



# Fact Sheet

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## Valuing Good Health in New York City: The Costs and Benefits of Earned Sick Days

Legislators in New York City are considering the “Earned Sick Time Act,” a bill that will allow New York City private sector workers take time off from work to recuperate from illness, to take care of their own health needs, or to take care of a sick member of their immediate family (spouse, child, parent, or domestic partner). Earned sick time can also be used if schools or businesses are closed due to a public health emergency.

Using the parameters of the bill and publicly available data, the Institute for Women’s Policy Research (IWPR) estimated the anticipated costs and some of the anticipated benefits of the proposed legislation using data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, the New York City Department of Health and Mental Hygiene, and the U.S. Census Bureau.<sup>1</sup> The current proposed bill states that workers in businesses with fewer than five employees will receive job protection for up to five *unpaid* sick days and workers in businesses with five or more employees will be able to earn up to five *paid* sick days per year.

Workers earning leave under the “Earned Sick Time Act” are estimated to take an average of 2.2 days annually out of a maximum of five that may be accrued.<sup>2</sup> The cost of implementing this law to provide modest sick leave benefits is equivalent to an increase in wages of 18 cents per hour for employees receiving new leave, or about \$6.31 per week (in 2012 dollars) for the average New York City worker.<sup>3</sup> Providing earned sick days is also expected to yield benefits to business from savings due to reduced turnover, increased productivity, and reduced contagion of communicable diseases in the workplace.

Updated IWPR estimates quantifying the savings gained by providing access to paid sick days in New York City, and thereby preventing some emergency department visits for working adults and their dependent children, reveal that the community will save approximately \$70 million annually in health care expenditures.<sup>4</sup> Of these savings, about \$56 million are estimated savings for public health insurance programs.

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<sup>1</sup> Miller and Williams (2009) estimated the costs and benefits for an earlier proposal and this fact sheet is an update to that analysis reflecting changes made to the proposed bill.

<sup>2</sup> Miller and Williams (2009) estimate that workers employed by businesses with 5 or more employees would take an average of 2.7 days out of a maximum of nine days and workers employed by businesses with fewer than 5 employees would take an average of 2.2 days out of a maximum of five days.

<sup>3</sup> Miller and Williams (2009) estimate these costs as 22 cents per hour or about \$8.05 per week (2009 figures inflated to 2012 dollars) before the bill was amended.

<sup>4</sup> Miller and Williams (2012) estimated that New York City would save \$39.5 million dollars as a result of reduced emergency department visits. That analysis only estimated the savings from reduced emergency department visits for working adults.

The estimates presented in this fact sheet assume that all workers eligible for leave under the new policy would know about their new earned sick days. On the contrary, during the early years of the program, it is likely that many workers will be unaware of their new leave benefits and not take any time off under the new law. In particular, workers may not be aware of the multiple uses allowed by the law. Thus, both costs and benefits in the early years of a new program may be considerably lower than these estimates.

## References

Miller, Kevin and Claudia Williams. 2009. *Valuing Good Health in New York City*. Washington, DC: Institute for Women's Policy Research.

Miller, Kevin and Claudia Williams. 2012. *Paid Sick Days in New York City Would Lower Health Care Costs by Reducing Unnecessary Emergency Department Visits*. Washington, DC: Institute for Women's Policy Research.

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