



## Valuing Good Health in New York City: 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 York City lawmakers are now considering a law that would require employers provide all workers with 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 analysis.

### KEY FINDINGS

#### *Over one million New York City workers lack paid sick days*

- 1,203,000 New York City workers lack paid sick days—42 percent of the workforce.
- 850,000 New York City workers have no paid leave or vacation whatsoever and will receive new paid sick days under the bill—30 percent of the workforce.<sup>1</sup>

#### *Paid sick days will cost less than 25 cents per hour worked to provide*

- The law will cost New York City employers \$332 million annually in lost productivity and for wages, payroll taxes and payroll-based employment benefits, and administrative expenses (Table 1).
- The weekly cost of the policy for newly covered workers will be \$7.52 per week, or about 21 cents per hour.
- Costs for larger businesses are expected to equal \$7.94 per week—or 23 cents an hour—due to the higher number of required sick days under the new law and wages that are higher than those at small businesses. Providing sick days in compliance with the law will cost small businesses an average of \$5.37 per worker per week, or about 15 cents per hour worked.

#### *Paid sick days produce citywide economic and health benefits*

- Reduced employee turnover will prevent millions of dollars in costs for employers.
- Paid sick days reduce the spread of contagious diseases like the flu and improve access to timely medical care.

## Key provisions of the proposed New York City paid sick days law

- Workers (both full- and part-time) earn paid sick time at the rate of 1 hour of paid sick time for every 30 hours worked up to the maximum of 9 paid sick days in a year, or 5 days for workers at businesses with 10 or fewer employees.
- 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.
- Sick days may be used in the event of a school or workplace closure due to public health emergency.
- 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 law are not required to provide additional days.

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

	Total	Per worker with new sick days	
		Per week	Per hour
<b>Costs – All businesses</b>			
Wages, wage-based benefits, payroll taxes, and administrative expenses	\$291,000,000		
Use of PSD to address domestic violence, sexual assault, and stalking	\$1,700,000		
Use of PSD by new parents	\$23,000,000		
Replacement workers for 15% of absences	\$47,000,000		
<b>Adjustments – All businesses</b>			
Productivity lost now - ill workers on the job	\$19,000,000		
Reduced spread of the flu at work	\$11,000,000		
<b>Net Cost – All businesses</b>	<b>\$332,000,000</b>	<b>\$7.52</b>	<b>\$0.21</b>
Net Cost – Small businesses	\$39,000,000	\$5.37	\$0.15
Net Cost – Large businesses	\$294,000,000	\$7.94	\$0.23

Source: Institute for Women’s Policy Research. Values may not sum due to rounding.

<sup>1</sup> Some New York City 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 proposed law should it be enacted. These workers will receive important protections against dismissal or other penalties under the proposed policy. Some workers who already have paid sick days may receive additional days of leave under the law, but this is unlikely to have a significant cost impact; IWPR analysis predicts that on average workers will take less than three days of sick leave per year.

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