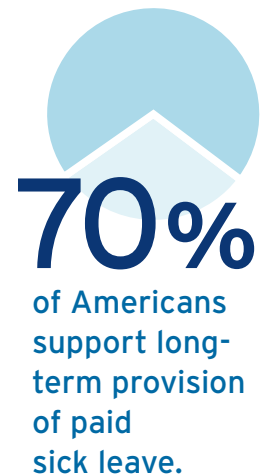


GOOD FOR BUSINESS & GOOD FOR PEOPLE: PAID SICK LEAVE POLICIES

Paid sick leave allows workers paid time off to attend to their own short-term medical needs (including preventive health care) or those of a family member or other qualifying individual.¹ Paid sick leave policies have gained increasing support since the start of the COVID-19 pandemic; 70% of Americans support long-term (rather than pandemic-specific) provision of paid sick leave.² Right now, women, workers earning low wages, non-union employees, and Hispanic workers are less likely to have access to paid sick leave than other workers.³ The working population and the population at large could benefit from universal availability of paid sick leave, which has a significant positive impact on public health. Paid sick leave can aid in slowing the spread of infectious disease as well as promote routine cancer screenings and other preventive health care. Implementing paid sick leave is also good economic policy, both for individual businesses and for governments. This fact sheet provides information for businesses considering a paid sick leave policy and governments considering a paid sick leave mandate or encouraging employers to implement their own paid sick leave provisions for their employees. It offers an overview of how paid sick leave policies benefit both employees and employers physically and economically as well as how governmental mandates or incentives for paid sick leave can provide those same benefits if equitably designed and enforced.



Why should businesses support paid sick leave policies?

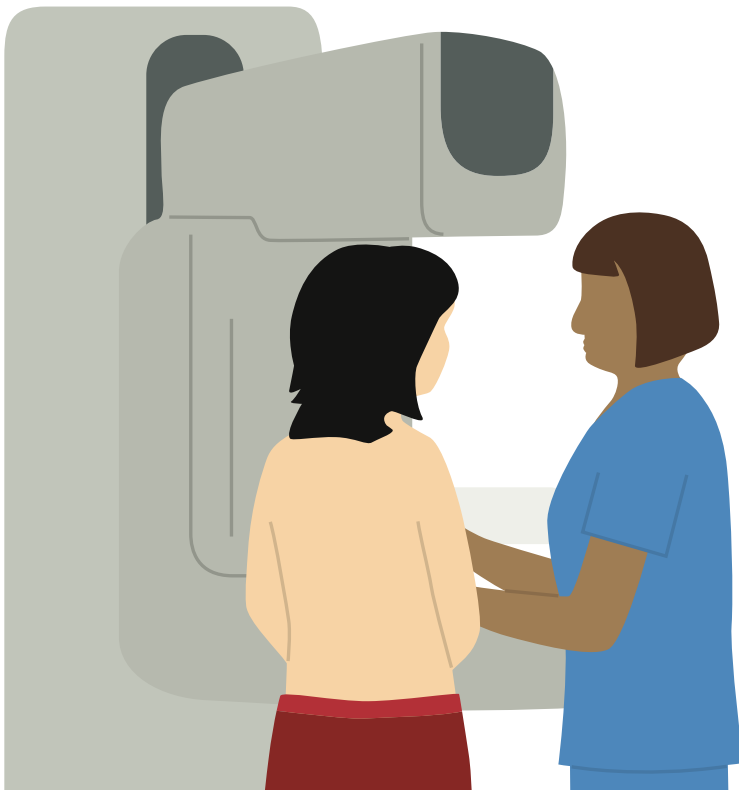
With a small investment,⁴ businesses can make a big difference in the lives of their employees by offering paid sick leave. In addition to improving the health and well-being of employees, paid sick leave has been proven to economically benefit businesses. These physical and economic benefits are also shared with their surrounding communities, advancing equity across multiple demographics and maximizing community health. For businesses, their return on investment might include savings on staffing; improvements in worker productivity; and increased competitiveness in the labor market – all of which are discussed later in this document.⁵

It's better for employees

In the short term, paid sick leave allows employees to meet their health care needs or care for their loved ones, but in the long term, it can also improve their economic security, health outcomes, and workplace safety.⁶ When employees show up to work sick because they can't afford unpaid time off, they may put themselves, their performance, their co-workers, or their customers at risk.⁷ Paid sick leave policies address these issues because they encourage employees to stay home when they're sick, which gives them time to recover and decreases the risk of spreading contagious diseases at work.⁸

Paid sick leave is an important way to improve both employee health and organizational productivity, enabling workers to access care that facilitates faster recovery and prevents more serious conditions.⁹

Paid sick leave policies have improved both access to health care and health outcomes



for individuals and their families.¹⁰ Evidence shows that paid sick leave is associated with the following outcomes:

- Greater use of physician services, including cancer screenings¹¹
- Reduced reliance on emergency room visits¹²
- Decreased spread of contagious disease¹³
- Increased likelihood that parents take leave when their children have health problems¹⁴
- Decreased occupational injury¹⁵

By encouraging greater use of preventive health care services and creating a healthier workplace environment, paid sick leave can minimize the frequency and duration of health-related work absences and may help workers avoid or escape poverty and advance in their career.¹⁶

It's better for business

Providing paid sick leave increases labor costs by an average of only 2.7 cents per hour worked.¹⁷ Offering this benefit has proven positive health effects for workers, and it can also help an employer's bottom line.

"When workers have access to paid sick leave, they demonstrate increased job satisfaction, commitment, and morale," while employers reap the benefits of workers' improved performance and productivity and reduced turnover.¹⁸ Further, access to paid sick leave has helped keep businesses open and safe during the COVID-19 pandemic¹⁹ and could also decrease the impact of future outbreaks of COVID and other infectious diseases.

Paid sick leave leads to direct savings for businesses

Paid sick leave policies reduce the need for employees to work while sick, which has been estimated to cost businesses and the national economy \$234 billion annually in lost productivity.²⁰ Because paid sick leave reduces the spread of contagious disease between co-workers, it increases productivity and reduces

absenteeism in the workplace. One study estimated that absenteeism due to flu-like symptoms costs employers up to 111 million workdays per year.²¹

Paid sick leave policies minimize business disruption due to illness – a benefit that has been especially evident for businesses trying to both stay open and avoid the spread of COVID-19 in the workplace.²² A study of states whose workers gained temporary access to paid sick leave found that those states had around 400 fewer confirmed cases of COVID-19 per day.²³ Additionally, the United States is the only one of the thirteen G12 countries without a paid sick leave mandate and is also the country with the highest cumulative number of COVID-19 cases.²⁴

Paid sick leave policies also minimize business disruption due to workplace accidents; workers who can access paid sick leave are 28% less likely to be injured on the job than those without access.²⁵ Disabling, non-fatal injuries in the workplace are estimated to cost employers more than \$1 billion per week in workers' compensation payments alone; medical expenses and the cost of lost productivity further increase costs.²⁶ Making changes to improve workplace health and safety can result in significant improvements to a business's productivity and profitability.²⁷

Paid sick leave policies can drastically reduce health care spending; paid sick leave policies are linked to lower utilization of emergency room services and higher utilization of preventive care.²⁸ A study by the Institute for Women's Policy Research found that if all US employees had access to paid leave, it would reduce emergency room visits enough to save \$1.1 billion in medical costs annually,²⁹ which includes more than \$500 million in savings for our publicly funded health insurance programs: Medicare, Medicaid, and the State Children's Health Insurance Program (CHIP). "Expensive emergency trips end up replacing routine

medical appointments and preventive care, leading to higher health insurance costs for businesses."³⁰

Paid sick leave improves employee satisfaction & reduces employee turnover

Providing workers with paid sick leave can also provide long-term savings because it has been proven to increase worker loyalty and job satisfaction – factors known to increase both productivity and employee retention.³¹ In some jurisdictions that have passed paid sick leave laws, some employers have reported improvements in employee morale, stronger employer-employee relationships, and increased employee motivation or loyalty.³² Employee satisfaction has also been positively linked to both customer satisfaction and company performance.³³ And satisfied employees are more likely to engage in employee advocacy (promote their employer), which can act as



advertising and improve a business's public image.³⁴ Additionally, workers who had access to and took paid sick leave during the height of the COVID-19 pandemic "were more likely to stay in their jobs and had better employment outcomes all around."³⁵

An example of these policies in action can be seen at SAS Institute, the largest privately held software company in the world, as well as a company that believes that employee satisfaction drives their profitability. SAS offers unlimited paid sick days to their workforce, and their employee turnover rate is only 7.4%, compared with the national average of approximately 57% in their industry.³⁶ Investing in paid sick leave leads to greater workforce stability by reducing turnover, thus reducing costs associated with advertising open positions, interviewing applicants, and training new hires.³⁷

Paid sick leave is easy to administer for businesses & provides a competitive advantage

The literature generally finds that employer implementation of paid sick leave policies is not overly burdensome;³⁸ businesses report increased growth and no negative impact on profitability.³⁹ Further, a majority of employers with existing paid sick leave laws in their jurisdiction support the policies. Nearly two

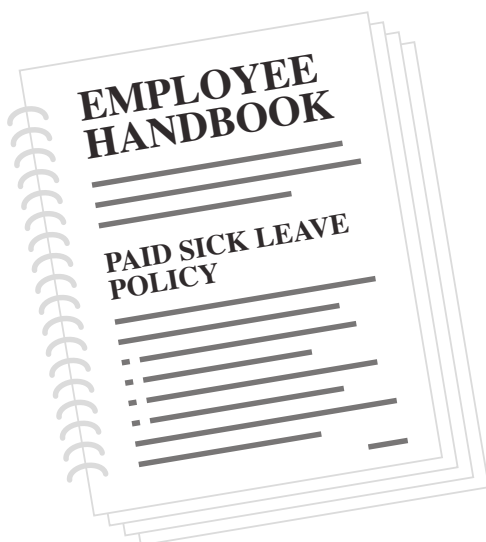
years after implementation of New York City's strong paid leave law, 86% of employers expressed support for the policy.⁴⁰ Additionally, 91% of employers reported no reduction in hiring, 97% saw no reduction in hours, 94% did not have to raise prices of goods or services, and 85% reported no change to their overall costs.⁴¹ Also, a 2021 study found that employers' perceptions of public paid leave programs improved during the pandemic.⁴²

Studies have also found that paid sick leave does not result in more indirect costs to the employer due to employee abuse of the policy.⁴³ A recent study that examined various measures of employee performance, including productivity, cooperation, and attendance, found that paid leave policies did not have any adverse effects on employers.⁴⁴ Following implementation of New York City's law requiring paid sick leave, 98% of employers reported no cases of employee abuse of sick days.⁴⁵

Paid leave policies have consistently been shown to heighten American businesses' competitiveness in the global economy and to have many economic benefits for businesses of all sizes.⁴⁶ Examples can be seen in studies of San Francisco and Seattle after enactment of their paid sick leave laws. San Francisco experienced business growth even for small businesses, including those in retail, food service, and accommodations.⁴⁷ Similarly, following implementation of Seattle's paid sick leave law, that city exhibited continued job growth and had stronger business formation than surrounding cities.⁴⁸

It's better for communities

Paid sick leave makes our workplaces and communities safer and healthier.⁴⁹ As discussed earlier, lack of paid sick leave is linked to higher rates of employees' coming to work sick and higher rates of exposure and spread of contagious disease.⁵⁰ States that have implemented paid sick leave laws have seen an 11% decrease in



cases of flu-like illnesses after the first year of enactment.⁵¹ Additionally, the COVID-19 pandemic has illustrated the critical importance of access to paid sick leave in protecting the health and safety of workers, their families, and the surrounding community – both physically and economically.⁵² Increasing access to paid sick leave would also enhance the United States' preparedness for future public health crises.⁵³

Paid sick leave policies advance health equity & reduce economic hardships

While employer-provided paid leave policies have obvious benefits, coverage is more prevalent for high-income jobs. As a result, low-wage workers are the most likely to lack paid sick leave even though they are the least likely to be able to afford unpaid time off.⁵⁴ The COVID-19 pandemic has exacerbated existing inequities in workplace-related health risks; essential workers, who face the greatest risk of infection, are disproportionately low-wage earners, women, and people of color. Access to paid sick leave has been proven to reduce the spread of disease,⁵⁵ and given the transmissibility of COVID-19 and many other respiratory diseases, there's an urgent need for governments and employers to support this benefit.

Requiring paid sick leave can also benefit communities economically; cities that have implemented paid sick leave laws have subsequently experienced economic growth.⁵⁶ Two years after New York City's paid sick leave policy went into effect, the city experienced business growth, lower consumer prices, higher labor participation, and the lowest unemployment rate in six years.⁵⁷ Three years after San Francisco required its employers to provide paid sick leave, the growth rates for employment and number of businesses were higher than in neighboring counties without such a mandate.⁵⁸ Although multiple factors affect these trends, evidence suggests that paid sick leave does not hinder and may even enhance business growth community-wide.

Paid sick leave policies advance racial equity

Paid sick leave policies are one of many ways that local businesses can advance racial equity. Immigrants, Hispanic workers, part-time, and low-wage workers are substantially less likely than US-born, white, full-time, and high-wage workers to have access to paid sick leave.⁵⁹ During the first two years of the COVID-19 pandemic, 66% of Hispanic/Latinx workers and 57% of Black workers did not receive pay while absent from work because of illness, child care needs, or a family obligation.⁶⁰ From March 2020 through February 2022, workers who missed a week of work due to illness, child care, or other family or personal obligations lost an average of \$815 in wages.⁶¹ These workers often came from the same demographic groups that were most likely to report food insecurity and risk of eviction.⁶²

A University of California, Los Angeles (UCLA) study found that the United States' lack of universal paid sick leave has further entrenched the racial and ethnic inequities in this country.⁶³ Offering paid sick leave, including for part-time workers, is critical to achieving racial, ethnic, and gender equity; shrinking the wealth gap; and maximizing the health of the public.⁶⁴ Further, all of these goals can be accomplished while simultaneously benefitting businesses.

What can be done to support paid sick leave policies?

Employers and governments can work together to develop and share best practices based on what has worked well for different types of employers and in different communities. Specifically, local governments can develop mandates or provide incentives for employers to offer paid sick leave, which would better equip employers to offer comprehensive and supportive paid sick leave policies.

The first step in this process is to investigate the policy landscape for paid sick leave, both

broadly and within your jurisdiction. Browsing [A Better Balance's resource page](#) is a great starting place for understanding said policy landscape on both federal and state levels. To better understand the policy landscape within your jurisdiction, we encourage you to visit your state or local government's department of labor website – for example, [New York State's web page on paid sick leave](#).

Once you are equipped with an understanding of the policy landscape in your area, the next

step is to create an equitable paid sick leave policy for your jurisdiction or institution. In addition to noting the requirements in your state, you can consult resources that outline the necessary elements of a paid sick leave policy. Some state websites also provide templates of a basic paid sick leave policy; for example, see this [template provided by Washington State](#).

We also suggest that you seek input and guidance from legal counsel and human resources professionals throughout the drafting process.

Resources

If you would like to learn more about paid sick leave and its broad impact, we encourage you to consult the following resources. All are from ChangeLab Solutions unless otherwise indicated.

Paid sick leave & its impact on health outcomes

- [Understanding Paid Sick Leave & Preventive Cancer Screening](#) (fact sheet)
- [Paid Sick Leave: Benefits for Workers, Employers, and Public Health](#) (infographic)

Paid sick leave laws & enforcement

- [Policy Solutions for Equitable Enforcement of Employment Laws](#) (webinar)
- [Paid Leave Protections](#) (blog post)

Sick leave policies & their effect on working families

- [Building Healthy, Equitable Communities Through Supports for Working Families](#) (webinar)
- [Supporting Working Families: 6 Policies That Fall Short](#) (blog post)
- [Safety Net Support for Children and Families](#) (video from Public Health Law Watch)

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ChangeLab Solutions is a nonprofit organization that provides legal information on matters relating to public health. The legal information in this document does not constitute legal advice or legal representation. For legal advice, readers should consult a lawyer in their state.

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