



# The Business Benefits of Paid Sick Days in Maryland

JANUARY 13, 2017 | ZOE ZILIAK MICHEL

In order to stay in the black, Maryland employers need good staff working at full capacity. Despite this, many businesses force employees to work when they aren't healthy. This decreases productivity and spreads infection in the workplace.

When workers can't earn paid sick days, the need for income forces them to report to work sick, unable to perform effectively, and likely to infect co-workers and customers. In contrast, when employers do provide paid sick days, they find that supporting their employees improves health in the workplace and generates big savings.

## Paid Sick Days Increase Productivity, Not Costs

- **Businesses that implement paid sick days laws do not typically see an increase in costs.** In a 2011 survey<sup>2</sup> of San Francisco employers, more than 85 percent did not report negative effects on profits due to the city's 2007 paid sick days law. Similarly, nearly 70 percent of employers covered by Connecticut's paid sick days law reported no or negligible cost increases due to the law.<sup>3</sup>
- **Paid sick days improve business productivity.** After one year under Jersey City, NJ's paid sick days law, over 40 percent of employers that changed their policies to comply said it increased productivity, reduced turnover, and/or led to better hires,<sup>4</sup> all of which lead to cost savings or increased revenue for businesses.<sup>5</sup>
- **Employment thrives where paid sick days are required.** According to the Center for American Progress, unemployment in all three states where paid sick days laws have been in effect for over a year (Connecticut, California, and Massachusetts) went *down* in the year after implementation.<sup>6</sup>

### EMPLOYER VOICE

"We provide our employees with paid sick days not just because it's the right thing to do, but because it's good for business. Our employees feel more invested in the café knowing that the owners are invested in them. I save money through employee retention and don't have to worry about lost productivity when a worker is sick.

"I hope Maryland lawmakers and Governor Hogan will...pass paid sick days legislation."<sup>1</sup>

**Amanda Rothschild**  
Owner, Charmington's Café  
Baltimore, MD

- **Implementing paid sick days policies is feasible for employers.** In the same San Francisco study,<sup>7</sup> over half of employers said it was “not difficult” or “not too difficult” to implement or administer the new law. Similarly, a study of the effects of Seattle’s paid sick days law<sup>8</sup> found that over two-thirds of employers did not have difficulty with implementation. Further, an audit of Washington, D.C.’s law found that the ordinance did not discourage new businesses from opening or drive employers out of the District.<sup>9</sup>

## Providing Paid Sick Days Improves Workplace Health, Reducing Business Costs

- **Spreading illness to the public is much more costly to a business than paid sick days.** It’s far less expensive to provide paid sick days than to deal with a reputation for infecting your customers. Nearly 90 percent of restaurant workers lack paid sick days, and “two-thirds report cooking, preparing, and serving food while sick.”<sup>10</sup> The CDC reports that, among food workers who worked at least one shift in the last year while suffering from vomiting or diarrhea, 49 percent reported to work (at least in part) because they wouldn’t be paid if they stayed home.<sup>11</sup> If these workers get their customers sick, the business loses its reputation, reducing business and hurting stock prices.
- **Paid sick days let 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 days saw decreased flu infection rates. The authors estimated that a nationwide paid sick days law would reduce flu infections by 5 percent. Offering paid sick days helps businesses keep their workers healthy and their productivity high.

### EMPLOYER VOICE

“The fact of the matter is we’ve been [offering paid sick days] for three years [as of 2013], so we have a track record. We have a lot of employees, so we have an actual body of data that we can use. Less than one percent of our payroll goes to pay for sick leave.”<sup>14</sup>

**Andy Shallal**  
**Owner, Busboys & Poets**  
**Hyattsville, MD**

## Public Policy Levels the Playing Field for Businesses

While some employers already allow their employees to earn paid sick days, over 720,000 workers in Maryland (more than 1 in 4) still lack access to this basic labor standard.<sup>12</sup> The movement to ensure workers can earn paid sick days is gaining momentum around the country. Already, seven states and the District of Columbia (as well as dozens of cities and counties) have passed paid sick days laws.<sup>13</sup> With a Maryland paid sick days law, all employers can reap the rewards of increased business efficiency; high-road employers won’t be undercut by low-road competitors that don’t take the long view when it comes their employees. That’s why the Healthy Working Families Act (HWFA) makes sense for workers, employers, and the economy.

## Key Provisions of the Healthy Working Families Act (HB1)<sup>15</sup>

### *The HWFA would...*

- **Enable workers to earn sick days, 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 days for all employees, while those with fewer employees would have the option of providing *unpaid* sick days.
- **Allow employers to cap accrual of earned sick days at 56 hours (7 days) per year.** Employers would have the option of limiting employees to an accrual of 56 hours per year and 80 hours at any one time.
- **Allow workers to use earned sick days as both sick days and safe days.** An employee could use sick days to recover from their own illness or injury, care for an unwell loved one, or seek preventive care. In addition, they could use the days as *safe days* 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 days.** Employers would not be permitted to discriminate or retaliate against employees for exercising their rights under the act.

### **EMPLOYER VOICE**

“The Hatcher Group believes establishing minimum earned sick leave requirements for businesses is in the best interest of employees, public health, businesses, and the economy. This is not only a moral issue – it is a business issue. We know that businesses benefit when employees have the flexibility to take care of themselves and their families. When sick workers are able to stay home without risking losing their wages or their jobs, the spread of disease slows, workplaces are healthier and safer, and workers are more productive. Happy, healthy employees are also more likely to be loyal employees. Businesses that are able to retain high quality employees avoid the extremely high cost of turnover.”<sup>16</sup>

**Ed Hatcher**  
**President, The Hatcher Group**  
**Bethesda, MD**

*A list of Maryland businesses supporting the HWFA is available on the **Better Workplaces, Better Businesses** website. To add your business to the list, email [zmichel@clasp.org](mailto:zmichel@clasp.org).*

## Endnotes:

- <sup>1</sup> Family Values at Work, “MD Small Business Owner Joins President Obama for Lunch, Lauds Paid Sick Days Announcement,” January 16, 2015, <http://familyvaluesatwork.org/media-center/press-release/md-small-business-owner-joins-president-obama-lunch-lauds-paid-sick-days-announcement>
- <sup>2</sup> 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>.
- <sup>3</sup> 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>.
- <sup>4</sup> 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](http://cww.rutgers.edu/sites/cww.rutgers.edu/files/documents/working_families/Jersey_City_ESD_Issue_Brief.pdf).
- <sup>5</sup> 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>.
- <sup>6</sup> Danielle Corley, Sunny Frothingham, and Kate Bahn, *Paid Sick Days and Paid Family Medical Leave are Not Job Killers*, Center for American Progress, 2017, <https://www.americanprogress.org/issues/women/reports/2017/01/05/295908/paid-sick-days-and-paid-family-and-medical-leave-are-not-job-killers>.
- <sup>7</sup> Drago and Lovell, *San Francisco’s Paid Sick Leave Ordinance*.
- <sup>8</sup> Jennifer Romich, Wes Bignell, Tracy 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>.
- <sup>9</sup> *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>.
- <sup>10</sup> Restaurant Opportunities Center United, <http://rocunited.org/support-paid-sick-days>
- <sup>11</sup> 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).
- <sup>12</sup> Maryland Working Matters Coalition, <http://www.paidicksickdaysmd.org>.
- <sup>13</sup> For the complete list, see <http://www.abetterbalance.org/resources/paid-sick-time-legislative-successes>.
- <sup>14</sup> Working Matters, “Maryland Lawmakers File Earned Sick and Safe Time Act,” January 31, 2013, <http://www.jotf.org/Portals/0/013113%20Press%20Release.pdf>.
- <sup>15</sup> The Senate bill number is pending.
- <sup>16</sup> Ed Hatcher, “Testimony in Support of HB 968: Maryland Earned Sick and Safe Leave Act,” February 12, 2014, <http://betterwbb.org/maryland-earned-sick-days-testimony-of-ed-hatcher-the-hatcher-group>.