

## Texas Businesses and Paid Sick Days: Frequently Asked Questions

Texas business owners care deeply about the health and well-being of their communities and employees. That's why many Texas employers already have paid sick days policies in place, and many support policies that level the playing field by making paid sick days a standard for all businesses. By improving the productivity, health, and financial security of workers, paid sick days benefit businesses, working families, and our communities. This fact sheet summarizes the benefits and answers some key questions Texas business owners may have about paid sick days policies.

### What are paid sick days policies?

- Paid sick days (also known as paid sick leave, earned sick time, earned sick leave, and paid sick time) refers to time off, usually accrued based on the number of hours worked, that an employee can use to care for their own or a family member's health needs.
- Across the country, a growing number of cities, counties, and states are enacting paid sick days policies to ensure that all workers can earn paid sick days. To date, 44 cities, counties, states, and Washington, D.C. have passed paid sick days policies.<sup>1</sup>
- The City of Austin passed a citywide paid sick days ordinance in February 2018<sup>2</sup>, making it the first Texas city and the first city in the South to pass a paid sick days policy. Residents of other Texas cities have indicated an interest in following Austin's lead.<sup>3</sup>

### What are the benefits of paid sick days for my business?

- Paid sick days help limit the spread of illness in the workplace to coworkers and customers. Researchers have found that access to paid sick days increases the likelihood that an employee will stay home from work when they are sick.<sup>4</sup>
- Paid sick days reduce the cost of turnover for employers. Workers are 25 percent less likely to leave their job over a 5-month period if they have the ability to earn paid sick days.<sup>5</sup>
- Paid sick days also help employers avoid the costs of "presenteeism" – working less productively while sick – by encouraging workers to recover at home. Researchers estimate that working sick Americans cost employers \$160 billion annually from decreased productivity and unnecessarily extended illnesses.<sup>6</sup>

### What are the benefits of paid sick days for my employees?

- Access to paid sick days supports the health and wellbeing of employees. In addition to encouraging workers to stay home when sick, paid sick days increase the rates at which employees seek critical preventive care.<sup>7</sup>
- Paid sick days help workers avoid making difficult choices between being loyal employees and caring for their loved ones. For example, parents without paid sick days are twice as likely to send their child to school sick.<sup>8</sup>
- Paid sick days also improve the economic stability of workers and their families. A recent study found that workers without paid sick days are more likely to live below the poverty line and require public benefits.<sup>9</sup> Three days of lost pay for average workers without paid sick days is equivalent to their entire monthly grocery budget.<sup>10</sup>

### What are the benefits of paid sick days for my community?

- Public health and local economies benefit when workers can stay home to care for their own health or the health of a loved one without spreading contagious diseases or losing income or their job.
- A recent study comparing seven cities with local paid sick days policies to other cities without such policies found that flu infection rates decreased by six to seven percent after workers gained access to paid sick days.<sup>11</sup>
- Paid sick days also produce taxpayer savings by helping to reduce public expenditures on anti-poverty programs<sup>12</sup> and on health care.<sup>13</sup>

## What are the costs to my business of implementing a paid sick days policy?

- While there are some minimal costs of implementing paid sick days, including benefit and administrative expenses, research shows that the benefits to employers usually outweigh the costs.
- Many workers in jobs providing paid sick days report not having missed any days of work due to illness or injury in the past year. On average, workers with paid sick days use fewer than three days per year.<sup>14</sup>

## What kind of impact have paid sick days policies had on businesses in other places?

- A growing body of evidence, including surveys of business owners, indicates that paid sick days policies have little effect on employers' bottom lines while providing substantial benefits to businesses, workers, and the community as a whole.
- For example, most Connecticut employers saw no or negligible increases in costs due to that state's paid sick days policy.<sup>15</sup>
- A study of Seattle's policy found that the city's paid sick days law did not cause businesses to shut down or relocate outside of the city.<sup>16</sup>
- In Washington, D.C., the policy did not discourage entrepreneurs from starting businesses or cause businesses to leave the district.<sup>17</sup>
- A survey of New York City employers found that nearly 85 percent reported that the law had no effect on their overall costs, and a few employers even reported a decrease in costs.<sup>18</sup>

## What if my business already provides paid sick days?

- Pre-existing employer policies for paid sick days or paid time off (PTO) policies will satisfy the requirements of most local or state paid sick

days laws – including all of those passed or proposed in Texas – so long as they meet the standards for:

- The amount of time employees can accrue days or paid time off
- The ways employees can use paid sick days or paid time off

Businesses with pre-existing policies may still need to make some administrative changes (e.g., posting signs, updating employee handbooks).

- Paid sick days policies are intended to create a floor for workplace standards – not a ceiling. Companies that wish to offer more generous benefits are free to do so. These policies do not prevent employers from offering more expansive paid sick or PTO policies.

## Why do we need paid sick days laws?

- Many Texas business owners are committed to providing good jobs that pay a living wage and ensure workers can earn paid sick days. Unfortunately, not all businesses share this commitment.
- Approximately 4.3 million Texas workers – or 40 percent of the total workforce – lack access to paid sick days. The likelihood that a Texas worker will be able to earn paid sick days at their job varies greatly by race and ethnicity, occupation, and the number of hours worked per week.<sup>19</sup>
- Without strong standards for all workers, those who are the least likely to be able to get by without a day's wages are also the least likely to earn paid sick days at work.<sup>20</sup>
- Ensuring that all workers can earn paid sick days levels the playing field and is good for businesses, workers and our communities.

<sup>1</sup>Family Values at Work, Timeline of Wins, (2018).

<sup>2</sup>Center for public Policy Priorities, Everything You Need to Know About Austin's New Paid Sick Days Ordinance, (February 2018).

<sup>3</sup>Garcia, Gilbert, New study boosts local campaign for paid sick leave, San Antonio Express-News (May 19, 2018).

<sup>4</sup>Piper, K. Youk, A. Everette III, J. & Kumar, S. Paid Sick Days and Stay-at-home Behavior for Influenza, PLoS One 12(2): e0170698. (2017).

<sup>5</sup>Hill, Heather D., Paid Sick Leave and Job Stability, Work and Occupations (40)2: 143-173 (2013), As cited in: Milli, Jessica, Jenny Xia and Jisun Min, Paid Sick Days Benefit Employers, Workers, and the Economy, Institute for Women's Policy Research (July 2016).

<sup>6</sup>Stewart, W., et al, 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(12), 1234-1246 (December 2003), As cited in: National Partnership for Women and Families, Paid Sick Days Lead to Cost Savings for All, (2015).

<sup>7</sup>Peipins, L. et al., The lack of Paid sick leave as a barrier to cancer screening and medical care– seeking: results from the National Health Interview Survey, BMC Public Health. (12)520 (2012).

<sup>8</sup>Smith, T., & Kim, J., Paid Sick Days: Attitudes and Experiences, National Opinion Research Center at the University of Chicago Publication (June 2010).

<sup>9</sup>Stoddard-Dare, Patricia, et al., [Paid sick leave status in relation to government sponsored welfare utilization, American Journal of Orthopsychiatry \(2018\)](#).

<sup>10</sup>Gould, E. & Schieder, J. Work sick or lose pay? Economic Policy Institute. (June 28, 2017).

<sup>11</sup>Pichler, S. & Ziebarth, N.R. The Pros and Cons of Sick Pay Schemes: Testing for Contagious Presenteeism and Noncontagious Absenteeism Behavior. National Bureau of Economic Research. Working Paper 22530. (2016).

<sup>12</sup>See Note 9

<sup>13</sup>National Partnership for Women and Families, Paid Sick Days Lead to Cost Savings for All, (September 2015).

<sup>14</sup>Gault, Barbara, et al. Paid Sick Days Access and Usage Rates Vary by Race/Ethnicity, Occupation, and Earnings, Institute for Women's Policy Research (February 2016).

<sup>15</sup>Appelbaum, Eileen, et al., Good for Business? Connecticut's Paid Sick Leave Law, Center for Economic and Policy Research (2014).

<sup>16</sup>Romich, Jennifer, et al., Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance, University of Washington (April 2014). Prepared for the City of Seattle – Office of the City Auditor.

<sup>17</sup>Audit of the Accrued Sick and Safe Leave Act of 2008, Office of the district of Columbia Auditor, June 2013.

<sup>18</sup>Appelbaum, Eileen and Milkman, Ruth, No Big Deal: The Impact of New York City's Paid Sick Days Law on Employers, Washington: Center Economic and Policy Research (2016).

<sup>19</sup>Milli, J., Access to Paid Sick Time in Texas, Institute for Women's Policy Research (March 2017).

<sup>20</sup>Ibid