



...And a Baby Makes Three (Months Off)

PAID PARENTAL LEAVE AT 15 HIGH TECHNOLOGY FIRMS | AUGUST 2016



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About IBI

Founded in 1995, the Integrated Benefits Institute (IBI) is a national, nonprofit research and educational organization focused on workforce health and productivity. IBI provides data, research, tools and engagement opportunities to help business leaders make sound investments in their employees' health. IBI is supported by more than 1,100 member companies representing over 20 million workers.

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Executive Summary

As of 2015, only 12% of U.S. workers had access to paid family leave. However, recent announcements of generous paid leave benefits by some high tech and financial services firms, followed by legislative actions on their home turfs of San Francisco and New York, have pushed the discussion into the national spotlight.

To learn why some companies are adopting paid family leave, how they are balancing their policies with other business imperatives, and what human capital management challenges they face, IBI conducted in-depth interviews with human resources (H.R.) and benefits professionals at 15 major technology firms.

For the companies interviewed, a typical leave policy for birth mothers begins with leave for pregnancy under a disability policy for 8 weeks. During this time, the employer pays the difference between the employee's disability wages and her normal salary. At the end of the disability leave, the birth mother is allowed an additional 6 weeks of "bonding time" at 100% of her salary. In all, a new birth mother is allowed 14 weeks off with full pay, costing the employer about 17% of her annual salary. A typical leave policy for all other new parents is 6 weeks off, fully paid by the employer. This costs an employer 12% of the employees' annual wages.

Motivations for Offering Paid Parental Leave

Competing for talent: Several companies said their policy was inspired by a need to keep up with what other Silicon Valley businesses are doing. On the other hand, companies saw limits to how much they needed to keep up in the parental leave "arms race."

Creating family-friendly work environments: Several companies mentioned that they designed parental leave policies to establish more "family-friendly" or "employee-friendly" workplaces. This includes giving parents time to bond with a newborn or adopted child, and to help employees strike a greater balance between their work and home lives.

Formalizing leave policies: Companies also said that changes in parental leave policies were designed to clarify, simplify and formalize current practices. Another goal was to standardize informal arrangements between employees and supervisors - which are seen as financially disadvantageous to birth mothers whose time away from work was officially tracked for disability and FMLA benefits.

Parental Leave Not Expected to Hinder Business Performance

H.R. departments' and supervisors' experiences with leaves taken informally and under disability/FMLA have prepared them to maintain operations during a new parent's absence. In spite of the additional compensation for leave-takers, companies do not anticipate an overwhelming demand for time off given their high-intensity, accountability-driven corporate cultures.

Key Lessons for Employers

Lesson 1: Design the policy for what your business is trying to accomplish

Prioritize goals such as competing for talent, supporting employees' family situations, ensuring fairness and maintaining high productivity and seek to strike the right balance. Adapt policies to existing benefits in ways that fit your particular work culture. Take guidance from executives and incorporate input from employees. Work with supplier partners to ensure that any policies comply with EEOC rules and any state and local laws.

Lesson 2: Leverage FMLA and disability experiences to help maintain business performance

Develop guidance for supervisors who face the temporary absence of a team member. Use current FMLA birth and adoption leaves as a baseline metric for the demand for paid parental leave and measure important business performance metrics before and after the plan goes into effect.

Lesson 3: Focus on improving RTW experiences

Bringing a new parent back into their work routine after a long absence is a challenge. Most companies that mentioned return-to-work challenges felt that they did not have a good approach even for disability leaves generally. Returns from long parental leaves could add even more complexity given the stresses of new parenthood. Transitional periods of part-time scheduling or limited duties can help facilitate a smooth return-to-work experience. Ensure that employees are aware of employee assistance programs, and include resources that address the emotional and logistical concerns of new parents, such as coordinating day-care services, managing new expenses, flexible scheduling, or dependent care assistance programs.



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