

Mandated Sick Pay: Coverage, Utilization, and Welfare Effects  
Johanna Catherine Maclean, Stefan Pichler, and Nicolas R. Ziebarth  
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**ABSTRACT**

This paper evaluates the labor market effects of sick pay mandates in the United States. Using the National Compensation Survey and difference-in-differences models, we estimate their impact on coverage rates, sick leave use, labor costs, and non-mandated fringe benefits. Sick pay mandates increase coverage significantly by 13 percentage points from a baseline level of 66%. Newly covered employees take two additional sick days per year. We find little evidence that mandating sick pay crowds-out other non-mandated fringe benefits. We then develop a model of optimal sick pay provision along with a welfare analysis. Mandating sick pay likely increases welfare.

Johanna Catherine Maclean  
Department of Economics  
Temple University  
Ritter Annex 869  
Philadelphia, PA 19122  
and NBER  
catherine.maclean@temple.edu

Nicolas R. Ziebarth  
Cornell University  
Department of Policy Analysis  
and Management (PAM)  
426 Kennedy Hall  
Ithaca, NY 14853  
nrz2@cornell.edu

Stefan Pichler  
ETH Zurich  
KOF Swiss Economic Institute  
Leonhardstrasse 21  
Zurich 8092  
Switzerland  
pichler@kof.ethz.ch