

Fact Sheet

IWPR Publication #B243

June 15, 2004

Expanded Sick Leave Would Yield Substantial Benefits to Business, Employers, and Families

Vicky Lovell, Ph.D., Barbara Gault, Ph.D., and Heidi Hartmann, Ph.D.

Substantial numbers of workers lack sufficient paid sick leave

More than half of all workers in the private sector and in state and local government ¹ (54 percent, or 66 million workers) are not provided with any paid sick leave after a full year of service, according to a new analysis of U.S. Bureau of Labor Statistics data by the Institute for Women's Policy Research (Table 1).² Workers with no paid sick leave are more likely to be in the private versus the public sector, and workers at the low end of the pay scale have less leave coverage than higher-paid workers.

Table 1. Number and Percent of Workers With No or Inadequate Paid Sick Leave, by Number of Days at One Year of Service, 2003

Days of paid sick leave	Number of workers	Percent of workforce
0 days	66,169,000	54.2%
1 day	282,000	0.2
2 days	918,000	0.8
3 days	2,370,000	1.9
4 days	1,397,000	1.1
5 days	9,747,000	8.0
6 days	7,839,000	6.4
Subtotal (1-6 days)	22,553,000	18.5
	88,722,000	
7 or more days	33,285,000	27.3
All workers	122,005,000	100.0

Note: Excludes federal workers (who have paid sick leave); military, agricultural, and private household workers; and the self-employed. Numbers may not add exactly due to rounding error.

Source: Institute for Women's Policy Research analysis of the 1996, 1997, and 1998 Employee Benefits Survey maintained by the Bureau of Labor Statistics, adjusted to the size of the 2003 workforce by IWPR.³

In addition to those with no sick leave, 22.5 million workers or 18.5 percent of the workforce in the IWPR study (state and local public sector workers and private sector workers excluding self-employed, agricultural, and private household workers), have one or more days of paid sick

leave available to them but fewer than 7 days of paid sick leave. Thus, **89 million workers** in the United States currently **have fewer than 7 days of paid sick leave**. In addition, a very large share of the workforce (70 percent, or more than 85 million workers) lacks paid sick leave to take time off to care for sick family members, including young children (Lovell 2004).

Inadequate sick leave creates costs for business, workers and families

A recent Institute for Women's Policy Research report, *No Time to be Sick: Why Everyone Suffers When Workers Don't Have Paid Sick Leave*,⁴ reviewed the consequences of this inadequate paid sick leave coverage:

- workers show up at work when they are not healthy, spreading colds to other workers, extending their own period of illness, and impairing their productivity on the job;
- parents who must stay home when they are sick or to care for sick children lose essential earnings and are at risk of being fired;
- children take longer to recover from illnesses and medical emergencies, if their parents cannot spend time helping them recuperate;
- use of health care resources increases as workers are sick longer and more workers and children contract diseases; and
- employers lose valuable productivity-enhancing effects that would likely flow from offering more adequate paid sick time and paid sick family care leave.

New federal legislation proposed by Senator Kennedy and Representative DeLauro attempts to address these problems. The Healthy Families Act would require employers with 15 or more workers to offer a minimum of 7 days of paid time off to employees who work 20 or more hours per week (1,000 or more annually). The leave could be used for workers' own health needs or to care for an ill or injured family member.

The costs and benefits of expanding sick leave

Providing sick leave to workers who are inadequately covered will cost some businesses a substantial amount. Costs will include paying workers who stay home sick or miss work to care for a sick family member. Some workers now come to work sick, and some of these workers would be paid the same amount to stay home and recuperate under HFA, and employers would experience some loss in work effort. In addition, some workers must be replaced when they are not at work, which would add an additional labor cost if workers took more sick days under HFA than they do now. Against these costs, we must weigh the substantial benefits to business and society that would accrue from the new coverage:

- workers who stay home from work ill will not infect other employees or customers, which will reduce absenteeism and increase co-workers' productivity;
- workers will recover more quickly themselves and will be more productive when at work;
- since children recover from illness more quickly when their parents can spend time with them, their children will miss fewer school days;

- fewer health care resources will be used by a population that is healthier and has fewer days sick overall, possibly lowering health care costs to employers;
- fewer families will have wage earners who lose pay or their jobs when provided with the minimum 7 days of paid sick leave in the proposed Healthy Families Act; and
- worker retention will improve through improved health, job satisfaction, and loyalty.

Some of those workers who currently lose pay or their jobs because they must now take unpaid and unauthorized sick leave undoubtedly wind up on unemployment, welfare, or other forms of public assistance. Providing even a minimal number of 7 days of paid sick and family care leave will certainly prevent some families from having to rely on these public programs.

In addition, employers who no longer terminate employees for absences due to illness will benefit from reduced turnover and the greater productivity of workers with longer job tenure.

Of course, some employers today provide 7 paid sick days and allow its use for family sick care, and these employers will not bear any of the cost of the new coverage. Employers who currently provide less than 7 days and are covered by the proposed law will now pay their fair share of the cost of a minimum standard of paid sick leave for U.S. workers.

New costs to businesses are likely to be lower than one might think at first glance. This is because employers currently pay wages to employees when they come to work sick but are performing at less than peak productivity. Under the new bill, in these cases, employers would be paying the same wages, but to workers recuperating at home. When these workers stay home under the HFA, their employers will have new wage costs for the time they would otherwise have been at work and working, but not for the time they would have been at work and *not* working.

And as noted above, employers will also enjoy cost savings from: lowered contagion within workplaces (and, thus, reduced absenteeism and increased productivity of co-workers); less use of health care resources and lower health care costs; increased productivity and job retention due to improved worker health, job satisfaction and loyalty; and productivity gains through lessened worker distraction over sick family members who need at home.

Cost savings to business, families and to society through expanded sick leave are likely to be substantial.

¹ Based on leave coverage excluding federal, military, agricultural, private household, and self-employed workers.

² A small portion of these workers do participate in paid sick leave, but have not been granted any leave yet after one year of employment.

³ [1] IWPR analyzed the Employee Benefits Survey, an annual sample survey of establishments regarding a wide variety of benefits available to workers, for the years 1996, 1997, and 1998. The 1996 survey covered small private establishments, the 1997 survey covered medium and large private establishments, and the 1998 survey covered state and local government. The final merged sample contained data on 52,247 workers representative of the national wage and salary workforce outside agriculture, private households, and the federal government. Data on the number of days of paid sick leave available were analyzed by IWPR staff with the cooperation of the Bureau of Labor Statistics.

⁴ This report is available for downloading on the Institute for Women's Policy Research website, at <http://www.iwpr.org>.