



Valuing Good Health in Maine: 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.

Maine lawmakers are now considering LD 1665, which would require employers to 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 cost-benefit analysis.

KEY FINDINGS

Over one-third of workers will benefit

- 214,400 Maine workers¹ lack paid sick days—36 percent of the workforce.
- 170,800 Maine workers have no paid leave or vacation whatsoever and will receive new paid sick days under the bill—29 percent of the workforce.²

Benefits will substantially outweigh costs

- Maine employers will pay \$56 million annually for wages, payroll taxes and payroll-based employment benefits, and administrative expenses (Table 1).
- Benefits for employers will total \$93 million annually, largely from reduced costs of turnover.
- Employers statewide will save \$37 million annually as a result of the proposed law.
- The average weekly cost of the policy for covered workers will be \$6.32 per worker—or about 19 cents per hour worked—and savings will be \$10.51 per worker, for a net savings of \$4.18 per worker per week.

Improved public health will save millions of dollars

- Paid sick days reduce the spread of serious contagious diseases such as the flu and norovirus.
- Workers will save \$1.3 million annually on flu-related costs and short-term nursing home stays for relatives.
- Getting timely medical care will improve care and treatment, reducing costs for providers and patients.

Key provisions of the proposed paid sick days law

- Workers (both full- and part-time) at businesses with 25 or more employees would accrue paid sick time up to a maximum of six and a half days per year, usable after 3 months of employment. Workers at businesses with 24 or fewer employees will accrue three and a quarter days per year, usable after 3 months of employment.
- Paid sick time may be used for diagnosis or treatment of a worker’s or family member’s health condition or for preventative care, or to address the psychological, physical, or legal effects of domestic violence, sexual assault, or stalking.
- The law also requires employers to allow use of paid sick time due to absence resulting from the closure of an employee’s place of business or the closure of an employee’s child’s school by order of a public official due to a health emergency.

Table 1. Summary of Costs and Benefits of the Proposed Law

		Per newly covered worker	
		Per week	Per hour
Costs to Businesses			
Wages, wage-based benefits, payroll taxes, and administrative expenses	\$56,000,000	\$6.32	\$0.19
Benefits to Business			
Reduced turnover	\$87,000,000		
Reducing lost productivity	\$4,000,000		
Reduced flu contagion	\$2,000,000		
Total Benefits for Businesses	\$93,000,000	\$10.51	\$0.32
Net Savings for Businesses	\$37,000,000	\$4.18	\$0.13
Other Benefits			
Reduced medical expenses	\$380,000		
Fewer nursing home stays	\$940,000		
Reduced norovirus outbreaks	\$70,000		

Source: Institute for Women’s Policy Research

¹The proposed law covers both private-sector and government employees. Federal and Maine employees receive paid sick days, but some local government employees do not. In Maine, 41 percent of private-sector workers and 16 percent of local government employees lack paid sick days.

²Some Maine 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 law should it become law. These workers will receive important protections against dismissal or other penalties under the proposed policy, but IWPR’s estimate assumes they will not receive additional leave.

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