton, J., & Song, C. (2014, April 23). *Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance*. University of Washington Publication. Retrieved 7 October 2020, from <http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf>

¹⁹ Miller, K., & Benatar, S. (2011, September 1). *San Francisco Employment Growth Remains Stronger with Paid Sick Days Law Than Surrounding Counties*. Retrieved 7 October 2020, from Institute for Women's Policy Research website: <https://iwpr.org/publications/san-francisco-employment-growth-remains-stronger-with-paid-sick-days-law-than-surrounding-counties/>

²⁰ New York City Department of Consumer Affairs (2015, June). *NYC's Paid Sick Leave Law: First Year Milestones*. Retrieved 7 October 2020, from <http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf>

²¹ See note 18.

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 all people meet the dual demands of work and family. More information is available at www.NationalPartnership.org.

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