



INSTITUTE FOR WOMEN'S POLICY RESEARCH
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The Costs and Benefits of Paid Sick Days

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**Before the Mayor's Task Force on Paid Sick Leave
of Philadelphia**

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Mayor Nutter and members of the Task Force,

Thank you for the opportunity to address the question of how a paid sick days policy would impact employers, workers, families, and the general public in Philadelphia.

The Institute for Women's Policy Research (IWPR) conducts reliable data analysis and disseminates its findings to inform policy, address the needs of women, promote public dialog, and strengthen families, communities, and societies. As part of this mission, IWPR has been conducting data and policy analysis and creating cost-benefit estimates regarding paid sick days for over a decade.

Previous research has pointed to a number of benefits of paid sick days. On the employer side, paid sick days can reduce the spread of illness in the workplace. Empirical studies also show that the productivity of ill workers can be as low as 50 percent of their normal productivity. Employers currently pay these workers for coming into work when sick and lose money because of it. Workers value paid sick days and other employer-provided benefits, and when they have those benefits they are less likely to look for a different job, or be fired for missing work while sick, thus reducing costly employee turnover for the employer.

Research has also shown that paid sick days have benefits for employees and communities. In addition to public health benefits, they can provide improved health and economic stability for workers and their families. When workers have paid sick days they no longer have to face the tradeoff between staying home and taking care of themselves or their sick family members and possibly losing their job because they took time off. Paid sick days can also result in cost savings due to reduced emergency department visits. Previous IWPR research has documented that when workers lack access to paid sick days, they are more likely to wait until after work hours to seek medical attention, at which point they may need to use hospital emergency departments, which are more costly than regular office visits.

IWPR's research has repeatedly found that the monetary benefits of implementing paid sick days policies substantially defray or even outweigh the costs of implementing such policies, and this result is also expected in Philadelphia. In early 2013, IWPR released a report documenting the estimated effects

of a previously proposed paid sick days law in Philadelphia. We found that when workers had access to paid sick days, the estimated average use per year was approximately 2 days per year per worker; workers on average do not take the maximum number of sick days allowed. Employer costs were estimated at \$51 million, but when compared with the overall benefits to the employer and the community, a net savings of nearly \$600,000 was predicted.

Several cities across the country and one state have already adopted paid sick days legislation, enabling researchers to study the impacts of those laws on employers. 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.

Research has also shown that the costs of implementing paid sick days policies are typically low. In Seattle, research found that the cost of providing leave was about 0.4 percent of total firm revenue for the year, and it was also revealed that record keeping was easy to implement, with fewer than one-third of firms reporting having some difficulties managing records.

I welcome questions regarding the monetary costs and benefits of implementing a paid sick days law in Philadelphia, as well as questions about paid sick days policies in general.