



Valuing Good Health in Illinois: The Costs and Benefits of Paid Sick Days

By Vicky Lovell, Ph.D.

Executive Summary

Policymakers across the country are increasingly interested in ensuring the adequacy of paid sick days policies. In addition to concerns about workers' ability to respond to their own health needs, there is growing recognition that, with so many dual-earner and single-parent families, family members' health needs can be addressed only by workers taking time from their scheduled hours on the job. Paid sick days policies also allow workers with contagious diseases to avoid unnecessary contact with co-workers and customers and, thus, are a fundamental public health measure. Paid sick days protect workers from being fired when they are too sick to work and offer substantial savings to employers by reducing turnover and minimizing absenteeism.

Illinois lawmakers are now considering the Healthy Workplace Act. The Institute for Women's Policy Research (IWPR) has estimated the costs and benefits of the Healthy Workplace Act, using government-collected data, peer-reviewed research literature, and a thoroughly vetted methodology. Below are key findings from IWPR's cost-benefit analysis. The full report is available on the Institute's website (www.iwpr.org/pdf/B270Ill.pdf) and on the Illinois Paid Leave Coalition's website (www.SickDaysIllinois.org).

KEY FINDINGS

Over 40 percent of workers will benefit directly

- 2,587,000 Illinois private-sector workers lack paid sick days—43 percent of the workforce.
- 1,672,000 Illinois workers have no paid leave whatsoever and will receive new paid sick days under the bill—28 percent of the workforce.¹

Benefits will substantially outweigh costs

- Illinois employers will pay \$589 million annually for wages, payroll taxes and payroll-based employment benefits, and administrative expenses (Table 1).
- Benefits for employers will total \$861 million annually, largely from reduced costs of turnover.
- Employers statewide will save \$272 million annually as a result of the Healthy Workplace Act.
- The weekly cost of the policy for newly covered workers will be \$6.78 per worker and savings will be \$9.91 per worker, for a net savings of \$3.13 per worker per week.

Improved public health will save millions of dollars

- Paid sick days reduce the spread of serious contagious diseases such as the flu and norovirus.
- Workers will save \$3 million annually in health care expenditures just from lower flu contagion at work.
- Getting timely medical care will improve care and treatment, reducing costs for providers and patients.

Key provisions of the proposed Healthy Workplace Act

- Workers (both full and part-time) earn paid sick time at the rate of one hour of paid sick time for every 30 hours worked up to the maximum of seven paid sick days in a year.
- Paid sick time may be used for diagnosis or treatment of a worker’s or family member’s health condition and for preventive care.
- The 12-month period for an employee’s accrual and use of leave shall be calculated from the date of hire.
- Employers may require medical certification for any absence that exceeds three consecutive days, and employers that already provide paid time off meeting the requirements of the Act are not required to provide additional days.

Table 1. Summary of costs and benefits of the proposed Illinois Healthy Workplace Act

| | | Per worker per week | |
|--|-----------------------|--|---|
| | | Averaged over workers newly covered by Healthy Workplace Act | Averaged over Illinois private-sector workforce |
| Costs | | | |
| Wages, wage-based benefits, payroll taxes, and administrative expenses | \$ 589,000,000 | \$6.78 | \$1.89 |
| Benefits | | | |
| Reduced turnover | \$ 795,000,000 | | |
| Lost productivity | \$ 39,000,000 | | |
| Contagion | \$ 25,000,000 | | |
| Nursing stays | \$ 1,113,000 | | |
| Norovirus | \$ 642,000 | | |
| Total Benefits | \$ 861,000,000 | \$9.91 | \$2.77 |
| Net Savings | \$ 272,000,000 | \$3.13 | \$0.88 |

Source: Institute for Women’s Policy Research

¹ Some Illinois workers who currently lack paid sick days are covered by paid vacation or other paid leave policies, which are likely to be modified to reflect the requirements of the Healthy Workplace Act should it become law. These workers will receive important protections against dismissal or other penalties under the proposed policy, but IWPR’s estimate assumes they will not receive additional days of paid leave.

Funding for this study was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, email iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women’s Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policy makers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR’s work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501 (c) (3) tax-exempt organization that also works in affiliation with the women’s studies and public policy programs at The George Washington University.