



The Business Benefits of Paid Sick Time

MARCH 2017 | ZOE ZILIAK MICHEL

Employers need good staff working at full capacity to stay in the black. Yet too often, workplace policies force employees to be on the job when they aren't healthy, leading to decreased productivity and the spread of infection in the workplace.

When workers can't earn paid sick time, they have to choose between recovering from illness and earning a day's pay—or, in some cases, keeping their jobs. In many instances, the need for income forces workers to report to their shifts sick, unable to work effectively, and likely to infect co-workers and customers.

Employers find that providing paid sick time not only supports their employees and improves health in the workplace, but also helps their businesses save money.

EMPLOYER VOICE

As the director of human resources at Chroma Technology in Bellows Falls, I've been in the position to see firsthand how offering paid sick [time] benefits our employees and our company...From an ethical standpoint, paid sick days are simply the right thing to do, and I'm proud our company offers 10 paid sick/personal days a year on top of vacation time. In addition, having sick employees isn't good for business. Our employees do work that requires a great deal of focus and concentration. If they were to work ill, there is a high probability they would make more errors, which would potentially cost us more than the cost of paid [sick time].⁴

Angela Earle-Gray
Director of Human Resources
Chroma Technology
Bellows Falls, VT

Providing Paid Sick Time Improves Workplace Health, Reducing Business Costs

- **Spreading illness to the public is much more costly to a business than paid sick time.** Businesses that don't provide paid sick time face the huge cost of lost business if they become known for infecting their customers. Nearly 90 percent of restaurant workers lack paid sick time, and "two-thirds report cooking, preparing, and serving food while sick."¹ In a CDC study, 49 percent of food workers who had worked at least one shift while suffering from vomiting or diarrhea in the last year said that knowing they would not be paid if they stayed home influenced their decision to work while sick.² If these ill workers get their customers sick, the business faces costs—decreased business, falling stock prices—from the loss of their good reputation.

- **Paid sick time lets workers stay healthy—and productive.** Almost every business suffers when flu runs rampant. A recent study found that American cities that passed laws requiring employers to provide paid sick time saw decreased flu infection rates.³ The authors estimated that a nationwide paid sick time law would

reduce flu infections by 5 percent. Offering paid sick time helps businesses keep their workers healthy—and their productivity humming.

EMPLOYER VOICE

At Amalgamated, we understand that working families can't seize economic opportunity if they don't have access to paid sick days, which is why we offer 11 paid sick days per year for our full-time employees and 5 for our part-time workers. As an employer, we've seen the advantages of paid sick leave in action—the policy helps us retain good workers who are able to give us 100 percent while they're on the job.

We want our customers to work for employers that support their economic security and enable them to be their best at work and at home...Amalgamated Bank supports legislation in our home state of New York, across the country, and at the federal level to ensure that our customers, and all Americans, have the paid sick days they need for a chance at financial stability.

Keith Mestrich
President & CEO
Amalgamated Bank
New York, NY

Providing Paid Sick Time Doesn't Increase Costs

- **Businesses that implement paid sick time laws generally do not see an increase in costs.** In a 2011 survey of San Francisco employers, more than 85 percent did not report negative effect on profits due to the city's 2007 paid sick time law.⁵ Similarly, nearly 70 percent of employers covered by Connecticut's paid sick time law reported no or negligible increases to costs due to the law.⁶

- **Paid sick time improves business productivity.** A year after Jersey City, New Jersey's paid sick time law took effect, over 40 percent of employers that changed their policies to comply credited the law for increased productivity, higher-quality new hires, and/or reduced turnover,⁷ all of which lead to cost savings or increased revenue for businesses.⁸

- **Implementation of paid sick time policies is feasible for employers.** In the same San Francisco study, over half of employers said it was "not difficult" or "not too difficult" to implement or administer the new law.⁹ In the same way, a study of the effects of Seattle's paid sick time law found that over two-thirds of employers did not have difficulty implementing the law.¹⁰ Further, an audit of Washington, D.C.'s paid sick time law found that the ordinance neither discouraged entrepreneurs from opening new businesses in the city nor prodded established businesses in the district to leave.¹¹

Only Public Policy Can Secure these Benefits for All

While some employers already allow their employees to earn paid sick time, 41 million workers in the U.S. (about 36 percent) still lack access to this basic labor standard.¹² The movement to ensure that workers can earn paid sick time is gaining momentum around the country; already, more than 25 cities, states, and counties have enacted paid sick time laws. However, access to sick time shouldn't depend on where you live; a federal law would ensure that all workers and employers can enjoy the economic and health benefits of paid sick time. The Healthy Families Act (HFA), introduced in Congress in February 2015, would establish a nationwide standard for paid sick time.

Key Provisions of the Healthy Families Act (S. 636, H.R. 1516)

The HFA would...

- **Enable all workers to earn sick time, with a special allowance for small businesses.** Workers would earn 1 hour of sick time for every 30 hours worked. Employers with at least 15 employees would be required to provide *paid* sick time for all employees, while those with fewer employees would have the option of providing *unpaid* sick time.
- **Allow employers to cap accrual of earned sick time at 56 hours (7 days).** Employers would have the option of limiting employees to an accrual of 56 hours at any one time or per year.
- **Allow workers to use earned sick time as both sick time and safe time.** An employee could use sick time to recover from their own illness, care for an unwell loved one, seek preventive care, or attend a school or other meeting related to a child's health. In addition, they could use the time as *safe time* to obtain treatment or assistance for themselves or a family member in cases of domestic violence, sexual assault, or stalking.
- **Protect workers from retaliation for using their earned sick time.** Employers would not be permitted to discriminate or retaliate against employees for exercising or attempting to exercise their rights under the act.

EMPLOYER VOICE

From my perspective as a small business owner, the cost of earned sick time is negligible, while the benefits are great...

Earned sick days...increase productivity due to eliminating "presenteeism," which is when workers show up sick and unproductive. Presenteeism is estimated to cost our national economy \$160 billion annually...

Earned sick days also lower healthcare and workman's compensation costs. OSHA and CDC research shows that workers are 28 percent more likely to suffer workplace injuries when they don't have earned sick time.

Any way you look at it, earned sick time is good for small business.

Ricardo McQueen
Owner
Food Health & Environmental Safety
Orlando, FL

For a more extensive description of the Healthy Families Act, please see CLASP's [fact sheet](#). To show your business's support for the HFA, [sign up at Better Workplaces, Better Businesses](#).

¹ Restaurant Opportunities Center United, <http://rocunited.org/support-paid-sick-days/>.

² L. Rand Carpenter, Alice L. Green, Dawn M. Norton, et al., "Food Worker Experiences with and Beliefs about Working while Ill," *Journal of Food Protection* 76 (2013).

³ Stefan Pichler and Nicolas R. Ziebarth, "The Pros and Cons of Sick Pay Schemes: Testing for Contagious Presenteeism and Shirking

Behavior,” *Upjohn Institute Working Paper* 15-239 (2015).

⁴ Angela Earle-Gray, “Paid leave good for business,” *Rutland Herald*, January 5, 2016, <http://rutlandherald.com/article/20160105/OPINION02/160109828>.

⁵ Robert Drago and Vicky Lovell, *San Francisco’s Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women’s Policy Research, 2011, <http://www.iwpr.org/publications/pubs/San-Fran-PSD>.

⁶ Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, *Good for Business? Connecticut’s Paid Sick Leave Law*, Center for Economic and Policy Research, 2014, <http://cepr.net/documents/good-for-buisness-2014-02-21.pdf>.

⁷ Danielle Lindemann and Dana Britton, *Earned Sick Days in Jersey City: A Study of Employers and Employees at Year One*, Rutgers Center for Women and Work, 2015, http://cww.rutgers.edu/sites/cww.rutgers.edu/files/documents/working_families/Jersey_City_ESD_Issue_Brief.pdf.

⁸ To calculate how much turnover is costing your business, use the CLASP-CEPR Turnover Calculator at <http://cepr.net/research-tools/online-calculators/clasp-cepr-turnover-calculator>.

⁹ Drago and Lovell, *San Francisco’s Paid Sick Leave Ordinance*.

¹⁰ Jennifer Romich, Wes Bignell, Racy Brazg, et al., *Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance*, University of Washington, 2014, <http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf>.

¹¹ *Audit of the Accrued Sick and Safe Leave Act of 2008*, Office of the District of Columbia Auditor, 2013, <http://www.dcauditor.org/sites/default/files/DCA092013.pdf>.

¹² Bureau of Labor Statistics, “National Compensation Survey: Employee Benefits in the United States, March 2016. (Table 6),” 2016, <http://www.bls.gov/news.release/pdf/ebs2.pdf>.