

Paid State Leave Laws Expanding

Market Outlook



2023 brought many shifting compliance obligations for employers, including new federal and state laws and regulations expanding worker protections. The widespread adoption of remote and flexible work arrangements over the last few years has led to an increasing number of states and localities passing paid sick leave, paid leave for any reason, and paid family and medical leave. While paid leave gained a stronger foothold in 2023, there's no reason to expect this trend to slow down, as more states and local governments are likely to enact similar legislation in 2024. This means more organizations will be subject to paid leave requirements in the upcoming year, increasing employers' compliance and administrative burdens.

At the start of 2023, 14 states—Arizona, California, Colorado, Connecticut, Maryland, Massachusetts, Michigan, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont and Washington—already had paid sick leave mandates in place. On the other hand, Maine and Nevada require employers to provide paid leave for any reason. During the year, Minnesota and Illinois both passed paid leave laws, which take effect Jan. 1, 2024. Some states amended their existing paid sick leave laws in 2023 to benefit employees. For example, California expanded the amount of paid sick leave employers must provide workers from three days per year to five, effective Jan. 1, 2024.



11 states—California, Colorado, Connecticut, Delaware, Maryland, Massachusetts, New Jersey, New York, Oregon, Rhode Island and Washington—had already passed paid family and medical leave programs at the start of 2023.



Throughout the year, **Maine** and **Minnesota** enacted new paid family and medical leave laws, bringing the number of states with these programs to 13.

In 2024, employers not subject to state or local paid sick leave requirements should be attuned to legislative momentum on this topic in locations where they operate, as it's likely that more areas will pass paid leave mandates. Employers already subject to paid sick leave laws should stay alert to amendments that would expand such leave, especially for reasons related to reproductive loss, bereavement, organ donation and public health emergencies, all areas in which states have increasingly granted leave entitlements in recent years.

While paid leave laws will likely become more widespread as additional states and local governments pass related legislation, employers can consider embracing this trend even if they're not legally required to do so. Although paid leave may seem like another expensive benefit for employers to offer, it presents an opportunity to cultivate employee loyalty, boost engagement and improve productivity. Establishing loyalty among workers is vital for employers struggling to navigate the competitive labor market. Offering attractive benefits, such as paid leave, can make organizations more enticing to applicants and strengthen retention among existing workers. Flexible benefits, including paid sick and medical leave, are extremely popular with employees, especially among younger workers. Therefore, providing paid leave benefits can help organizations remain competitive when recruiting key talent in 2024. Furthermore, paid leave can be an important component of providing a safe and healthy workplace for employees. With this in mind, while offering paid leave is an expense, it's also an investment, which can be good for workers' productivity and morale and an organization's bottom line.