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Understanding Mandatory Paid Sick Leave

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What Is Mandatory Paid Sick Leave?

- The Family and Medical Leave Act (FMLA) currently requires companies with more than 50 workers to provide eligible employees with up to 12 weeks of unpaid leave per year when they or an immediate family member have a serious health condition or after the birth or adoption of a child.
- Employers must reinstate the worker at the end of the leave and may not discipline or fire employees taking FMLA leave.
- The Healthy Families Act (HFA) and similar legislation before Congress would require employers to provide employees with at least seven days of paid sick leave benefits.

Policy Concerns

- The vast majority (86 percent) of full-time workers are already provided paid leave, which they can use if they fall ill.[1]
- The HFA would not increase workers' total compensation. Companies respond to mandated benefits by reducing cash wages. Mandatory sick leave requires workers to take less of their compensation as cash wages and more as time off—whether they want to or not.
- The HFA encourages irresponsible employees to game the system and dump tasks on their co-workers while still receiving full pay because they cannot be disciplined for using their leave.
- This harms both co-workers and customers.
  - When a worker takes intermittent leave or takes off work without providing advance notice, employers may not be able to find a replacement worker in time. Instead, two-thirds of employers respond by reassigning the absent worker's tasks to the conscientious employees still working. Workers who misuse sick leave thus force responsible co-workers to cope with a heavier workload.
  - Sometimes, however, jobs cannot be reassigned and replacements cannot be found on short notice. In these cases, the job is left undone—to the detriment of customers. For example, in just one month, intermittent FMLA leave use forced one Verizon office to leave over 8,900 customer calls unanswered.[2]

Economic Effects

- Abuse of the leave granted by HFA reduces productivity, thus increasing the cost of business while decreasing incentive for capital investment. This costs jobs.

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- Companies respond to higher benefit costs by reducing workers' pay by approximately the cost of providing the benefit. Companies would spend more on leave benefits and less on wages.[3]
- Mandated benefits have many of the same labor market effects as raising taxes on workers. Therefore, Congress should not raise taxes on workers during the middle of a steep economic downturn.
- Less take-home pay means less savings and less consumption in the economy, which costs jobs.

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1. James Sherk, "Mandatory Paid Sick Leave Need Not Cut Workers' Pay," Heritage Foundation *WebMemo* No. 2189, January 7, 2009, at *http://www.heritage.org/Research/Reports/2009/01/Mandatory-Paid-Sick-Leave-Need-Not-Cut-Workers-Pay*.
2. James Sherk, "Mandatory Paid Sick Leave Invites Misuse That Harms Co-Workers and Customers," Heritage Foundation *WebMemo* No. 1450, May 10, 2007, at *http://www.heritage.org/Research/Reports/2007/05/Mandatory-Paid-Sick-Leave-Invites-Misuse-That-Harms-Co-Workers-and-Customers*.
3. James Sherk, "Congress Should Consider Alternatives to Mandatory Paid Sick Leave," Heritage Foundation *WebMemo* No. 1457, May 15, 2007, at *http://www.heritage.org/Research/Reports/2007/05/Congress-Should-Consider-Alternatives-to-Mandatory-Paid-Sick-Leave*.