



Valuing Good Health in Milwaukee: 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.

Milwaukee voters will have an opportunity to enact a minimum paid sick days standard on November 4, 2008. The Institute for Women's Policy Research has estimated the costs and benefits of the Milwaukee paid sick days referendum, using government-collected data, peer-reviewed research literature, and a methodology that has been implemented in several other jurisdictions. This Executive Summary presents key findings from the cost/benefit analysis. The full report is available on the Institute's web site, www.iwpr.org/pdf/Milwaukee.pdf.

KEY FINDINGS

Nearly half of Milwaukee workers will benefit directly

- 122,230 Milwaukeeans lack paid sick days—47 percent of the private-sector workforce.
- 77,510 Milwaukee workers will receive new paid sick days under the ordinance—29 percent of the private-sector workforce.¹

Benefits will be greater than costs

- Milwaukee employers will pay \$23 million annually for wages, payroll taxes and payroll-based employment benefits, and administrative expenses (Table 1).
- Savings to employers will total \$38 million annually, largely from reduced costs of turnover.
- The cost per worker per week for covered workers will be \$5.69, and savings will be \$9.80, for net savings of \$4.10 per worker per week.
- Use of paid sick days by victims of domestic violence will cost \$450,000 per year.

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 million annually in health-care expenditures just from lower flu contagion at work.
- Getting timely medical care will save money and speed recovery.

Key provisions of the proposed Milwaukee Paid Sick Days policy

- Workers earn one hour of paid sick time for every 30 hours of paid work.
- Workers in firms with 10 or more employees can take up to 72 hours of leave in a calendar year. Those in smaller firms (fewer than 10 employees) can use up to 40 hours per year.
- Paid sick time may be used for diagnosis or treatment of a worker’s or family member’s health condition, preventive care, or care and services related to domestic violence or sexual assault.
- Workers begin accruing paid sick time on their first day of employment and are eligible to use their accrued time on the 90th calendar day of their employment.

Table 1. Summary of costs and benefits of the proposed Milwaukee paid sick days policy

	Total (millions)	Per worker per week	
		Averaged over workers covered by the referendum	Averaged over Milwaukee workforce
Costs			
Wages, wage-based benefits, payroll taxes, and administrative expenses	\$23,000,000	\$5.69	\$1.69
Benefits			
Reduced turnover	\$36,000,000		
Reduced pay to ill workers on the job	\$ 2,000,000		
Reduced spread of the flu at work	\$ 1,000,000		
Reduced short-term nursing home stays	\$ 1,000		
Reduced norovirus infections in nursing homes	\$ 76,000		
Total benefits	\$39,000,000	\$9.80	\$2.90
NET SAVINGS	\$17,000,000	\$4.10	\$1.21

Source: Institute for Women’s Policy Research

¹ Some Milwaukee 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 Milwaukee paid sick days referendum should it become law. These workers will receive important protections against dismissal or other penalties under the proposed policy, but this estimate assumes they will not receive additional days of paid leave.

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