

A small pay increase can have big health benefits for lower-wage workers

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Lower-wage workers who receive a \$1 raise call in sick less and consider themselves healthier than those who do not, new UC Davis research on minimum-wage policies shows.

The authors hope their study, published in the current issue of *B.E. Journal of Economic Analysis & Policy*, expands the national conversation about the [minimum wage](#) to include how it affects the health of lower-wage workers, an employee population that has steadily grown in the U.S. over the past 15 years, according to senior author Paul Leigh.

"The minimum wage generates contentious debates, virtually all of them focused on economics," said Leigh, professor of public health sciences and researcher with the Center for Healthcare Policy and Research at UC Davis.

"Our results support raising minimum wages because it can lead to previously unmeasured reductions in job absences and improvements in [worker](#) health," Leigh added.

In conducting the study, Leigh and coauthor Juan Du of Old Dominion University evaluated data from the Panel Study of Income Dynamics, a longitudinal survey of 19,000 individuals in 5,000 U.S. families. They focused on self-reported information on employment, wages, absenteeism and health for hourly paid heads-of-household and spouses who were 25 to 64 years old and participated in the survey from 1997

through 2013.

The researchers assessed the data using a unique combination of statistical techniques. One allowed comparisons across geographic regions that varied in terms of minimum wage increases. Combined with the first technique, a second one allowed comparisons across groups with varied wages prior to receiving an increase.

Using just the first technique, the results showed that a \$1 increase in the minimum wage resulted in a 19 percent decrease in absences due to workers' own illnesses. Combined with the second technique, a \$1 increase resulted in a 32 percent decrease in those absences. These percentages translate into approximately four to 10 fewer absentee hours per worker, per year.

Additional analyses revealed that a \$1 raise in the minimum-wage resulted in a 2.1 percent increase in the probability that workers would report themselves to be in good or excellent health.

There were no significant associations, however, between minimum-wage raises and absences due to the illnesses of others, including children. The authors also found no significant minimum-wage effects on layoffs or total work hours, undermining claims that increasing minimum wages leads to unemployment.

Leigh hopes the study leads to use of two-technique analyses of other public health variables, including smoking, obesity, mental health and use of preventive medicine.

"It is uncommon to see minimum-wage-effects research that focuses on difficult-to-measure factors such as worker [health](#), even though a less healthy workforce can be a significant drain on productivity and finances," said Leigh. "Our study shows that it is possible to do."

More information: Juan Du et al, Effects of Minimum Wages on Absence from Work Due to Illness, *The B.E. Journal of Economic Analysis & Policy* (2018). [DOI: 10.1515/bejeap-2017-0097](https://doi.org/10.1515/bejeap-2017-0097)

Provided by UC Davis

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