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## **20+ New Jersey Economists Call on City Council, Mayor to Pass ‘Earned Sick Days’ Ordinance**

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### ***Economists Tout Positive Impact of Legislation; Note Bill Will Reduce Unemployment, Benefit Small Business***

Newark, NJ – More than 20 leading New Jersey economists and academics announced today their support for legislation that guarantees earned sick time for tens of thousands of full- and part-time Newark workers, just a week before the Newark City Council votes on the ordinance.

In an open letter to the Newark City Council and Mayor Quintana, the economists touted the benefits of the proposed policy, noting that the legislation would strengthen the local and state economies and enhance the economic security of more than 38,000 Newark workers who currently lack sick days.

“A growing body of academic research shows that the costs of providing earned sick days are extremely small, while the benefits – for employers, employees and the public – are quite significant,” said Bill Rodgers, professor of public policy, chief economist at the Heldrich Center for Workforce Development at Rutgers University and one of the signatories to the open letter. “Workers coming to work sick actually costs our nation \$160 billion annually – far more than the cost of workers staying at home to recover.”

In addition to the many public health advantages, the economists’ letter outlines numerous economic benefits from the legislation, including lower unemployment; employer savings from cutting the costs of advertising, recruitment, interviewing, training and lost productivity; reduced health care and hospital expenses; and increased consumption of basic necessities, like groceries, utilities and clothing.

“Earned sick day policies can pay for themselves,” added Michele Naples, associate professor at the College of New Jersey, “Less sickness spreading to fellow workers and

customers means greater employee productivity and lower health-care costs. Paid sick-leave policy means lower job turnover, and more families who have money in their pockets to spend in the local economy. It's the wise choice."

In October Jersey City Mayor Steven Fulop [signed legislation](#) making Jersey City the first city in the state and sixth in the nation to guarantee a worker's right to earned sick days. Recently the Newark City Council [unanimously introduced](#) even stronger legislation. The final vote is expected to take place on Wednesday, December 18<sup>th</sup>.

The Newark bill would allow private-sector workers to earn 1 hour of sick time for every 30 hours worked. Those that work in businesses with 10 or more employees can earn 5 paid sick days per year; workers in businesses with nine or fewer employees would be eligible to earn 3 paid sick days per year. In addition, employees directly in contact with the public would be eligible to earn 5 sick days regardless of company size, and the days can be used to care for themselves or family members.

The economists' letter points to numerous locations that have implemented sick days and have since benefitted. More than two in three businesses in [San Francisco](#) support their city's sick days law, and six in seven employers report no negative impact on profitability. A report recently released by the Main Street Alliance of Washington, looking at data one year after the implementation of [Seattle's](#) paid sick days law, found no negative economic impact of the law, contrary to warnings from opponents of the ordinance.

"You will no doubt see doomsday predictions from corporate lobbyists who oppose an earned sick days law in Newark," said Phyllis Salowe-Kaye, director of NJ Citizen Action and member of the New Jersey Time to Care Coalition. "Yet the testimony of the majority of firms that provide sick days, the real-life experiences of cities and states who have enacted the legislation and the vast body of academic research leaves no room for doubt: earned sick days are a boon to the economy, small businesses and workers alike."

December 12, 2013  
920 Broad Street  
Newark, NJ 07102

Dear Mayor Quintana, Council President Crump and Members of the Newark Municipal Council,

In these tough economic times, no one should have to lose income – or worse, their job – solely because they get sick or have to care for a sick child. This is the sad reality, however, for more than 1.5 million New Jersey workers, over 38% of the state’s private sector workforce, who lack earned sick days.<sup>1</sup> In Newark, the situation is just as dire – more than 38,000 workers do not have earned sick days, making them more likely to go to work sick, delay their own recovery and put the health of their co-workers and the general public at risk.

But a recently proposed ordinance can change that, helping Newark’s workers keep their jobs, recover from illness and support their families. Allowing workers to earn a basic number of earned sick days will ensure that families can hold on their job and spend their wages on local goods and services, help rebuild an economy that values hard work, and protect our health and safety. That is why, as economists, we urge you to pass the Earned Sick Days bill. The bill will create a healthier workforce, allow business to retain trained and productive employees, and strengthen the economy as a whole.<sup>2</sup>

- Retention policies like earned sick days help reduce unemployment and strengthen the economy. **Jobs are lost when workers do not have earned sick days, as shown by** a report from the National Opinion Research Center, which found that 23% of workers have lost a job or been threatened with job loss for taking time to care for personal or family illness.<sup>3</sup> Reducing turnover saves employers money – including cutting the costs of advertising, recruitment, interviewing, training and lost productivity – so earned sick days policies often end up paying for themselves.<sup>4</sup>
- Workers who have the least ability to absorb the loss of pay are most vulnerable to losing their jobs as a result of lacking earned sick days. In New Jersey, in service sector occupations such as food preparation and service, 76% of workers do not have earned sick days. In contrast, only 13% of workers in management occupations lack earned sick days.<sup>5</sup> Low-income working families struggle daily

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<sup>1</sup> National Partnership for Women and Families, “Paid Sick Days Tool Kit: In the States: New Jersey.” Available at [http://www.nationalpartnership.org/site/PageServer?pagename=psd\\_toolkit\\_map\\_states\\_nj](http://www.nationalpartnership.org/site/PageServer?pagename=psd_toolkit_map_states_nj)

<sup>2</sup> Joint Economic Committee of the U.S. Congress, "Expanding Access to Paid Sick Leave: The Impact of the Healthy Families Act on America's Workers."

<sup>3</sup> Smith, Tom W. and Kim, Jibum, (2010, May) Paid Sick Days: Attitudes and Experiences, NORC/University of Chicago

<sup>4</sup> 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://bit.ly/workhealthStewart>

<sup>5</sup> <http://www.humanimpact.org/component/jdownloads/finish/5/121/0>

to meet the challenges of being both responsible family members and productive workers. A study from the Economic Policy Institute found that loss of a few days' pay for a low-wage worker can equal a month's worth of groceries.<sup>6</sup> Thus, for many families, earned sick days can make the difference between getting by and needing to rely on government assistance.

- When sick workers are able to stay home, the spread of disease slows and workplaces are healthier and more productive. Workers recover faster from illnesses, get timely medical care, and rely less on emergency room care, cutting health care costs.<sup>7</sup> With earned sick days, workers with chronic illnesses may avoid hospitalization by managing their health through outpatient care, enabling them to take the time off when needed for preventative and diagnostic care, which lowers the cost of health care in New Jersey.<sup>8</sup> For example, earned sick days minimize the spread of the flu, a highly contagious ailment that accounts for 10 to 12 percent of all illness-related work absence, and reduce emergency room visits, which would save \$1.1 billion nationally a year.<sup>9,10</sup>
- Businesses also benefit from increased worker loyalty, reduced turnover, lower replacement costs, and fewer losses from low productivity.<sup>11</sup> Locations that have implemented sick days are doing well. In **Connecticut**, which enacted the first statewide paid sick days law in 2011, employment has grown in the Leisure & Hospitality and Education & Health Services sectors, the two most impacted by the new law.<sup>12</sup> More than two in three businesses in **San Francisco** support their city's paid sick days law and six in seven employers report no negative impact on profitability.<sup>13</sup> And most recently, a report released by the Main Street Alliance of Washington, looking at data one year after the implementation of **Seattle's** paid sick days law, found no negative economic impact of the law, contrary to warnings from opponents of the ordinance.<sup>14</sup>

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<sup>6</sup> Elise Gould, Kail Filion, and Andrew Green. "The Need for Paid Sick Days." Washington DC: Economic Policy Institute, 2011. Available at <http://w3.epi-data.org/temp2011/BriefingPaper319-2.pdf>.

<sup>7</sup> Robert Drago, Claudia Williams, Kevin Miller, and Youngmin Yi. "Paid Sick Days and Health: Cost Savings from Reduced Emergency Department Visits." (Washington DC: Institute for Women's Policy Research, 2011).

<sup>8</sup> Agency for Healthcare Research and Quality, Preventable Hospitalizations: Window into Primary and Preventative Care, 2000.

<sup>9</sup> vi M. Keech, A.J. Scott, and P. J. J. Ryan, "The Impact of Influenza and Influenza-Like Illness on Productivity and Healthcare Resource Utilization in a Working Population," Occupational Medicine 48 (February 1998): 85-90.

<sup>10</sup> <http://www.iwpr.org/publications/pubs/paid-sick-days-and-health-cost-savings-from-reduced-emergency-department-visits>

<sup>11</sup> Robert Drago and Vicky Lovell, "San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees" (Washington, DC: Institute for Women's Policy Research 2011).

<sup>12</sup> <http://www1.ctdol.state.ct.us/lmi/SecEmp.asp#map7>

<sup>13</sup> <http://www.iwpr.org/publications/pubs/San-Fran-PSD>

<sup>14</sup> <http://washington.mainstreetalliance.org/files/2013/09/PSD-1-Year-Report-Final.pdf>

Despite the above facts, you will no doubt hear doomsday predictions from corporate lobbyists who oppose an earned sick days law. However, the real-life experiences of firms that provide sick days and a growing body of academic research show beyond doubt that the costs of providing earned sick days are extremely small. The benefits – for employees, employers, and the public – are substantial.<sup>15</sup> We urge you to pay close attention to evidence and data, not unfounded speculation about the impact this legislation will have on our economy:

- A study on the impacts of enacting paid sick days legislation by the Economic Policy Institute (EPI) concluded, “The data clearly show that the potential cost of providing paid sick days is in fact extremely small relative to the total sales of a firm. In addition, available research shows cost-savings for employers that provide paid sick days, largely resulting from reduced employee turnover.”<sup>16</sup> Reducing turnover saves employers money – including cutting the costs of advertising, recruitment, interviewing, training, and lost productivity – often outweigh the cost of paid sick time to retain existing workers.<sup>17</sup>
- According to the Economic Policy Institute, workers with paid sick days do not abuse the time. Among workers who currently have access to five paid sick days, the industry-weighted average number of days taken is 2.41 days; if employees used this average number of paid sick days, the total cost would be 0.19% of sales.<sup>18</sup>
- Recent analysis from economists at the Center for Economic and Policy Research shows that paid sick days help reduce the unemployment rate by protecting workers from firings due to their own or a family member’s health needs.<sup>19</sup>
- Access to earned sick days reduces use of hospital emergency departments by 14% by allowing workers to use primary care. Research indicates that just under half of New Jersey’s 3,000,000 emergency department visits are “either avoidable or treatable outside of the ED... and are amendable to primary care.”<sup>20</sup> Because emergency care is more expensive than primary care, making

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<sup>15</sup> Kevin Miller and Claudia Williams, "Valuing Good Health in Connecticut: The Costs and Benefits of Paid Sick Days" (Washington, DC: Institute for Women's Policy Research, 2010).

<sup>16</sup> Douglas and Elise Gould Hall. "Paid Sick Days: Measuring the Small Cost for Connecticut Businesses." (Washington DC: Economic Policy Institute, 2011), available at <http://www.epi.org/page/-/pdf/pm177.pdf?nocdn=1>.

<sup>17</sup> Institute for Women’s Policy Research, *Valuing Good Health in Massachusetts: The Costs and Benefits of Paid Sick Days*, 2009.

<sup>18</sup> Douglas and Elise Gould Hall. "Paid Sick Days: Measuring the Small Cost for Connecticut Businesses." (Washington DC: Economic Policy Institute, 2011), available at <http://www.epi.org/page/-/pdf/pm177.pdf?nocdn=1>.

<sup>19</sup> Eileen Appelbaum. "Paid Sick Days: A Win for Employees and the Economy." (Washington, DC: Center for Economic and Policy Research, 2011), available at <http://www.cepr.net/index.php/op-eds-&-columns/op-eds-&-columns/paidsick-days-a-win-for-employees-and-the-economy>.

<sup>20</sup> Human Impact Partners, “A Health Impact Assessment of Paid Sick Days: New Jersey Addendum April 2011.” Available at <http://www.humanimpact.org/component/jdownloads/finish/5/121/0>.

paid sick days universal nationally would decrease unnecessary emergency room costs nationwide by \$1 billion while improving health outcomes. Reduced contagion, especially from seasonal and pandemic influenza, would also prevent millions in health costs.<sup>21</sup>

Real-world experience also informs our view as economists. As noted above, when the City of San Francisco enacted its Paid Sick Leave Ordinance (PSLO), critics there raised many of the same concerns that lobbyists have raised in New Jersey. Five years later, the number of small and large businesses in the city has grown – and growth in the city has been stronger than in the surrounding five counties with no paid sick leave laws.<sup>22</sup> Employers and employer associations in San Francisco have publicly embraced the policy, with the Golden Gate Restaurant Association’s lobbyist calling it “the best public policy for the least cost.”<sup>23</sup>

Additionally, ensuring access to earned sick days is a critical way to modernize workplace standards in light of substantial demographic and economic changes over the past fifty years. Today close to two-thirds (64 %) of mothers work outside the home and most families with children have two working parents.<sup>24</sup> Nearly half of all Americans (48 %) are unmarried and many of them are sole breadwinners in families with children. One in three working women provides care for aging parents. Many employers have adapted their policies in recognition of the importance of helping workers meet both work and family responsibilities. Indeed, some of the fastest growing and most innovative employers are those who have embraced smart, modern employment practices, enabling them to attract and retain the dedicated and talented workforce they need to compete.

As you contemplate your vote, we ask you to consider the benefits of earned sick days to Newark’s economy, businesses and workers detailed in this letter. To get our economy moving again, we encourage you to enact earned sick days and other practical policies to help hardworking people hold onto their jobs, support their families and sustain local businesses.

As economists, we believe providing a basic floor of earned sick days is the kind of policy we should be promoting to improve employee retention, minimize layoffs, promote work-life integration, enhance economic security for working families, create a level playing field among employers, and strengthen local and state economies. Please protect and promote the economic security of workers and businesses in Newark, and vote to pass the earned sick days ordinance.

Ellen Mutari  
Professor of Economics

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<sup>21</sup> Drago, "Paid Sick Days and Health: Cost Savings from Reduced Emergency Department Visits."

<sup>22</sup> Drago and Lovell, "San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees."

<sup>23</sup> James Warren. "Cough If You Need Sick Leave." (New York: Bloomberg, 2010), available at [http://www.businessweek.com/magazine/content/10\\_24/b4182033783036.htm](http://www.businessweek.com/magazine/content/10_24/b4182033783036.htm).

<sup>24</sup> Heather Boushey and Ann O’Leary, eds., *The Shriver Report: A Woman’s Nation Changes Everything* (Washington, DC: Center for American Progress, 2009).

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