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Washington, D.C.
January 17, 2012

Effects of a Paid Sick Leave Mandate on Massachusetts Small Businesses

Executive Summary

A statewide paid sick leave mandate modeled after the legislation currently pending in both the Massachusetts Senate and the House of Representatives would impose new costs on MA employers in the forms of compensation costs associated with paying workers taking paid sick leave, lost production due to more workers taking leave, and new paperwork and recordkeeping costs incurred by complying with the mandate. Assuming passage and implementation of the mandate in 2012, the BSIM forecasts that nearly 16,000 MA jobs could be lost by 2016, and MA real output could decrease by more than \$8.4 billion. Small firms would bear two-thirds of the job losses and more than half of the lost sales. Although the state unemployment rate has gradually fallen and is currently no longer above 8 percent, job creation remains a priority and policymakers would do well to bear in mind the potential negative effects to employment and production that employer mandates can have.