Get the Facts on Paid Sick Time

U.S. Department of Labor
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Abstract
Evidence is mounting that providing workers with time off when they or their family members are ill reaps enormous benefits. Policymakers and businesses alike from across the country can see the advantages first-hand of paid sick time (also known as paid sick leave). Paid sick time may be a business-initiated workplace policy or an earned sick time public policy, which is a law that allows employees to earn paid time off at work. These policies enable workers to address health needs without putting their – or their families’ – economic security at risk. Employers that offer paid sick time know that these policies improve worker morale and productivity, attract talented employees, and reduce costly turnover. The benefits to public health and our larger economy also are clear: Paid sick time policies help prevent the spread of contagious illnesses to coworkers and customers, allow workers to get preventive care, and curb unnecessary and costly emergency room visits by allowing workers to seek medical attention during regular business hours. Sick workers can recover faster and get back on the job when they get the care and rest they need. Paid sick time is a basic building block of family economic security—and when families are strong, our entire economy benefits. The earned sick time policies enacted in cities and states across the country have been extremely successful and have garnered strong support from local businesses.

Keywords
paid sick leave, illness, public policy, economic security

Comments
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Introduction
Evidence is mounting that providing workers with time off when they or their family members are ill reaps enormous benefits. Policymakers and businesses alike from across the country can see the advantages first-hand of paid sick time (also known as paid sick leave). Paid sick time may be a business-initiated workplace policy or an earned sick time public policy, which is a law that allows employees to earn paid time off at work. These policies enable workers to address health needs without putting their – or their families’ – economic security at risk. Employers that offer paid sick time know that these policies improve worker morale and productivity, attract talented employees, and reduce costly turnover. The benefits to public health and our larger economy also are clear: Paid sick time policies help prevent the spread of contagious illnesses to coworkers and customers, allow workers to get preventive care, and curb unnecessary and costly emergency room visits by allowing workers to seek medical attention during regular business hours. Sick workers can recover faster and get back on the job when they get the care and rest they need. Paid sick time is a basic building block of family economic security—and when families are strong, our entire economy benefits. The earned sick time policies enacted in cities and states across the country have been extremely successful and have garnered strong support from local businesses.

“We are on the cusp of huge breakthroughs on paid leave and paid sick days. I believe that in 30 years, we will look back at this as the moment we began to turn the corner, when a sleeper issue finally began to awaken and when grass-roots momentum began to gather steam and roll toward a broad national consensus.”

—U.S. Secretary of Labor Thomas E. Perez
Growing National Momentum

The national momentum around paid sick time is a strong indication of growing consensus that earned sick time policies aren’t just the right thing to do, but the smart thing. In the past few years, states and cities have been at the forefront of significant progress on this issue. As of October 2015, three states – Connecticut, California, and Massachusetts – along with Washington, D.C., have implemented earned sick time laws, and Oregon will join them in January 2016. Twenty-two local jurisdictions have also moved forward by enacting legislation or approving programs by voter referendum, including New York City; Pittsburgh, Pennsylvania; and numerous cities in New Jersey. Nationally, there is strong support for paid sick time: A 2015 poll showed that 88 percent of likely voters support ensuring that workers can earn sick time to care for themselves and their families.

“As the co-owner of a Downtown [Pittsburgh] pizza shop, the last thing I need is a sick employee coughing over a pizza. Taking care of your staff is also a good way to reduce turnover...Paying staff a living wage and providing benefits like sick days is important to building loyalty and saving money in the long run.”

— Eric Muto, Co-owner, LaGondola Pizzeria, Pittsburgh

And as earned sick time coverage grows, so too does our understanding of the positive impact it has on businesses, workers, families, and our economy. This is why President Obama has continued to call for the expansion of these policies at the state, local, and federal level. During the 2014 White House Summit on Working Families, in his 2015 State of the Union address, and through his Administration’s work during the #LeadOnLeave tour, president Obama has made it clear that paid sick time is a national priority. He has called on Congress to pass the Healthy Families Act, which would guarantee earned sick time coverage at the national level. And in September 2015, President Obama signed an Executive Order requiring federal contractors to allow their employees to earn up to 56 hours – or seven days – of paid sick time per year. This executive action will provide coverage to an estimated 300,000 workers who do not have it currently. Together, with federal, state, and local partners, we are moving closer to being a country where no worker has to choose between a paycheck she needs or caring for oneself or a sick child or loved one.

What the Research Tells Us

Research on earned sick time provides important information for business leaders and policymakers, including findings on the need for paid sick time, the costs of not having a policy, the economic and health benefits of adopting public policies, and findings that dispel myths about its impact on businesses.

There are significant costs to businesses of not having a paid sick time policy.

Four in ten private sector workers – over 40 million people – do not have access to paid sick time. Seven in ten low-wage workers whose earnings are in the bottom 25 percent of earners, lack access to paid sick time. And among those employed in the accommodation and food services, 75 percent must choose between losing pay and showing up to work sick or leaving a sick child at home alone. When employees lack sick time, they are more likely to show up and infect their coworkers or customers, or get injured on the job. This, in turn, may affect business productivity or even hurt sales in service industries. In one survey, 55 percent of workers not eligible for paid sick time reported going to work with a contagious illness, compared to 37 percent of those with sick time. Moreover, workers without paid sick time are more likely than their counterparts with paid sick time to be injured on the job, especially those employed in health care support occupations, construction, and production. Injuries on the job could affect businesses’ productivity, reputations, and potentially their worker compensation costs. This makes sense – if a worker is feverish, medicated to ease symptoms of an illness, sleep deprived from staying awake all night coughing, or caring for a sick child, the worker’s ability to concentrate and make sound decisions on the job is impaired.

Paid sick time policies are good for public health.

While infecting coworkers or customers with a contagious illness is not good business practice, it’s also a serious public health issue, especially in the food services industry.
A recent survey of food workers showed that nearly 90 percent went to work when they were sick, including more than half who did so “always” or “frequently.” And of those who worked while sick, almost half (45 percent) reported going to work sick because they could not afford to lose pay. Another survey of approximately 500 restaurant workers across nine states found that 12 percent had worked two or more shifts in a one-year period while experiencing vomiting or diarrhea. And another report illustrates just how risky working while sick can be: One restaurant worker infected over 100 customers at a sandwich shop in Kent County, Michigan, with the unpleasant and dangerous norovirus. This may not have happened if the worker had access to paid sick time. In fact, the Centers for Disease Control reports that 70 percent of foodborne transmission of norovirus is due to infected food workers.

Protecting a business, city, or state with paid sick time can also help reduce the spread of influenza, saving businesses and health care providers time and money. A simulation using data from one Pennsylvania county found that keeping employees who stay home with the flu out of the office for an additional one to two days could reduce flu transmission in the workplace by between 25 and 40 percent. The same Pennsylvania study found that providing universal paid sick time would reduce workplace infections by nearly six percent. Another study estimated that approximately 5 million cases of H1N1 virus in 2009 might have been avoided with universal access to paid sick time. Recently, economists examined Google Flu Trend data in locations that have implemented sick time laws. They estimate that following enactment of these policies, “influenza-like infection rates decrease by about 10 percent when employees without coverage obtain access to paid or unpaid sick leave.” They also note that the findings suggest that as more workers accrue significant amounts of paid sick time, infection rates may decrease further. Encouraging and incentivizing workers to stay home when they are sick with a contagious illness just makes sense.

Paid sick time also results in higher rates of recommended health checkups and utilization of preventive care. A study of workers with and without paid sick time found that the percentage of workers who underwent mammography, Pap test, and endoscopy screenings at recommended intervals was significantly higher among workers with access to paid sick time. Moreover, they were more likely to have seen a clinician in the past year, or have made one or more visits to a health care provider. Preventive care is an important means of reducing health care costs, as problems are caught early or before they even occur.

“A lot of small business owners were really freaked out when this first went into effect, especially smaller retail stores and restaurants. I don’t hear too many griping about it any longer...It’s made a highly positive impact on staff morale. I think it’s a win/win situation for employees and employers.”

—Sam Mogannam, Owner, Bi-Rite Market in San Francisco

In addition to self-care and preventive care, paid sick time can also be used to care for family members. No parent should have to put a feverish child on a school bus because that parent can’t afford to take a day off of work. And an infant’s health requires both regular and unforeseen visits to a clinician, including for routine check-ups, vaccinations, or the inevitable mysterious rash or high fever. Moreover, when parents can take time to care for or be with their children – whether at home or in a hospital setting – child health outcomes are better, including faster recovery and better management of chronic illness. But parents without paid time off are much less likely to stay home to care for their children when the children become sick.

**Paid sick time policies lead to cost savings for businesses and our health care system.**

In addition to improving the health and well-being of employees, businesses realize cost savings from paid sick time policies that reduce costly turnover and boost morale and job satisfaction. Employers typically spend about one-fifth of an employee’s salary to replace that employee when he or she leaves. But when an employer offers benefits like paid sick time to care for sick children, employees are more satisfied in their work and less likely to leave their job. Furthermore, they are allowed to return to their job rather than starting a job hunt while their employer looks for a replacement. Paid sick time policies are an investment in a company’s workforce, and one that pays off.
It is very possible that businesses will see increased profits as paid sick time options grow. One study of workplace policies showed that just offering paid sick time had a significant positive effect on profits. The study authors posit that “the knowledge of its availability … may increase productivity in various ways—through increased job contentment, reduced worker stress or enhanced labor market reputation.”

“Even when I’m not feeling well, I have to decide – should I go to work? If I don’t work, my pay is not going to be enough for me to maybe buy food. If I’m going half sick to work I’m not good for anyone.”

—Brenda Lozada, health care worker, Colorado

If more workers had access to paid sick time, there would also be less of a strain on the emergency medical care system, as workers would be able to go to preventive care and diagnostic visits during regular business hours as well as before problems became acute. If enacted, universal paid sick time would reduce emergency room visits by an estimated 1.3 million a year, saving $1.1 billion in medical costs annually.

Paid sick time promotes employment and income stability, which is a key component of economic growth.

Paid sick time is critical to the economic stability of families, especially low-wage workers. In an Oxfam America survey of low-wage working mothers, 19 percent reported having lost a job because they were sick or they had to care for a sick child. Even though workers may only need a few days off to recover from an illness, missing that income can be catastrophic. A single parent with two children earning $10 per hour and working full time would slip below the federal poverty line if he or she had to miss a single day of work in a month.

The threat of job loss or other penalties is also very real. A 2010 survey found that 16 percent of workers have lost a job for taking time off work because they were sick or a family member needed care, and a quarter of workers have been threatened with termination, suspension, or other punishment for taking time off when they or a family member were sick. Getting sick is an unforeseeable event, and one curveball shouldn’t be the difference between getting by and living in poverty or losing one’s job.

Earned Sick Time in Action

Businesses in cities and states that have enacted earned sick time laws are overwhelmingly not experiencing negative impact.

In cities and states which have implemented earned sick time laws, several surveys have asked businesses how they were impacted by the new laws. Most businesses have not seen negative impacts and most businesses surveyed are in fact supportive of the new laws.

San Francisco was the first locality in the country to implement an earned sick time law. Two years later, in 2009, a survey of businesses showed widespread support (72 percent of all firms, 80 percent of large firms, and two-thirds of firms in accommodation and food services and in retail and wholesale trade) for the law. Moreover, large majorities of employers reported no negative effects of the law, such as lower profits or poor customer service.

Connecticut implemented a new earned sick time law in 2011. A year and a half later, a survey of businesses found that the vast majority (77 percent) supported the law. The survey found that employers were not harmed by the law, despite fears expressed before implementation of potential abuse and added costs. In fact, most employers (85 percent) relied heavily on low-cost or no-cost ways to cover for those using sick time, such as assigning work to other employees, allowing employees to swap shifts, or putting work on hold. As a result, the survey showed that about two-thirds of employers reported no increase in cost or an increase of less than two percent. Another 12 percent did not know whether or how much it cost them, indicating that if there was any cost, it was manageable.
In Seattle, Washington, a study of the first year of implementation of the new earned sick time ordinance found strong support from businesses (70 percent) and minimal cost increase, which was less than projected and even “negligible.” In addition, there was little to no reported effect on customer service, employee relations, or profitability. Two-thirds of businesses reported no significant difficulties with related administrative tasks.28

In Jersey City, New Jersey, an evaluation conducted one year after the law’s effective date found that while 62 percent of employers did not need to change their policies because they already had a policy aligned with the city’s ordinance, businesses that did change their policies reported myriad benefits. These included fewer sick employees coming to work, reduced turnover, improved quality of job applicants, and increased productivity.29

State and local economies with earned sick time laws are doing well.

Several studies of employment, sales, and other measures of economic well-being in jurisdictions that have enacted new earned sick time laws did not see economic harm.

- In San Francisco, several studies demonstrate that the city’s job market was stronger than surrounding counties. During the Great Recession years following implementation of the 2007 earned sick time ordinance, San Francisco had faster job growth during growth periods and smaller job losses during down times than surrounding counties.30

- In Washington, D.C., fears that businesses would move over the city line after the 2008 earned sick time law was implemented were found to be unsubstantiated. The Office of the District of Columbia Auditor found that the Act “did not discourage owners from basing businesses in the District or encourage owners to move their businesses from the District.” In fact, the vast majority (87.5 percent) of businesses responding to a questionnaire from the auditor said that the new law would not cause the owner to move the business.31

- Similarly, in Seattle, after the first year of implementation, preliminary data showed that there was lower unemployment in the surrounding county than in the state, while the county outpaced the state in job growth, including in retail and food and drink places.32 Another study showed that was no statistical evidence that the ordinance caused businesses to shut down or leave Seattle; rather, the number of employers grew more in Seattle than in comparison cities. In fact, the total number of firms and employees both grew over the first year of implementation.33

Workers don’t – and won’t – abuse sick time.

National surveys of worker access to and use of paid sick time show that workers who have access to paid sick days don’t exhaust or use all of their time. The Bureau of Labor Statistics’ National Compensation Survey analysis shows that workers who have access to a fixed number of paid sick days use, on average, four days per year. That’s about half of the eight or nine days to which they typically have access. Analysis of data from the National Health Interview Survey shows that workers use an average of 2.65 days annually for their own medical needs, their families’ needs, and for doctors’ visits.35

“[Paid sick leave] is the best public policy for the least cost. Do you want your server coughing over your food?”
— Kevin Westlye, Executive Director of the Golden Gate Restaurant Association

After Connecticut enacted its earned sick time law, the vast majority of businesses (86 percent) surveyed reported no known cases of abuse and another six percent reported only one to three cases of abuse in the past year. In fact, only about two-thirds of workers used earned sick time, and the average was just 4 days, or about half of the average number of days available to them. In a survey of Jersey City businesses, over 92 percent of employers saw no change in their employee’s use of sick time, and four percent even reported that their workers took fewer days. In San Francisco, where workers earned five or nine sick days per year, depending on employer size, the typical worker with access to time off used only three days, and one-quarter of workers used none.38
Endnotes


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32 Main Street Alliance, “Paid Sick Days and the Seattle Economy: Job growth and business formation at the 1-year anniversary of Seattle’s Paid Sick and Safe Leave law,” September 2013.

33 Romich (2014).


36 Appelbaum (2014).


Endnotes for Quotations


