

Paid Sick Days: **Good for Business, Good for Workers**

AUGUST 2012

Businesses benefit when their employees have access to paid sick days. When sick workers are able to stay home, the spread of disease slows and workplaces are both healthier and more productive. Plus, workers recover faster from illness and obtain timely medical care – enabling them to get back to work sooner and holding down health care costs. Yet nearly two in five private-sector workers – and nearly half of those who work for smaller businesses – don't have paid sick days to use to recover from an illness or care for a sick family member.¹

The Business Benefits are Significant

Many leading business owners and managers have implemented effective family friendly policies that give workers paid, job-protected time off to address basic health needs. These leaders understand the business benefits of allowing employees to take time away from work to cope with personal and family illnesses. These benefits include:

▶ **Cost savings from greater workforce**

stability: Replacing workers can cost anywhere from 25 to 200 percent of annual compensation.² Paid sick days result in reduced turnover, which leads to reduced costs incurred from advertising, interviewing and training new hires.³ This is particularly important in lower-wage industries where turnover is highest.

Employers also reap the benefits of greater worker loyalty.

Working sick costs the national economy \$160 billion annually in lost productivity.

— **Journal of Occupational and Environmental Medicine**

- ▶ **Increased Productivity:** Paid sick days help to decrease the productivity lost when employees work sick – known as “presenteeism” – which is estimated to cost our national economy \$160 billion annually, surpassing the cost of absenteeism.⁴ The majority of human resources executives agree that presenteeism is a problem because of potential productivity loss and the risk of spreading infection.⁵

- ▶ **Disease and illness prevention:** Employees who work sick endanger business profits by putting the health and productivity of other workers – as well as customers and the public – at risk. The risks and costs of contagion are highest in workplaces where employees regularly deal with the public, and these are frequently the very workplaces without paid sick days for all workers. In the restaurant industry, for example, about

three-quarters of workers lack access to paid sick days – and nearly two-thirds of servers and cooks report that they have served or cooked while ill. This puts workers, customers and the business itself in danger.⁶

- ▶ **Lower health care costs:** Lack of paid sick days drives up health care costs for businesses and the public. Workers without paid sick days are more than twice as likely as those with paid sick days to seek emergency room care because they can't take time off during normal work hours. Parents without paid sick days are five times more likely to seek emergency room care for their children or other relatives.⁷ These expensive emergency trips end up replacing important routine medical appointments and preventive care, leading to higher health insurance costs for businesses.

Paid Sick Days: A Standard that is Good for Everyone

Public policies such as the Healthy Families Act and bills that have been introduced in nearly two dozen states would complement businesses' existing family friendly practices while establishing a minimum paid days standard for all employers. This standard would level the playing field by making paid sick days a universal practice, while also ensuring enough flexibility for employers to continue offering more generous benefits. Businesses already providing basic paid sick days protections would not need to change their practices. The result: healthier workplaces, reduced turnover, more satisfied and productive workers and better bottom lines.

1 U.S. Department of Labor, Bureau of Labor Statistics. (2011, March). *Employee Benefits in the United States: Selected paid leave benefits: Access, National Compensation Survey (Table 6)*. Retrieved 9 May 2012, from <http://www.bls.gov/news.release/pdf/ebs2.pdf>. Small businesses are defined here as businesses with fewer than 100 employees.

2 Sasha Corporation. (2007, January). *Compilation of Turnover Cost Studies*. Retrieved 9 May 2012, from <http://www.sashacorp.com/turnframe.html>

3 Siegwarth Meyer, C. et al. (2001, Spring). Work-Family Benefits: Which Ones Maximize Profits?, *Journal of Managerial Issues*, 13(1).

4 Stewart, W. et al. (2003, December). Lost Productive Health Time Costs from Health Conditions in the United States: Results from the American Productivity Audit. *Journal of Occupational and Environmental Medicine*, 45. Retrieved 9 May 2012, from http://www.workhealth.org/whatsnew/whnewrap/Stewart%20etal_lost%20productive%20work%20time%20costs%20from%20health%20conditions%20in%20the%20US_%20Results%20from%20the%20American%20Productivity%20Audit%202003.pdf

5 CCH Incorporated. (2006, October 26). *CCH Survey Finds Unscheduled Absenteeism Up in U.S. Workplaces*. Retrieved 9 May 2012, from <http://www.cch.com/press/news/2006/20061026h.asp>

6 Restaurant Opportunities Centers United. (2010, September 30). *Serving While Sick: High Risks and Low Benefits for the Nation's Restaurant Workforce, and Their Impact on the Consumer*. Restaurant Opportunities Centers United Publication. Retrieved 9 May 2012, from <http://www.co.benton.or.us/health/environmental/documents/servingwhilesick.pdf>

7 Smith, T., & Kim, J. (2010, June). *Paid Sick Days: Attitudes and Experiences*. National Opinion Research Center at the University of Chicago for the Public Welfare Foundation Publication. Retrieved 9 May 2012, from <http://www.publicwelfare.org/resources/DocFiles/psd2010final.pdf>

The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help women and men meet the dual demands of work and family. More information is available at www.NationalPartnership.org.

© 2012 National Partnership for Women & Families. All rights reserved.