

Paid Sick Days Are Good for Business

MAY 2023

Businesses benefit when their employees have access to paid sick days. When sick workers are able to stay home to recover, it lessens the risk of contagion, making workplaces healthier and employees more productive. Workers can obtain timely medical care and recover faster from illness, enabling them to get back to work sooner and reducing health care costs. Yet nearly one quarter of private sector workers do not have access to paid sick days to use to recover from an illness or care for a sick family member.¹

Businesses and Workers Benefit From Paid Sick Days

More than twenty years of research show that ensuring workers can stay home while sick without risking a paycheck has significant benefits for businesses.²

● **Cost savings from greater workforce stability:**

Replacing workers typically costs 24 percent of annual compensation, and as much as 150 percent in some industries.³ Paid sick days reduce turnover, particularly for mothers⁴ and for employees with health shocks such as a cancer diagnosis.⁵

● **Increased productivity and labor force participation:**

Working while sick – known as “presenteeism” – reduces an employee’s productivity by an average of 20 percent,⁶ and is estimated to cost the national economy about \$273 billion annually, surpassing the cost of absenteeism.⁷ Paid sick days reduce the share of employees who report to work while sick.⁸ Researchers have also found that after enacting a paid sick days law, jurisdictions see an average 1.9 percent increase in employment.⁹

● **Injury and illness prevention:** Workers who have paid sick leave are less likely to be injured on the job,¹⁰ and Connecticut’s paid sick days law led occupational injuries and illnesses to decline faster than in other states.¹¹ Paid sick days laws cut transmission of infectious illnesses including flu and COVID-19.¹² Providing paid sick days could save employers up to \$2.4 billion each year through fewer absences from reduced spread of flu-like illnesses alone.¹³

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- **Lower health care costs:** Working adults without paid sick days are more likely to incur high family medical expenses.¹⁴ Workers without paid sick days are twice as likely as those with paid sick days to seek emergency room care for themselves, and 2.5 times more likely to seek emergency room care for their children or other relatives, because they can't take time away from work during normal business hours to obtain routine care.¹⁵ These expensive emergency trips end up replacing routine medical appointments and preventive care, leading to higher health insurance costs for businesses.

Paid Sick Days Laws Work for Businesses

Fourteen states, including the District of Columbia, and 21 other jurisdictions have laws guaranteeing workers can earn and use paid sick days.¹⁶ A growing body of evidence from the longest-standing laws shows paid sick days policies are working for businesses.

- **The majority of employers support existing paid sick days laws.** In jurisdictions with paid sick days laws in effect, the majority of employers say they are supportive of the law and many did not need to change their policies to be in compliance. Almost two years after New York City's strong paid sick days law took effect, 86 percent of employers expressed support for it.¹⁷ And in San Francisco, more than three years after the city passed its law, more than two-thirds of employers expressed support for paid sick days.¹⁸

- **Paid sick days laws have large benefits at a modest cost.** On average, employees take just two additional sick days per year after the implementation of a paid sick days law, and employers spend just 2.7 cents per worker per hour in additional compensation costs.¹⁹

- **Businesses report no impact on their bottom line or experiencing growth after paid sick days laws take effect.** Paid sick days laws do not increase business bankruptcies,²⁰ and businesses providing paid sick days are less likely to fail in their first years of operation than other firms.²¹ Connecticut, the first state to enact a paid sick days law, reported that the vast majority of employers saw minimal effects on cost and made no changes such as increased prices or reduction in employee hours.²² In Seattle, employer growth was significantly stronger than in Bellevue, Tacoma and Everett combined in the year following implementation of its paid sick days law.²³ And San Francisco experienced higher rates of job and business growth than neighboring

“I’VE SEEN FIRSTHAND WHAT THIS CAN DO. I’VE SEE WHAT THIS CAN DO TO MORALE. ... [I]T MEANS THE WORLD TO THE PEOPLE I WORK WITH, AND IT IS 100 PERCENT THE RIGHT THING TO DO.”

—Ryan Garrett, General Manager of Stubbs BBQ, Austin

counties after its paid sick days law took effect, including in the sectors most impacted by the law.²⁴

- **Communities and businesses thrive with paid sick days laws.** Paid sick days don't just benefit employees – they benefit communities as well. In cities with paid sick days laws, economic growth is a recurrent outcome. Nearly two years after New York implemented its paid sick days law, the number of businesses grew, consumer prices fell, labor participation was the highest on record, and unemployment was at its lowest in six years.²⁵ In Seattle, the number of employees and total wages in the city increased, and no negative impact on the economy was reported.²⁶

A National Paid Sick Days Standard Is Good for Everyone

Public policies such as the **Healthy Families Act** would complement businesses' existing practices while establishing a minimum paid sick days standard for all employers. Such a standard would level the playing field for smaller businesses by making paid sick days a universal practice, while also ensuring enough flexibility for employers to continue offering greater benefits. Businesses already providing basic paid sick days protections would not need to change their practices. The result: healthier workplaces, reduced turnover, more satisfied and productive workers, a stronger economy and better bottom lines.

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The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help all people meet the dual demands of work and family. More information is available at www.NationalPartnership.org.

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