



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

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### Executive Summary

Policymakers across the country are increasingly interested in ensuring that workers have paid sick days. 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 allow workers with contagious illnesses 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.

New Hampshire lawmakers are now considering HB 662, which would make it mandatory for businesses with 10 or more employees to provide paid sick days. The Institute for Women's Policy Research (IWPR) has estimated the costs and benefits of the proposed law, using government-collected data, peer-reviewed research literature, and a thoroughly vetted methodology. Below are key findings from IWPR's cost-benefit analysis.

### KEY FINDINGS

#### *Half of workers will benefit directly*

- 215,800 New Hampshire private-sector<sup>1</sup> workers lack paid sick days—42 percent of the workforce.
- 128,400 New Hampshire workers have no paid leave or vacation whatsoever and will receive new paid sick days under the bill—24 percent of the private-sector workforce.<sup>2</sup>

#### *Benefits will substantially outweigh costs*

- New Hampshire employers will pay \$46 million annually for wages, payroll taxes and payroll-based employment benefits, and administrative expenses (Table 1).
- Benefits for employers will total \$76 million annually, largely from reduced costs of turnover.
- Employers statewide will save \$30 million annually as a result of the Act.
- The average weekly cost of the policy for covered workers will be \$6.92 per worker—or about 20 cents per hour worked—and savings will be \$11.39 per worker, for a net savings of \$4.47 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 on flu-related costs and short-term nursing home stays for relatives.
- Getting timely medical care will improve care and treatment, reducing costs for providers and patients.

## Key provisions of the proposed paid sick days law

- Workers (both full- and part-time) at businesses with ten or more employees would accrue paid sick time up to a maximum of five days per year, usable after 6 months of employment.
- Paid sick time may be used for diagnosis or treatment of a worker’s or family member’s health condition or to address the psychological, physical, or legal effects of domestic violence, sexual assault, or stalking.
- 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 proposed law are not required to provide additional days.

**Table 1. Summary of Costs and Benefits of the Proposed Law**

		Per newly covered worker	
		Per week	Per hour
<b>Costs to Businesses</b>			
Wages, wage-based benefits, payroll taxes, and administrative expenses	\$ 46,000,000	\$6.93	\$0.20
<b>Benefits to Business</b>			
Reduced turnover	\$ 71,000,000		
Reducing lost productivity	\$ 3,000,000		
Reduced flu contagion	\$ 2,000,000		
<b>Other Benefits</b>			
Reduced medical expenses	\$ 300,000		
Fewer nursing home stays	\$ 1,230,000		
Reduced norovirus outbreaks	\$ 80,000		
<b>Total Benefits for Businesses</b>	<b>\$ 76,000,000</b>	<b>\$11.39</b>	<b>\$0.33</b>
<b>Net Savings for Businesses</b>	<b>\$ 30,000,000</b>	<b>\$4.46</b>	<b>\$0.13</b>

Source: Institute for Women’s Policy Research

<sup>1</sup>Although the proposed law does apply to government employees, comprehensive data on public sector employees were unavailable. The estimate presented here only includes private-sector employees. Most full-time government employees in New Hampshire already receive paid sick days.

<sup>2</sup>Some New Hampshire 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 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 leave.

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