

## American Businesses Need Paid Sick Leave

Paid sick leave isn't just good for workers, it's good for business. Healthy workers are essential to successful business and a strong economy. When workers have access to paid sick leave, they demonstrate increased job satisfaction, commitment, and morale, while businesses' bottom lines reap the benefits of increased worker performance and productivity. American businesses need paid sick leave.

### **Access to paid sick leave increases worker productivity and reduces the spread of contagious illness in the workplace.**

- Paid sick leave reduces presenteeism (employees showing up to work while sick), which costs businesses in reduced productivity. Workers with minor illnesses are less productive than their healthy co-workers.<sup>1</sup> Nationally, the common cold alone costs \$16.6 billion in productivity loss.<sup>2</sup> After Washington State implemented its paid sick leave law, the percentage of workers that went to work while sick decreased significantly.<sup>3</sup>
- Paid sick leave also reduces the spread of contagion between co-workers – further decreasing the loss of productivity and labor in the workplace.<sup>4</sup> Absenteeism caused by the introduction of flu-like illness in the workplace is estimated to cost employers up to 111 million workdays per year.<sup>5</sup>

### **Employers with paid sick leave benefit from less worker turnover and better relationships with their employees.**

- In general, worker turnover is estimated to cost employers 25-200% of a worker's annual salary.<sup>6</sup> However, workers with paid sick leave are less likely to leave their jobs,<sup>7</sup> saving businesses money on turnover costs such as interviewing and training.<sup>8</sup>
- Paid sick leave also increases worker loyalty and job satisfaction – factors known to increase productivity and job retention.<sup>9</sup> After Connecticut's paid sick law went into effect, nearly 30% of surveyed employers reported improved employee morale, and over 20% reported increased employee motivation or loyalty.<sup>10</sup>
- Two years after paid sick time went into effect in New York City, one employer reported that “the impact that I saw in my business was a much stronger bond between ourselves and our employees, higher productivity, and a *more* successful business, not a *less* successful business.”<sup>11</sup>

### **Paid sick leave saves employers money by reducing the likelihood of workplace accidents.**

- Throughout the country, direct and indirect costs associated with on-the-job injuries cost employers billions of dollars.<sup>12</sup> Workers with paid sick leave are 28% less likely than workers without access to paid sick leave to be injured on the job.<sup>13</sup>

### **Paid sick leave has proven to work for businesses all over the U.S.**

- Business practices don't have to change to keep up with paid sick leave laws. In a survey of New York City employers after the city's paid sick law was implemented, 91% of employers reported no reduction in hiring, 97% indicated they did not reduce hours, about 94% did not raise prices, and nearly 85% of employers reported no change in their overall business costs.<sup>14</sup> In a similar survey of

employers in Connecticut a year and a half after the state's paid sick law went into effect, nearly 90% of employers reported no reduction in hours, and about 85% did not raise prices.<sup>15</sup>

- Paid sick leave laws stimulate economic growth. When San Francisco's paid sick law went into effect in 2007, the city's job growth actually exceeded that of nearby counties, despite fears that the law would cause an economic slowdown.<sup>16</sup> After New York City's paid sick days were implemented, the average wage for hourly workers increased and the average number of weekly absences declined.<sup>17</sup> In comparison to other surrounding cities, Seattle saw greater increases in the number of employers in the city when its paid sick law was implemented,<sup>18</sup> and in general, job growth continued on an upward trend.<sup>19</sup>
- Workers don't abuse paid sick leave. After New York and Connecticut implemented their paid sick leave laws, 98%<sup>20</sup> and 86%<sup>21</sup> of employers, respectively, reported no cases of employee abuse of sick days.
- Employers know that paid sick leave laws work. Two years after the city's paid sick law was implemented, a staggering 86% of New York City employers polled supported the law.<sup>22</sup>

States and cities have led the way, but it's time for the U.S. to enact the Healthy Families Act, a federal paid sick leave policy. Investing in paid sick leave for the whole country will produce attractive returns for business and the economy.

*For more information on paid sick leave policies, including summaries of existing paid sick leave laws, visit <https://www.abetterbalance.org/our-campaigns/paid-sick-time/>.*

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<sup>1</sup> Andrew Smith, *A Review of the Effects of Colds and Influenza on Human Performance*, 39 J. Soc'y Occupational Med. 65 (1989).

<sup>2</sup> Andrew P. Smith, *Twenty-Five Years of Research on the Behavioural Malaise Associated with Influenza and the Common Cold*, 38 Psychoneuroendocrinology 744, 745 (2012), available at [http://ssu.ac.ir/cms/fileadmin/user\\_upload/Moavenatha/MBehdashhti/Pishgiri\\_Bimariha/anf5/89.pdf](http://ssu.ac.ir/cms/fileadmin/user_upload/Moavenatha/MBehdashhti/Pishgiri_Bimariha/anf5/89.pdf).

<sup>3</sup> Daniel Schneider, *Paid Sick Leave in Washington State: Evidence on Employee Outcomes, 2016-2018*, Am. J. Pub. Health, Feb. 20, 2020, at e3-4, available at <https://ajph.aphapublications.org/doi/pdf/10.2105/AJPH.2019.305481>.

<sup>4</sup> See Stefan Pichler & Nicolas R. Ziebarth, *The Pros and Cons of Sick Pay Schemes: Testing for Contagious Presenteeism and Noncontagious Absenteeism Behavior*, 156 J. Pub. Econ. 14, 27 (2017).

<sup>5</sup> Abay Asfaw et al., *Potential Economic Benefits of Paid Sick Leave in Reducing Absenteeism Related to the Spread of Influenza-Like Illness*, 59 J. Occupational & Envtl. Med. 822, 826 (2017).

<sup>6</sup> *Id.* at 822.

<sup>7</sup> Vicky Lovell, *Valuing Good Health: An Estimate of Costs and Savings for the Healthy Families Act*, Inst. for Women's Pol'y Res. 7 (Apr. 2005), <https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/B248.pdf>.

<sup>8</sup> Christine Siegwarth Meyer et al., *Work-Family Benefits: Which Ones Maximize Profits?*, 13 J. Managerial Issues 28 (2001).

<sup>9</sup> Jane Farrell, *Myth vs. Fact: Paid Sick Days*, Ctr. for Am. Progress (Nov. 16, 2012), <https://www.americanprogress.org/issues/economy/news/2012/11/16/45152/myth-vs-fact-paid-sick-days/>; Vicky Lovell, *No Time to Be Sick: Why Everyone Suffers When Workers Don't Have Paid Sick Leave*, Inst. For Women's Pol'y Res. 4 (2004), <https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/B242.pdf>.

<sup>10</sup> Eileen Appelbaum et al., *Good For Business?: Connecticut's Paid Sick Leave Law*, Ctr. for Econ. & Pol'y Res. 15 (Feb. 2014), <https://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf>.

<sup>11</sup> Zoe Ziliak Michel, *During Healthy Families Act Days of Action, Business Owners Stress Benefits of Paid Sick Time*, CLASP (May 16, 2016) (emphasis in original), <https://www.clasp.org/blog/during-healthy-families-act-days-action-business-owners-stress-benefits-paid-sick-time>.

<sup>12</sup> OSHA, *Business Case for Safety and Health*, <https://www.osha.gov/dcspp/products/topics/businesscase/costs.html> (last visited Feb. 23, 2020).

<sup>13</sup> Asfaw, *supra* note 5, at 822.

<sup>14</sup> Eileen Appelbaum & Ruth Milkman, *No Big Deal: The Impact of New York City's Paid Sick Days Law on Employers*, Ctr. for Econ. & Pol'y Res. 21, 23 (Sept. 2016), <https://cepr.net/images/stories/reports/nyc-paid-sick-days-2016-09.pdf>.

<sup>15</sup> Appelbaum et al., *supra* note 10, at 13.

<sup>16</sup> Vicky Lovell & Kevin Miller, *Job Growth Strong With Paid Sick Days*, Inst. for Women's Pol'y Res. (Oct. 2008), <https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/B264.pdf>.

<sup>17</sup> Appelbaum & Milkman, *supra* note 14, at 23-24.

<sup>18</sup> Jennifer Romich et al., *Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance*, City of Seattle 34 (Apr. 23, 2014), <https://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf>.

<sup>19</sup> *Id.* at 35.

<sup>20</sup> Appelbaum & Milkman, *supra* note 14, at 17.

<sup>21</sup> Appelbaum et al., *supra* note 10, at 9.

<sup>22</sup> Appelbaum & Milkman, *supra* note 14, at 28.