



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

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### Executive Summary

Policy makers 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.

Massachusetts lawmakers are now considering the Paid Sick Days Act. The Institute for Women's Policy Research (IWPR) has estimated the costs and benefits of the Paid Sick Days 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 web site: [www.iwpr.org/pdf/B268Mass.pdf](http://www.iwpr.org/pdf/B268Mass.pdf).

### KEY FINDINGS

#### *Over 40 percent of workers will benefit directly*

- 1,404,000 Massachusetts private-sector workers lack paid sick days.
- 693,000 Massachusetts workers have no paid leave whatsoever and will receive new paid sick days under the bill—25 percent of the private-sector workforce.<sup>1</sup>

#### *Benefits will substantially outweigh costs*

- Massachusetts employers will pay \$218 million annually for wages, payroll taxes and payroll-based employment benefits, and administrative expenses (Table 1).
- Benefits for employers will total \$348 million annually, largely from reduced costs of turnover.
- Employers statewide will save \$130 million annually as a result of the Paid Sick Days Act.
- Averaged over the private-sector workforce, the weekly cost of the policy will be \$1.49 per worker and savings will be \$2.38 per worker, for net savings of \$0.89 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 \$1.5 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 Paid Sick Days Act

- Workers earn one hour of paid sick time for every 30 hours of paid work up to a maximum of seven paid sick days a year.
- Paid sick time may be used for diagnosis or treatment of a worker’s or family member’s health condition, preventive care, or to address the physical, psychological, and legal needs of victims of domestic violence.
- 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 20 or more days of paid time off that can be used for sick leave are not required to provide additional days.

**Table 1. Summary of costs and benefits of the proposed Massachusetts Paid Sick Days Act**

	Per worker per week	
	Averaged over workers newly covered by Paid Sick Days Act	Averaged over Massachusetts private-sector workforce
<b>Costs to Businesses</b>		
Wages, wage-based benefits, payroll taxes, and administrative expenses	<b>\$ 218,000,000</b>	
		<b>\$6.06</b>
		<b>\$1.49</b>
<b>Benefits</b>		
Reduced turnover	\$ 322,000,000	
Lost productivity	\$ 16,000,000	
Contagion	\$ 10,000,000	
Nursing stays	\$ 291,000	
Norovirus	\$ 134,000	
<b>Total Benefits for Businesses</b>	<b>\$ 348,000,000</b>	
		<b>\$9.68</b>
		<b>\$2.38</b>
<b>Net Savings for Businesses</b>	<b>\$ 130,000,000</b>	
		<b>\$3.62</b>
		<b>\$0.89</b>

Source: Institute for Women’s Policy Research

<sup>1</sup> Some Massachusetts 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 Paid Sick Days 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.

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