

Paid Sick Days and Paid Family and Medical Leave Are Not Job Killers

By Danielle Corley, Sunny Frothingham, and Kate Bahn January 2017

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Introduction and summary

Paid sick days and paid family and medical leave have gained new momentum in the past several years as policymakers, businesses, and the public increasingly recognize the necessity of these policies for working families. In 2002, California became the first jurisdiction in the United States to pass paid family and medical leave. In 2007, San Francisco became the first jurisdiction to pass paid sick days.¹ Today, five states and the District of Columbia have passed paid family and medical leave laws and seven states, 30 cities, and two counties have passed paid sick days laws—including Washington state and Arizona, which passed ballot measures in November 2016.² Access to paid sick days was further extended across the country in 2015 when President Barack Obama signed an executive order to provide an estimated 1.15 million federal contract workers with paid sick days.³ Additionally, businesses continue to make headlines as they adopt these policies on their own, citing their positive workplace effects.⁴ And American voters across the political spectrum—have repeatedly shown strong support for these policies in public polling.⁵ Almost 70 percent of those who voted for Presidentelect Donald Trump support a national social insurance program for paid family and medical leave, alongside 89 percent of those who voted for Hillary Clinton.⁶

Yet even as states and cities across the country pass laws guaranteeing paid sick days and paid family and medical leave, too many families still do not have access to these critical workplace standards. More than one-third of private-sector workers do not have a single paid sick day, and only 13 percent of private-sector workers have paid family and medical leave.⁷ Furthermore, it is often the workers who can least afford unpaid time off from work who do not have access to these policies. Workers in the highest earnings quartile are more than two times as likely to have paid sick days and more than four times as likely to have paid family leave as those in the lowest earnings quartile.⁸

In order to ensure access to paid time off for all working families, America needs a comprehensive approach to establish a national paid family and medical leave program and a paid sick days requirement. Despite growing support, much of the remaining pushback to implementing these policies comes from the fear that they will hurt businesses and the economy. Opponents argue that businesses may have to increase their prices or cut wages and jobs to meet the added benefits costs.⁹ Yet research has shown that paid sick and paid family and medical leave do not lead to unemployment, nor do they have other negative economic effects. In fact, there is evidence that these worker and family friendly policies support businesses and local economies by decreasing costly turnover, saving on health care costs, and boosting productivity.¹⁰ Furthermore, businesses in states and cities that have passed paid sick days and paid family and medical leave laws largely report that they have not seen negative cost impacts nor had to change their hiring and hours practices as a result of these policies.¹¹

While opponents may worry about the costs of providing paid time off, the cost of not having these policies in place is enormous. Previous Center for American Progress research shows that workers lose out on \$20.6 billion in wages every year because of the lack of paid family and medical leave.¹² An additional \$1.1 billion per year could be saved through reduced emergency room visits and spending on public health insurance programs if all workers had access to paid sick days.¹³ Putting this money back into workers' pockets would also have positive macroeconomic effects, as workers are more likely than businesses to reinvest their money in the economy through increased spending.¹⁴

This report will review and build upon existing research supporting paid family and medical leave and paid sick days to demonstrate that these policies do not lead to increased unemployment. By showing that these policies are not job killers, continued progress can be made toward ensuring that all workers have access to paid time off and that families, businesses, and the economy experience the benefits of these policies.

Paid family and medical leave and paid sick days 101

While often conflated, paid family and medical leave and paid sick days are unique policies, and both are critical for families' economic security. Paid sick days allow workers to take time off for short-term illnesses without losing their paychecks. These are usually provided by businesses in the same manner as vacation days. Paid family and medical leave allows workers to take longer leaves of absence for the birth or adoption of a child, to care for a loved one, or to recover from a more serious personal injury or illness.¹⁵ Paid family and medical leave can be provided through a social insurance system, as it is in the three U.S. states that have active paid leave programs, or through another type of structure such as a government-business partnership.¹⁶

Data on paid sick days and paid family and medical leave

Paid sick days and unemployment rates

Today, a number of states, cities, and counties have laws that require businesses to provide workers with paid sick days.¹⁷ These laws vary in the number of days provided and the characteristics of the employers covered by them. Yet across the board, policies that give workers paid sick time off largely have not been job killers. CAP compared unemployment rates for the quarter in which the paid sick days law was implemented in a given city or state and for one year later in order to understand the overall effect of mandated paid sick leave on the local labor market. As seen in the table below, unemployment did not increase in almost every city and state that passed a paid sick leave law. Rather it appears that these policies do not have significant enough impacts to override other economic forces in the localities where they are implemented.

Table 1 below lists city and state-level laws passed between the first paid sick day law's passage in 2007 and September 2015, the most recent date for which there was a year's worth of quarterly unemployment data available at the time of this research.

In 16 out of the 19 localities below, unemployment did not rise one year after the implementation of paid sick days. In 2 of the 3 cities where unemployment did increase—Washington, D.C., and San Francisco—implementation of the paid sick day law directly coincided with the Great Recession. In the other city, Bloomfield, New Jersey, the unemployment increase was very slight. This dispels the idea that such policies directly lead to higher unemployment.

TABLE 1 In 16 out of 19 cities and states where paid sick day laws have been implemented, unemployment did not rise one year later

| Location | Implementation date | Unemployment rate during quarter of paid sick leave implementation, by share | Unemployment rate one year after paid sick leave implementation, by share | Did unemployment increase? | | | |
|----------------------------------|---------------------|---|---|----------------------------------|--|--|--|
| | | Cities | | | | | |
| San Francisco, California | February, 2007 | 4.3 | 4.5 | Yes | | | |
| Washington, District of Columbia | May, 2008 | 5.8 | 8.9 | Yes | | | |
| Seattle, Washington | September, 2012 | 5.7 | 4.7 | No | | | |
| Portland, Oregon | January, 2014 | 6.4 | 5.1 | No | | | |
| Jersey City, New Jersey | January, 2014 | 6.8 | 5.8 | No | | | |
| New York City, New York | April, 2014 | 7.1 | 5.7 | No | | | |
| Newark, New Jersey | June, 2014 | 9.8 | 9.0 | No | | | |
| Passaic, New Jersey | January, 2015 | 9.7 | 7.2 | No | | | |
| Irvington, New Jersey | January, 2015 | 9.4 | 7.2 | No | | | |
| East Orange, New Jersey | January, 2015 | 9.4 | 7.0 | No | | | |
| Patterson, New Jersey | January, 2015 | 12.2 | 9.2 | No | | | |
| Montclair, New Jersey | March, 2015 | 4.7 | 3.6 | No | | | |
| Trenton, New Jersey | March, 2015 | 9.5 | 7.1 | No | | | |
| Oakland, California | March, 2015 | 6.3 | 5.3 | No | | | |
| Philadelphia, Pennsylvania | May, 2015 | 7.2 | 6.8 | No | | | |
| Bloomfield, New Jersey | July, 2015 | 5.5 | 5.8 | Yes | | | |
| Statewide | | | | | | | |
| Connecticut | January, 2012 | 8.2 | 8.0 | No | | | |
| California | July, 2015 | 6.0 | 5.5 | No | | | |
| Massachusetts | July, 2015 | 4.8 | 3.9 | No | | | |

Note: Monthly, nonseasonally adjusted data were averaged to produce quarterly figures. Seasonally adjusted data are not available at the city level. For consistency, the authors also used nonseasonally adjusted data at the state level. However, the authors controlled for seasonal variation by comparing quarterly data to the same quarter in the year prior.

Sources: Authors' analysis of Bureau of Labor Statistics, "Local Area Unemployment Statistics" (U.S. Department of Labor), available at http://www.bls.gov/lau/data.htm (last accessed December 2016); National Partnership for Women and Families, "Paid Sick Days – State, District and County Statues"; "Paid Sick Days – City Laws" (2016), available at http://www.nationalpartnership.org/research-library/ work-family/psd/paid-sick-days-statutes.pdf; A Better Balance, "Overview of Paid Sick Time Laws in the United States," available at http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf (last accessed December 2016).

Paid family and medical leave and unemployment rates

States and cities are also beginning to pass laws that require employers to provide paid family leave to their employees for the purposes of care or bonding with a new child, care of a family member with a serious health condition, or a worker's own disability. California, New Jersey, and Rhode Island have all passed and implemented paid family and medical leave laws, which vary by state in who is covered, how many weeks of coverage are provided, and the wage replacement rate. The differences are summarized in the table below alongside the laws passed—but not yet implemented—by New York, Washington, the District of Columbia, and San Francisco.

TABLE 2 Characteristics of state and city paid family and medical leave programs

| Location | Implementation date | Employers covered | Length of benefit | Wage replacement rate | | |
|-------------------------|---------------------|---|---|---|--|--|
| | | | City | | | |
| San Francisco | January, 2017 | All employers with 50, 30, or 20 or more employees—phase in | Six weeks for bonding with a new child—in addition to state benefit | 100 percent of wages—with combined state benefit | | |
| District of Columbia | January, 2019 | Private sector | Eight weeks for birth of a new child, six weeks for family care, and two weeks for own disability | 90 percent of a worker's first \$900 per week, and 50 percent of their remaining pay, maximum \$1000 per week | | |
| Statewide | | | | | | |
| California | July, 2004 | All private sector and some public sector | Six weeks for family care; 52 weeks for own care | Typically, 55 percent of a worker's average weekly wage, maximum \$1,129 per week | | |
| New Jersey | July, 2009 | Private and public sector | Six weeks for family care; 26 weeks for own disability | 66 percent of a worker's average weekly wage, maximum \$615 per week | | |
| Rhode Island | January, 2014 | All private and some public sector | Four weeks for family care; 30 weeks for own disability | 4.62 percent of highest quarterly earning in base period—or about 60 percent of a worker's average weekly wage—maximum \$795 per week | | |
| New York | January, 2018 | All private and some public sector | Eight, 10, or 12 weeks for family care—phase in; 26 weeks for own disability | For family care, 50 percent average weekly wages, not to exceed 50 percent of state average weekly wages, with phase in to eventually reach 67 percent of weekly wages in 2021. For own dis- ability, 50 percent of weekly wage with a max benefit of \$170 per week. | | |
| Washington | Pending | All employers | Five weeks for birth of a new child | \$250 per week for full-time workers | | |

Note: Effective 2018, California will offer a 70 percent weekly wage replacement rate for workers whose quarterly earnings are at least \$929 but less than one-third of the state average and a 60 percent weekly wage replacement rate or 23.3 percent of the state average weekly wage—whichever is greater—for workers whose quarterly earnings are at least one-third of the state average.

Source: National Partnership for Women and Families, "State Paid Family Leave Insurance Laws" (2016), available at http://www.nationalpartnership.org/research-library/work-family/paid-leave/state-paid-family-leave-laws.pdf; Peter Jamison, "D.C. Council votes for expansive paid family and medical leave for private-sector workers," *The Washington Post*, December 20, 2016, available at https://www.washingtonpost.com/local/dc-politics/council-votes-down-radical-restructuring-of-paid-leave/2016/12/20/8a508618-c6cd-11e6-bf4b-2c064d32a4bf_story.html?utm_term=.37f8eaa0bf73.

While the programs vary in their wage replacement rates and durations, each represents a significant investment in working families. As seen in the table below, the implementation of paid family and medical leave policies in California, New Jersey, and Rhode Island has not been a job killer. CAP compared the unemployment rates during the quarter of paid family and medical leave implementation with unemployment rates one year later to examine the impact of mandated paid family and medical leave policies on the states' labor markets. In each state, unemployment statewide did not rise in the year after the policy's implementation, demonstrating that paid family and medical leave laws do not appear to have any strong negative influence on the labor market.

Table 3 below lists the three state paid family and medical leave policies currently in effect, along with the unemployment rates for the quarter in which they were implemented and for one year later.¹⁸ It is clear that paid leave is not a dominant factor in unemployment after implementation and that, in the longer term, other market forces have a stronger impact on unemployment rate levels.

TABLE 3

In all states where paid family and medical leave has been implemented, unemployment did not rise one year later

| State | Implementation date | Unemployment rate during quarter of paid family and medical leave implementation, by share | Unemployment rate one year after paid sick leave implementation, by share | Did unemployment increase? |
|--------------|---------------------|--|---|-------------------------------|
| California | July, 2004 | 6.0 | 5.3 | No |
| New Jersey | July, 2009 | 9.6 | 9.4 | No |
| Rhode Island | January, 2014 | 8.6 | 6.4 | No |

Note: Monthly, nonseasonally adjusted data were averaged to produce quarterly figures. Seasonally adjusted data are not available at the city level. For consistency, the authors also used nonseasonally adjusted data at the state level. However, the authors controlled for seasonal variation by comparing quarterly data to the same quarter in the year prior.

Sources: Authors' analysis of Bureau of Labor Statistics, "Local Area Unemployment Statistics" (U.S. Department of Labor), available at http://www.bls.gov/lau/data.htm (last accessed December 2016); National Partnership for Women and Families, "Paid Sick Days – State, District and County Statues", "Paid Sick Days – City Laws" (2016), available at http://www.nationalpartnership.org/research-library/ work-family/psd/paid-sick-days-statutes.pdf.

Paid family leave policies for municipal government employees

In addition to the states that have implemented paid family and medical leave policies, many cities and counties have implemented paid family or paid parental leave policies for city or county employees. Notable cities with paid family leave policies for city employees include Boston, Atlanta, Seattle, Philadelphia, Cincinnati, New York, and Portland, Oregon. Municipal governments have also passed paid family leave policies at the county level, such as in Multnomah County, Oregon, and Durham County, North Carolina. Since these policies only impact a small share of the workforce in each city or county, they are not included in CAP's broader analysis, but they do signal the growing momentum and support for paid family leave policies across the United States.¹⁹

Existing research shows that paid sick days do not lead to unemployment

Existing research shows that paid sick days do not increase unemployment and instead may have positive effects on local job markets. In a study of paid sick policies in more than 100 countries around the world, the Center for Economic and Policy Research, or CEPR, found that there was no relationship between the availability of paid sick leave and the national unemployment rate. Instead, countries that provided paid sick leave were more likely to be highly productive and competitive.²⁰ Additional research by CEPR, this time analyzing the experiences of the 22 countries with the highest levels of social and economic development, found no statistically significant relationship between paid sick leave requirements and national unemployment rates.²¹

Studies from U.S. cities and states that have passed paid sick day requirements show similarly neutral or positive economic effects. In 2016, a comprehensive academic study analyzed data from every U.S. locality with a paid sick days policy to evaluate the claim that these laws cause decreased employment and wages. The authors found, with at least 90 percent statistical probability, that wages and employment did not decrease more than 1 percent across all localities.²²

City studies of the economic impact of paid sick leave confirm these recent findings. In 2007, San Francisco became the first city in the country to implement paid sick leave. A study by the Drum Major Institute three years after passage of the measure found that job growth in San Francisco was higher than in the five neighboring counties in the San Francisco Bay Area—Alameda, Contra Costa, Marin, San Mateo, and Santa Clara—without paid sick leave. Between the beginning of 2006 and the beginning of 2010, the most recent period for which data were available at the time of the study, total employment in San Francisco increased 3.5 percent, while total employment in the five neighboring counties fell 3.4 percent. In addition, the number of businesses grew faster between 2006 and 2008—the last year for which business establishment data were available—in the consolidated city-county of San Francisco than in neighboring counties.²³ This included both small and large businesses in the retail and food service industries, which are widely considered to be most strongly impacted by paid sick days legislation. The authors concluded that they did not find evidence of a negative business impact in San Francisco due to the implementation of paid sick leave.

Similarly, a study by University of Washington researchers compared Seattle's economic wellbeing with that of surrounding cities before and after the passage of the 2011 law providing paid sick and safe days—which provide survivors of domestic and sexual violence time off work to seek assistance and leave their abusers—to a large swath of employees.²⁴ The authors found that growth in the number of employers in Seattle was significantly stronger between the third quarter of 2009 and the third quarter of 2013 than the combined growth of three nearby cities—Bellevue, Everett, and Tacoma—which would have experienced the same macroeconomic trends, during the same time period. The law was also shown to have no apparent effect of the number of jobs in Seattle compared with the other group of cities.²⁵

In survey research, businesses also directly report that they do not change their hiring and hours policies in response to paid sick days requirements. A survey of New York City employers after implementation of the city's paid sick days law showed that more than 91 percent of respondents did not reduce hiring; 97 percent did not reduce hours; and 94 percent did not raise prices as a result of the law.²⁶ In a similar study from Connecticut, which passed a statewide paid sick days law in 2011, employers also reported no effects or modest effects to their bottom lines.²⁷ And an audit of the District of Columbia's paid sick leave law, effective in 2008, found that it did not discourage business owners from basing their businesses in the District, nor did it incentivize them to relocate their businesses outside of Washington.²⁸

The economic impacts of paid sick days in San Francisco, Seattle, New York City, Connecticut, and Washington, D.C., are largely representative of the experiences across U.S. localities with similar laws.

Workplace benefits of providing paid sick days

Studies from places that have passed paid sick days laws show that they do not have negative economic effects. In fact, paid sick days policies may benefit businesses and local economies by improving productivity, slowing the spread of disease, and reducing job separation and turnover.²⁹

One of the benefits of paid sick leave is a reduction in what is termed presenteeism—that is, when employees go to work sick and are likely to be less productive.³⁰ More than one-third of employers nationwide report that presenteeism is a problem in their organizations.³¹ The costs of presenteeism are significant and have been shown to be greater than the cost of absence.³² Using the American Productivity Audit, researchers found that \$160 billion per year—or more than 70 percent of the total cost of health-related lost productive time—is lost due to reduced productivity at work.³³

Moreover, paid sick days may also reduce absenteeism by reducing the duration of illness. A study using National Health Interview Survey data, along with focus group interviews, found that access to paid sick leave is associated with less severe and shortened periods of illness.³⁴

This effect also spills over to other employees, who are at a lower risk of illness when they are less likely to interact with a sick co-worker. Workers without paid sick days are 1.5 times more likely to go to work with a contagious illness than those with paid sick days, and a large majority of employers—87 percent report that employees who come to work sick have illnesses that are the most easily spread, such as a cold or the flu.³⁵ Unsurprisingly, cities and states with paid sick leave laws have been shown to have lower levels of the flu than comparable cities without paid sick leave laws.³⁶ During the H1N1 pandemic, for example, almost 26 million employeed Americans may have been infected. Yet about 8 million of these employees took no time away from work, causing the estimated infection of as many as 7 million co-workers.³⁷

Paid sick days also help reduce turnover, which has significant cost benefits for employers: Replacing an employee typically costs businesses one-fifth of that employee's annual salary.³⁸ One analysis using the Medical Expenditure Panel Survey showed that paid sick leave decreases the likelihood of job separation at least 25 percent and up to as much as 50 percent.³⁹ Another study of female nurses with heart conditions found that those who had paid sick days and/or longerterm paid leave were substantially more likely to return to work after an episode than those without paid leave benefits.⁴⁰ Businesses that are able to retain trained employees will be able to avoid the costs associated with high turnover.

In addition to academic research findings on the positive business impacts of paid sick leave, direct feedback from business owners confirms that paid sick days largely do not hurt companies' bottom lines. In a recently released survey of employers in New York City, which passed paid sick days legislation in 2013, nearly 85 percent reported that the law had no effect on their overall costs, and a few employers even reported a decrease in costs. Of those employers who responded that the law did affect their bottom line, most reported an increase of less than 3 percent. Only 3 percent of respondents reported a cost increase of 3 percent or more.⁴¹

Labor market effects of paid family and medical leave

While there is little comprehensive analysis of the impact of paid family and medical leave policies on unemployment, those rates did not increase in the three states with paid family and medical leave policies one year after implementation, as seen in the CAP analysis. Previous studies offer insight into other aspects of paid family and medical leave's impact on employment—especially in the areas of women's labor force participation, employment-to-population ratio, re-entry into the workforce after having a child, and the duration of unemployment for women when they re-enter the workforce after having a child. Increases in the employment-to-population ratio and the labor force participation rate bode well for economic growth since they reflect a higher share of people employed and looking for work.⁴² And women's labor force participation rates in particular have been shown to be key in reducing income inequality.⁴³ CAP analysis shows that income inequality would have grown 52.6 percent faster between 1963 and 2013 if married women's earnings had not changed.⁴⁴

According to an Organisation for Economic Co-operation and Development, or OECD, analysis of paid family and medical leave in OECD member countries and some U.S. states, paid leave increases labor force participation for women making them both more likely to join the workforce before having children and more likely to return to the workforce after childbirth.⁴⁵ Across the range of nations included, the study found that paid leave policies increased women's employment rates around 2 percent on average relative to men.⁴⁶ A prior study of paid leave implementation in nine European countries found that paid parental leave increased women's employment-to-population ratios 3 percent to 4 percent.⁴⁷ A study of Germany's paid leave law suggested that the increases in employment were especially strong—at 5 percent— for women in part-time employment, suggesting that the policy was particularly impactful for women with loose labor market attachment.⁴⁸

A subsequent study that centered on California and New Jersey found an increase of 5 percent to 8 percent in those states' women's labor force participation rates in the months centered around birth, compared with the women's labor force participation rates before the laws were enacted.⁴⁹ These effects were especially strong for lesseducated women, who are less likely to have access to paid family and medical leave through their employers.⁵⁰ These conclusions were echoed in a National Bureau of Economic Research study of the California paid leave law, which found that paid leave increased the probability that women continued in their jobs after childbirth rather than quitting.⁵¹ In addition, a study of 324 employed American pregnant women found that the total length of available childbearing leave exerted a strong deterrent effect on quitting the labor force and changing jobs postpartum, especially for mothers having a second or subsequent birth—meaning that longer leaves enabled more women to continue in their current employment.⁵² One study on California found that while the labor force participation rate rose, the employment impacts were mixed for women of different ages, signaling the need for continued analysis.⁵³ The bulk of the research on paid family and medical leave, however, shows neutral or positive impacts on employment and labor force participation.

By contrast, women who return to the labor market without maternity leave face longer periods of unemployment and earn less over time.⁵⁴ Broadly, while there are few studies on paid family and medical leave and area unemployment rates in particular, evidence suggests strong positive impacts on employment and labor force participation for mothers.

In addition to the impacts on labor force participation for women, research suggests that paid family and medical leave programs increase women's wages as well. The National Bureau of Economic Research study on California's paid family and medical leave program found that the law increased the hours of employed mothers of 1- to 3-year-olds almost 10 percent and may have increased their wages by a similar amount.⁵⁵ A study based on the National Longitudinal Survey of Youth found that women who take paid leave after child birth are significantly less likely to receive public assistance or food stamps in the year after having a child compared with

mothers who do not take leave. The same study found that women with access to leave of 30 days or more were 54 percent more likely to report wage increases in the year after a child's birth than women who did not take leave.⁵⁶ By and large, both the research on labor force participation and on women's wages following the implementation of paid leave policies contradict the conservative argument that paid family and medical leave programs are bad for the labor market.

Workplace benefits of providing paid family and medical leave

In addition to its positive impacts on women's labor force participation, paid family and medical leave has positive impacts for businesses. Paid family and medical leave reduces attrition, as seen above, which means significant cost savings for businesses. A previous CAP review of 30 case studies providing estimates for the cost of turnover found that replacing an employee costs businesses roughly 20 percent of that worker's salary.⁵⁷ In addition, lowering turnover reduces recruitment and training costs for employers, and it has also been shown to impact productivity and profitability. A University of Cambridge study focused on Britain found that businesses with family friendly policies such as paid leave were more likely to have above average labor productivity than those without such policies.⁵⁸ Another CAP report looking at 536 midsize manufacturing companies in the United States, United Kingdom, France, and Germany found that those that offered work-family policies typically had higher sales than similar companies in each respective country.⁵⁹

After the implementation of the paid family and medical leave law in California, the vast majority of businesses reported few or no issues with the costs of the program.⁶⁰ Nine out of 10 employers reported that paid family leave had a "positive effect" or "no noticeable effect" on productivity, performance, and profitability.⁶¹ On turnover and employee morale, 96 percent and 99 percent, respectively, reported either "a positive effect" or "no noticeable effect." The same study found that 87 percent of employers reported no added costs due to the paid family leave program, and 9 percent of employers reported cost savings.⁶² Surveys of business owners in New Jersey and Rhode Island produced similar responses.⁶³

For businesses of all sizes, paid family and medical leave programs can have positive impacts. In states without paid family and medical leave programs, small business owners in particular often want to offer paid leave to their employees but are unable to do so outside of a government program.⁶⁴ A 2013 poll by Small Business Majority found that a majority of small businesses in the state of New York were in favor of publicly administered family and medical leave, and less than one-fourth of them expressed any opposition.⁶⁵ State and national programs can level the playing field on paid leave and help small businesses offer the benefit without prohibitive costs.⁶⁶

Conclusion: Family friendly policies are not job killers and strengthen the economy

Paid sick days and paid family and medical leave are critical to the economic security of working families. And contrary to the arguments of opponents, they are also good for businesses and the economy. Research from the many U.S. cities and states that now offer paid sick days and paid family and medical leave demonstrates the positive effects of these policies on turnover, presenteeism, and productivity. Studies of localities with paid sick days show that employment growth, business growth, and wages have not been negatively affected by the laws. And while there has been less research done on the impact of paid family and medical leave on unemployment, studies have shown that the policy improves women's labor force participation, which helps reduce inequality and promotes economic growth.

CAP's latest research supports these findings by showing that in all the states where paid family and medical leave has been implemented and in 16 of 19 cities and states where paid sick days have been implemented, unemployment rates did not increase one year after implementation. Rather than prove definitively that these policies do not cause unemployment, this report shows that they are not stronger than the prevailing economic factors and thus do not create a pattern of unemployment in cities and states where they have been implemented. Further research should be done to more deeply understand the intersection of different labor market policies on unemployment. Yet the findings presented in this report show that the argument that these policies are job killers does not hold up against scrutiny.

Despite significant supportive research and considerable progress at the state and local levels in recent years, too many Americans are still forced to choose between caring for themselves or their loved ones and bringing home a paycheck. In order to ensure that all workers have access to paid time off, America needs comprehensive national laws that establish paid sick days and paid family and medical leave. Not only are these policies crucial to enabling workers to care for themselves and their families, but they have positive labor market outcomes that help create a stronger economy for all.

About the authors

Danielle Corley is a Research Assistant for Women's Economic Policy. Prior to joining the Center for American Progress, she worked for the U.S. Senate Health, Education, Labor, and Pensions, or HELP, Committee as a staff assistant in the Disability Policy and Oversight Office. She previously interned in the Education Office of the HELP Committee as a Bill Archer fellow and in the Texas Senate. Corley graduated from The University of Texas at Austin with a degree in Plan II Honors, an interdisciplinary liberal arts program.

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Kate Bahn is an Economist at the Center. Her work has focused on labor markets, entrepreneurship, the role of gender in the economy, and inequality. In addition to her work on the Economic Policy team, Bahn has written about gender and economics for a variety of publications, including *The Nation*, *The Guardian*, Salon, and *The Chronicle of Higher Education*. She also serves as chair of the communications committee for the International Association for Feminist Economics and as moderator of the organization's blog, "Feminist economics posts." Bahn received both her doctorate and master of science in economics from The New School for Social Research, where she also worked as a researcher for the Schwartz Center for Economic Policy Analysis.

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