

Paid Sick Leave Is Good for Business

The research is clear: paid sick leave isn't just good for workers, it's good for business as well. Healthy workers are essential to a successful business and a strong economy. When workers have access to paid sick leave, they demonstrate increased job satisfaction, commitment, and morale, while employers—and their bottom lines—reap the benefits of increased worker performance and productivity and reduced worker turnover. And access to guaranteed paid sick leave is a vital component to keeping businesses open and safe through the COVID-19 pandemic and beyond.

Access to paid sick leave increases worker productivity and reduces the spread of contagious illness in the workplace, leading to direct savings for businesses.

- Workers with minor illnesses are less productive than their healthy co-workers.¹ Paid sick leave reduces presenteeism (when employees show up to work while sick), which costs businesses approximately \$207.6 billion annually in reduced productivity.² After Washington State implemented its paid sick leave law, for example, the percentage of workers that went to work while sick decreased significantly.³
- Paid sick leave also reduces the spread of contagion between co-workers—further increasing productivity and labor in the workplace.⁴ Absenteeism caused by the introduction of flu-like illness in the workplace is estimated to cost employers up to 111 million workdays per year.⁵ Even before the pandemic, states with paid sick leave requirements saw a 40% decrease in influenza rates.⁶

Paid sick leave has proven to be particularly crucial to keeping businesses open during the COVID-19 pandemic.

- As the country with the highest cumulative number of COVID-19 cases,⁷ and the only one of the thirteen G12 countries with no paid sick leave,⁸ it is undeniable that the U.S. will need paid sick leave to end this crisis, to save lives, and to minimize disruption to businesses struggling to avoid the spread of COVID-19 in the workplace.
- Paid sick leave has been critical to keeping businesses open throughout the pandemic. One study found that states in which workers gained temporary access to paid sick leave through the federal Families First Coronavirus Response Act⁹ had around 400 fewer confirmed COVID-19 cases per day as a result.¹⁰

Employers with paid sick leave benefit from reduced worker turnover and better relationships with their employees, saving employers the cost of recruiting, interviewing, and training new hires.

- In general, worker turnover is estimated to cost employers the equivalent of 21% of a worker's annual compensation.¹¹ However, providing paid sick leave only increases labor costs by an average of 2.7 cents per hour worked¹² and workers with paid sick leave are less likely to leave their jobs,¹³ saving businesses money on turnover costs such as interviewing and training.¹⁴

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- Young adults comprise a large share of those providing care to loved ones. According to the AARP and National Alliance for Caregiving, there are 53 million caregivers in the U.S. and of those, more than 3 million are Gen Z, meaning they were born between 1997 and 2012.¹⁵ For young workers with family caregiving needs, guaranteed paid sick leave would ensure reduced barriers to entering the workforce, stronger attachment to the labor force, and greater economic security—since, without paid sick leave, one illness or family emergency could lead to job loss and cascading financial disaster. This is particularly important for industries such as retail and leisure and hospitality, which disproportionately employ young people.¹⁶
- Paid sick leave also increases worker loyalty and job satisfaction—factors known to increase productivity and job retention.¹⁷ 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.¹⁸
- Two years after paid sick leave 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.”¹⁹
- In November 2022, the *American Journal of Industrial Medicine* published a systematic review and meta-analysis of more than 20 years of research on paid sick leave and concluded that “we find compelling evidence that increased absences may reduce contagion and presenteeism” and that paid sick leave also benefits employers through “improved job satisfaction, employment retention, better employee health and safety, and improved labor market performance. . . .”²⁰

Paid sick leave also 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.²¹ Workers with paid sick leave are 28% less likely than workers without access to paid sick leave to be injured on the job.²²

Lack of paid sick leave makes workers more likely to go to work while sick and puts co-workers and our communities at risk. With paid sick leave, our workplaces and communities are healthier, which improves the bottom line for employers.

- Access to sick leave will be essential to overcoming the COVID-19 pandemic, as evidenced by previous pandemics. For example, it is estimated that the lack of paid sick leave was responsible for 5 million incidents of flu-like illness during the H1N1 pandemic.²³
- In a simulated influenza epidemic, 72% of employees who caught the flu at work did so because of exposure to other employees attending work while sick; paid sick days would reduce flu incidences among workers by approximately 6% across all workplaces, and by over 7% in workplaces with 49 or fewer employees.²⁴

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- As explained above, access to paid sick leave reduces presenteeism (employees showing up to work while sick) and reduces overall contagion.²⁵ Presenteeism is linked to the spread of harmful contagions to co-workers and customers.²⁶
- A study of data from the 2009 flu outbreak found that workers with paid sick leave were 30 percent more likely to be vaccinated and were more likely to seek treatment when they were sick with flu-like symptoms compared to those without paid sick leave.²⁷ This has proven true for COVID-19 as well—in June 2021, workers whose employers provided paid time off to get the vaccine or recover from any side effects were 24% more likely to have received at least one dose of the vaccine than workers whose employers provided no paid vaccine leave.²⁸
- A lack of access to paid sick days is particularly harmful for service industry workers. Nearly two-thirds of restaurant workers have cooked or served food while sick,²⁹ and in 2011, nearly one in five food service workers went to work vomiting or with diarrhea, creating dangerous health conditions.³⁰
- People without access to paid sick leave are 1.5x more likely to go to work while they have a contagious illness and are nearly twice as likely to send a sick child to school or daycare than those with access to it.³¹
- States that have implemented paid sick leave laws had an 11% decrease of cases of flu-like illnesses in their first year after enactment.³²

Workers with paid sick leave are more likely to seek preventative care than workers without paid sick leave, leading to better health outcomes and less time away from work.

- People without paid sick days tend to be unable to make time for preventative health care, such as cancer screenings and flu shots, which makes it more likely that such workers will have more significant healthcare needs at later stages of an illness.³³
- Workers with access to paid sick days report better general health than workers without paid sick days and are less likely to delay preventive medical care for themselves or for their family.³⁴

Paid sick leave has proven to work well for businesses all over the U.S., and experience shows that workers don't abuse paid sick leave.

- 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.³⁵
 - 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.³⁶

- 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 unfounded fears that the law would cause an economic slowdown.³⁷
 - In comparison to other surrounding cities, Seattle saw greater increases in the number of employers in the city when its paid sick leave law was implemented,³⁸ and in general, job growth continued on an upward trend.³⁹
 - 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.⁴⁰ On the law’s first anniversary, the New York City government released a report touting its successful implementation and noting that since the law went into effect, “the city has had steady job growth and the lowest unemployment in six years.”⁴¹
- Workers don’t abuse paid sick leave. After New York implemented its paid sick leave law, 98% of employers reported no cases of employee abuse of sick days.⁴²
- Employers know that paid sick leave laws work. Two years after New York City’s paid sick law was implemented, a staggering 86% of New York City employers polled supported the law.⁴³
- Studies in Washington, D.C. and Seattle also saw no negative economic effects following implementation of their paid sick leave laws in either job loss or movement of businesses out of the city. A report from the Washington D.C. Auditor, issued five years after passage of the District’s sick leave law, found that the law “did not have the economic impact of encouraging business owners to move a business from the District nor did the [law] have the economic impact of discouraging business owners to locate a business in the District of Columbia.”⁴⁴ Likewise, a study of the economic impact of Seattle’s sick leave law found that a “preliminary look at available data shows no widespread negative economic impact as some opponents of the ordinance feared.”⁴⁵
- Recognizing the benefits of paid sick leave, San Francisco, Washington, D.C., and New York City—all among the earliest adopters of paid sick leave laws—later *expanded* their paid sick leave laws, underscoring how well these laws are working for workers, employers, and communities.

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

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