Paid Family & Medical Leave Playbook

Resources and guidance for company leaders interested in bringing paid parental, caregiver, and/or medical leave benefits to their business



Table of Contents

1.	Get Smart	3
2.	Assess	26
3.	Design	39
4.	Persuade	47
5.	Implement	52
6.	Tools & Resources	59

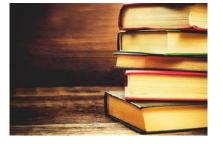
1. Get smart

Learn about paid family & medical leave (PFML) in the U.S., including sector trends and benchmarks

About Section 1: Get Smart

In this section we explore five questions:

- What is paid family & medical leave (PFML)?
- How does it benefit businesses, employees, and families?
- What is required by law in the United States?
- What are U.S. employers doing about PFML?
- What's happening with PFML by sector (trends, employer benchmarks, and more)?



What Is Paid Family & Medical Leave?

Paid family & medical leave (PFML) is defined as time off during which workers earn full or partial pay for qualified medical or family reasons. Some employers provide comprehensive benefits, while others currently provide a sub-set of these benefits.

Types of PFML Leave



PARENTAL LEAVE

Paid leave for parents to care for and bond with a new child (as well as recover from childbirth, if applicable). May include maternity and paternity leave (or primary and secondary caregiver leave), adoptive leave, and foster care leave.



CAREGIVER LEAVE

Paid leave for an employee to care for a family member with a serious health condition. Family members may include an ill or injured parent, spouse, or child.



MEDICAL LEAVE

Paid leave due to one's own serious personal health condition that is incapacitating or otherwise prevents one from performing work duties.

Key Components of a PFML Policy



DURATION OF LEAVE

PFML benefits offer employees paid time off up to a given number of days / weeks



PORTION OF PAY

PFML benefits may cover 100% of an employee's pay or a portion of regular pay



EMPLOYEE COVERAGE

Policies may cover all employees equally or may distinguish between different types of workers (e.g., salaried vs. hourly workers)

For more information on PFML policy design and how to think through these decisions for your company, jump to Section III. Design

Why Does It Matter?

PFML benefits the businesses that offer it as well as employees who take advantage of the program.

Benefits for Your Business

Companies that have recently implemented a paid family & medical leave policy commonly cite five business benefits:

- 1. Improved employee retention
- 2. Better talent attraction
- 3. Reinforced company values
- 4. Improved employee engagement, morale, and productivity
- 5. Enhanced brand equity

For more details, jump to "Evaluate the Business Benefits" or read Why Paid Family Leave is Good Business

Benefits for Employees and Families: Paid Parental Leave



For Children:

Paid parental leave has been associated with multiple infant health benefits, including:

- Lower mortality rates
- Higher immunization rates
- Higher likelihood/duration of breastfeeding
- Improved early cognitive outcomes
- Potentially better educational outcomes and earnings later in life



For Parents:

When parents take paid parental leave, they may experience:

- Higher self-reported ability to care for their child and more confident parenting
- A lower likelihood of needing federal assistance (e.g., SNAP) in the year after a birth

Mothers who take paid parental leave have:

- Fewer depressive symptoms during early motherhood
- An increased likelihood of remaining in the workforce, with the same employer and with higher wages, after having a child

Fathers are more likely to take parental leave when it is paid, which may lead to:

Fathers more involved in childcare/parenting in

the long-term

Mothers able to return to work more quickly

Learn what experts say is the "right" length of paid parental leave to best benefit employees and infants

Benefits for Employees and Families: Paid Caregiver and Medical Leave

Paid caregiver leave and medical leave provide health benefits for an ill/injured employee or family member. Individuals are able to give or receive necessary care without the interference of work responsibilities or financial burden of unpaid leave. Caregiving leave may be increasingly important due to aging demographics and the fact that most seniors want to age in place.



Selected Resources for More Information

- A Flying Start? Maternity Leave Benefits and Long Run Outcomes of Children
- Early Maternal Employment and Family Wellbeing
- Family Leave Policy and Child Health: Evidence from 19 OECD Countries from 1969 to 2010
- Involvement Among Resident Fathers and Links to Infant Cognitive Outcomes
- Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California
- Maternal Leave Policies and Vaccination Coverage: A Global Analysis
- Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public

Experts Weigh in on Length of Leave

Though there is no one answer to what is the "right" amount of paid leave to offer new parents, consider what the International Labour Organization and American Academy of Pediatrics have stated on the topic.

The International Labour Organization

Paid Maternity Leave

The ILO recommends a **minimum of 14 weeks**, with **at least 18 weeks when possible**, given the positive health outcomes for mothers and children, and the economic benefits for women.



International

Organization

Labour

Paid Paternity Leave

[Sources: C183 - Maternity Protection Convention, 2000 (No. 183) and R191 - Maternity Protection Recommendation, 2000 (No. 191)]

The ILO has no specific recommendation, but notes that **paternity leave should be offered** and **men incentivized to take it**, citing the positive impact on child development, as well as the importance of gender equality "at the heart of decent work."

[Sources: Maternity and Paternity at Work: Law and Practice Across the World (2014) and 2009 ILC Resolution]

American Academy of Pediatrics

Statements by AAP President, Dr. Benard Dreyer

AAP President, Dr. Benard Dreyer, suggests **6-9 months minimum maternity leave**, noting that **at least 12 weeks of paid maternity leave** has a significant health impact for infants (increasing the frequency of checkups and immunizations).



[Source: NPR series "Stretched: Working Parents' Juggling Act" (2016)]

Policy Statement for Pediatric Residents

The AAP recommends pediatric residents have **6-8 weeks paid parental leave regardless of gender** or whether a parent through birth, adoption, or foster care.

[Source: Parental Leave for Residents and Pediatric Training Programs (2013)]

What's Required by Law?

United States Federal Law

There is currently no U.S. federal law mandating paid family or medical leave. The U.S. is the only Organisation for Economic Co-operation and Development (OECD) member that doesn't guarantee some form of PFML.

The U.S. is one of **only eight countries** in the world without a national policy mandating paid maternity leave – along with Suriname, Papua New Guinea, Micronesia, Nauru, Palau, Tonga, and the Marshall Islands.



The Family and Medical Leave Act (1993)

The U.S. Family and Medical Leave Act requires covered employers to provide eligible employees with 12 weeks of job-protected leave for qualified reasons. The law does not mandate or provide for pay during the period of leave.

Covered Employers:

- Companies with 50+ employees
- Public agencies
- Elementary and secondary schools

Eligible employees:

- Have 1+ year of tenure, and
- Have worked 1,250+ work hours in the past year, and
- Work at a location where 50+ employees work within 75 miles

Qualifying Reasons:

- A new child (via birth, adoption, or foster care)
- A spouse, child, or parent with a serious health condition
- A serious personal health condition that prevents working

For more information, refer to the U.S. Department of Labor's materials on FMLA.

State Disability Insurance Laws

Five states in the U.S. have state-mandated disability insurance laws, through which birth mothers and employees injured outside of work may receive paid leave. These states are: Hawaii, California, New Jersey, Rhode Island, and New York. Other states are considering similar policies.



State Paid Family Leave Laws

Currently four states in the U.S. have more inclusive paid family leave laws, funded through payroll deductions. Each law is structured differently and the length of paid leave and level of pay provided vary by state.

California



Pay rate: ~55% of wages (max of \$1173/week), rising to 60-70% of

wages by 2018

Duration: Up to 6 weeks/year

Start Year: 2004

Program: Paid Family Leave (PFL), a component of the State Disability

Insurance (SDI) program

See: Source for more information

Rhode Island



Pay rate: ~60% of wages (max of

\$817/week)

Duration: Up to 4 weeks/year

Start Year: 2014

Program: Temporary Caregiver

Insurance

See: Source for more information

New Jersey



Pay rate: ~67% of wages (max of

\$633/week)

Duration: Up to 6 weeks/year

Start Year: 2009

Program: Family Leave Insurance under Temporary Disability Benefits

See: Source for more information

NY

New York

Pay rate: ~50% of pay (max of 50% NY average) in 2018, rising to ~67% of pay (max of 67% NY average) in 2021, when fully phased-in

Duration: Up to 8 weeks/year, rising to 12 weeks/year when

phased-in

Start Year: 2018 (passed in 2016)

Program: Paid Family Leave

See: Source for more information

Washington D.C. also passed a PFML law in 2016. It provides up to 90% of wages (max of \$1000/week) to private-sector workers. It provides up to 8 weeks for parental leave, 6 weeks for caregiving leave, and 2 weeks for medical leave.

So What Are Employers Doing?

The decision to offer PFML to U.S. workers largely falls to employers currently. So what are companies doing?

Recent Momentum in Paid Family & Medical Leave

%-point coverage increase ('10 - '16)

- Over 60 employers introduced or enhanced an existing U.S. PFML policy in 2015 or 2016
- Though the highest coverage and greatest momentum are in "expected" industries such as tech and finance, recent announcements have also come from less-expected industries, such as hospitality and retail
 - Recent announcement examples: American Express and IKEA

Paid family leave: Coverage changes by sector from 2010 to 2016

Colors indicate sector coverage level relative to national average (~14%) Well above average (>20%) Near average (10% - 20%) Well below average (<10%) Prof. & Retail Transport Leisure Accommo-**Utilities** Infor-& Ware-& Hospidation & mation Tech Other Services housing tality Food Services Education Health Care & Admin & Finance Wholesale Manufacturing Construction Real Estate Social Assistance Waste Rental & Ins. Leasing

Source: National Compensation Surveys, United States Bureau of Labor Statistics

Resources on Recent PFML Policy Announcements

Visit "Downloadable Tools" for a list of (and policy details on) U.S. paid parental leave benefits announced in 2015 or 2016.

For a National Partnership for Women & Families' overview of new company policies, click here.

Trend Towards Policies with Broader Coverage

PFML policies vary significantly among companies, but recent policies are trending towards broader and more inclusive employee coverage.

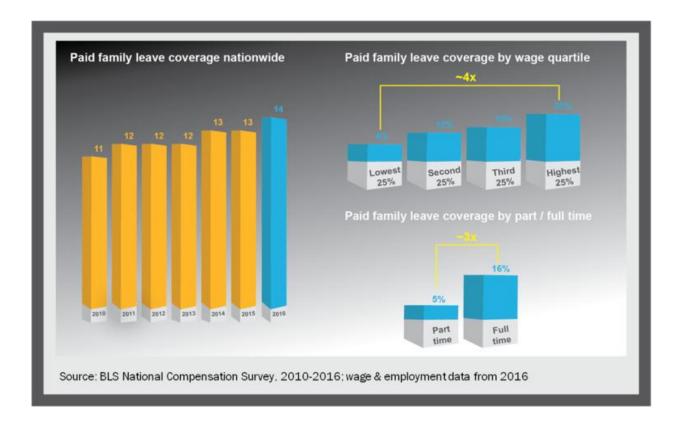
- More paid parental leave policies are becoming gender neutral
 - This does not count the added 6-8 weeks that birth mothers may take for physical recovery from childbirth

- Many new policies offer PFML to all employees, including both salaried and hourly workers
- Some companies are beginning to offer paid leave to care for ill family members (though this remains less common than parental leave)

Differences in PFML Coverage Remain

According to the Bureau of Labor Statistics, nationwide access to paid family leave was approximately 14% in 2016, up from 13% in 2015. Still, current coverage in the U.S. is not equitable across employee groups.

Coverage is expected to continue rising as more companies create PFML policies. Also, with multiple new policies covering lower wage workers, national coverage may become more equitable.



How Does Your Sector Compare?

Take a closer look at paid family leave in the U.S. across several major sectors, with information including:

- A sector description
- The national paid family leave coverage rate and trend
- Paid parental leave benchmarks based on publicly available policy information
- A spotlight on several companies that have recently announced new or enhanced PFML benefits

Featured Sectors













Sector Benchmarking Snapshot

Visit "Downloadable Tools" for a sector benchmarks table to compare average paid parental leave duration across sectors, based on publicly available policy information.

Finance & Insurance



Sector Characteristics

From the Bureau of Labor Statistics, data extracted January 2017

EMPLOYERS

Approximately 480,000 private establishments and 1,000 government establishments primarily engaged in and/or facilitating financial transactions. This includes companies such as banks, investment firms, and insurance carriers.

EMPLOYEES

Workers: 6.2 million

Median weekly full-time earnings: \$1,024

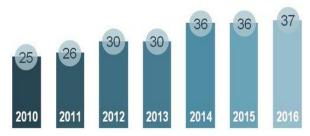
Paid Family Leave Coverage

From the Bureau of Labor Statistics. 2010-2016 NCS

Coverage in Finance & Insurance is nearly triple the national average. This coverage represents a 12 percentage point increase from 2010, though only a modest increase since 2014.

Finance & Insurance

% of private industry workers with PFL coverage by year



Benchmark for Average Duration of Paid Parental Leave

From publicly available policy details on over 250 companies with paid parental leave, December 2016

Birth mothers: 11 weeks
 Fathers/secondary caregivers: 4 weeks
 Adoptive/foster parents: 8 weeks

Spotlight on New Policies: Banking

From press coverage and publicly available policy information

Multiple employers in the Finance & Insurance sector have announced new or enhanced PFML policies in recent months. This high level of activity is in part due to the sector's intense competition for talent. See several examples below.

Barclays, August 2016: Extended paid parental leave from 1 to 6 weeks for non-primary caregivers, introduced flexibility for primary caregivers [See: Business Wire]

Bank of America, April 2016: Increased length of parental leave from 12 to 16 weeks for both men and women [See: Huffington Post]

Wells Fargo, June 2016: Announced new PFML benefits of paid parental leave, paid critical caregiving leave, and a backup adult care program [See: Business Journals]

Fidelity, March **2016**: Expanded paid maternity leave to 16 weeks and parental leave to 6 weeks [See: Business Wire]



Accommodation & Food Services



Sector Characteristics

From the Bureau of Labor Statistics, data extracted January 2017

EMPLOYERS

Approximately 680,000 private establishments and 1,000 government establishments that provide lodging for travelers or prepare food and beverages for immediate consumption. Includes hotels, resorts, and restaurants.

EMPLOYEES

Workers: 13.4 million

Average hourly earnings: \$14.15

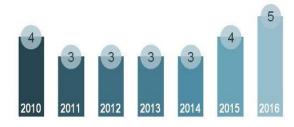
Average hours worked/week: 26.2 hrs

Paid Family Leave Coverage

From the Bureau of Labor Statistics, 2010-2016 NCS

The Accommodation & Food Services sector has the lowest recorded sector coverage rate at 5% (tied with construction). This low coverage rate is a modest 1-2% improvement over previous years' coverage rates.

Accommodation & Food Services % of private industry workers with PFL coverage by year



Benchmark for Average Duration of Paid Parental Leave

From publicly available policy details on over 250 companies with paid parental leave, December 2016

Birth mothers: 8 weeks
 Fathers/secondary caregivers: 4 weeks
 Adoptive/foster parents: 4 weeks

Spotlight on New Policies: Hospitality

From press coverage and publicly available policy information

Recently, several employers in the hospitality space have implemented new paid family leave benefits, though sector coverage remains low overall.

Choice Hotels, October 2016: Offers 12 weeks fully paid parental leave for new mothers, 4 weeks for paternal, adoptive, and domestic partner parental leave, and 4 weeks per year for caregiver leave [See: Choice Hotels press release]

Union Square Hospitality Group, January **2017:** Full time employees now get 4 weeks parental leave at full pay and an additional 4 weeks at 60% of pay [See: Huffington Post]

Hilton Worldwide, January 2016: New birth mothers can receive a total of 10 weeks of full pay, and all new parents including fathers and adoptive parents receive 2 weeks of full pay [See: Hilton press release]



Manufacturing



Sector Characteristics

From the Bureau of Labor Statistics, data extracted January 2017

EMPLOYERS

Approximately 345,000 private establishments and 100 government establishments "engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products." This encompasses all types of manufacturing companies, from food to apparel manufacturers.

EMPLOYEES

Workers: 12.3 million

Average hourly earnings: \$26.37

Average hours worked/week: 40.7 hrs

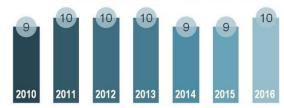
Paid Family Leave Coverage

From the Bureau of Labor Statistics, 2010-2016 NCS

The Manufacturing sector coverage rate of 10% has been largely flat over the last six years.

Manufacturing

% of private industry workers with PFL coverage by year



Benchmark for Average Duration of Paid Parental Leave

From publicly available policy details on over 250 companies with paid parental leave, December 2016

• Birth mothers: 10 weeks

Fathers/secondary caregivers: 3 weeks

Adoptive/foster parents: 6 weeks

Note that the Manufacturing sector is home to a diverse set of companies, and paid leave benchmarks differ by sub-sector. For instance, consider how paid parental leave coverage differs between tech and pharma manufacturing:

Tech manufacturing benchmarks:

• Birth mothers: 11 weeks

• Fathers/secondary caregivers: 5 weeks

• Adoptive/foster parents: 6 weeks

Pharma manufacturing benchmarks:

Birth mothers: 9 weeks

• Fathers/secondary caregivers: 2 weeks

• Adoptive/foster parents: 3 weeks

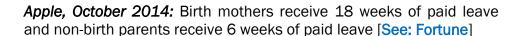
Spotlight on New Policies

From press coverage and publicly-available policy information

A diverse set of Manufacturing companies have announced new or enhanced paid family & medical leave policies in recent months. See below for several examples.

Tech Manufacturing

Microsoft, November 2015: Birth mothers receive 20 weeks of paid leave and all other parents receive 12 weeks of fully paid leave [See: CNN]







Consumer Manufacturing

Procter & Gamble, February 2016: Maternity leave is 16 weeks of full pay, adoptive parents receive 16 weeks of full pay, and secondary caregivers receive 4 weeks of full pay [See: CLASP]

The Honest Company, January 2016: Fully paid leave for both mothers and fathers increased from 10 to 16 weeks [See: CNN]

Pharma Manufacturing

Johnson and Johnson, May 2015: All new parents regardless of gender receive 8 weeks of fully paid parental leave, birth mothers are provided up to 17 weeks of full pay [See: J&J website]





Food and Beverage Manufacturing

Danone, June 2016: Mothers and primary caregivers in same-sex relationships receive 6 months of fully paid parental leave [See: Union Leader]

Coca-Cola, January 2017: All new parents receive 6 weeks of fully paid parental leave, and birth mothers may receive 12-14 weeks including short-term disability [See: Coca-Cola website]

Information, Professional, Scientific, & Technical Services



Sector Characteristics

From the Bureau of Labor Statistics (Information and Professional, Scientific, and Technical Services), data extracted January 2017

EMPLOYERS

Information: ~155,000 private establishments and 5,500 government establishments that produce/distribute information and cultural products, provide the means to transmit or distribute these products as well as data or communications, or process data. Includes software companies, publishers, and broadcasters, among others.

Professional, Scientific, and Technical Services: ~1.2 million private establishments and 2,750 government establishments including law, accounting, consulting, and engineering firms.

EMPLOYEES

Information:

Workers: 2.8 million

• Average hourly earnings: \$37.49

Average hours worked/week: 36.0

Professional Services:

Workers: 9 million

Average hourly earnings: \$39.70

Average hours worked/week: 36.7

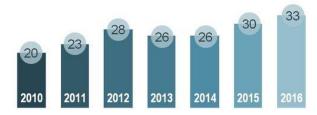
Paid Family Leave Coverage

From the Bureau of Labor Statistics, 2010-2016 NCS

Paid family leave coverage in both sectors is ~30%, with both sectors showing significant coverage growth since 2010.

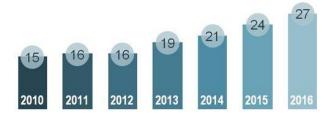
Information

% of private industry workers with PFL coverage by year



Professional & Technical Services

% of private industry workers with PFL coverage by year



Benchmark for Average Duration of Paid Parental Leave

From publicly available policy details on over 250 companies with paid parental leave, December 2016

• Birth mothers: 13 weeks

• Fathers/secondary caregivers: 7 weeks

Adoptive/foster parents:
 9 weeks

Spotlight on New Policies

From press coverage and publicly-available policy information

Multiple companies in these sectors have announced new or enhanced paid family & medical leave policies in recent months. See below for several examples.

Information: Tech

Facebook, January 2016: Facebook extended its U.S. benefit of 16 weeks paid parental leave to all employees worldwide, regardless of gender or location [See: Huffington Post]

Twitter, May 2016: A new gender-neutral policy guarantees all parents 20 weeks of fully paid leave [See: Fortune]





Information: Publishing and Media

Time Warner Cable, January 2015: All new parents, biological and adoptive, are now eligible for 6 weeks of paid leave, with birth mothers also eligible for disability leave [See: Yahoo]

Vodafone, April 2015: A new global policy provides 16 weeks of paid maternity leave and full pay for 30-hour work weeks during the first 6 months back to work [See: Washington Post]

Professional Services

EY, July 2016: New mothers and fathers receive 16 weeks of fully paid leave when welcoming a child through birth, adoption, surrogacy, foster care, or legal guardianship [See: PR Newswire]

Deloitte, September 2016: All employees can take up to 16 weeks of fully paid family leave to care for a new child or ill family member such as a spouse or aging parent [See: Fortune]

The Boston Consulting Group, October 2016: All new parents regardless of caregiver status now receive 8 weeks of paid parental leave, with birth mothers eligible for up to 16 weeks of paid leave including short-term disability



Health Care and Social Assistance



Sector Characteristics

From the Bureau of Labor Statistics, data extracted January 2017

EMPLOYERS

Trained professionals in approximately 1.5 million private establishments and 15,000 government establishments provide individuals with heath care and/or social assistance. Example employers are hospitals, nursing homes, and day care centers.

EMPLOYEES

Workers: 19.4 million

Average hourly earnings: \$26.30

Average hours worked/week: 33.0 hrs

Paid Family Leave Coverage

From the Bureau of Labor Statistics, 2010-2016 NCS

Paid family leave coverage of private industry employees in Health Care & Social Assistance is ~18%. Coverage has hovered between 15% and 18% since 2010.

Health Care & Social Assistance

% of private industry workers with PFL coverage by year



Benchmark for Average Duration of Paid Parental Leave

From publicly available policy details on over 250 companies with paid parental leave, December 2016

Birth mothers: 5 weeks
 Fathers/secondary caregivers: 2 weeks
 Adoptive/foster parents: 3 weeks

Spotlight on New Policies: Health Care

From press coverage and publicly available policy information

Children's National Health System, July 2015: Birth mothers receive 6 and 8 weeks for a regular or cesarean delivery respectively, and paternity leave is 2 weeks of full pay. Adoptive mothers and fathers receive 6 and 2 weeks of paid leave respectively [See: CLASP Policy Solutions interview]



Retail Trade



Sector Characteristics

From the Bureau of Labor Statistics, data extracted January 2017

EMPLOYERS

Approximately 1 million private establishments and 1,800 government establishments engaged in retailing merchandise, often in small quantities, to the general public. This includes store retailers and non-store retailers, encompassing grocery stores, clothing stores, motor vehicle dealers, gas stations, and more.

EMPLOYEES

Workers: 16 million

Average hourly earnings: \$18.18

Average hours worked/week: 30.7 hrs

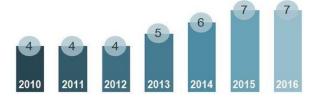
Paid Family Leave Coverage

From the Bureau of Labor Statistics, 2010-2016 NCS

Paid family leave coverage of private industry employees in Retail is low at about 7%. Notably, though, this represents an increase of three percentage points from the sector's 2010 coverage rate of 4%.

Retail

% of private industry workers with PFL coverage by year



Benchmark for Average Duration of Paid Parental Leave

From publicly available policy details on over 250 companies with paid parental leave, December 2016

Birth mothers: 12 weeks
 Fathers/secondary caregivers: 6 weeks
 Adoptive/foster parents: 6 weeks

Spotlight on New Policies: Retail Trade

From press coverage and publicly available policy information

Despite paid family leave's limited reach in the Retail Trade sector today, several employers have implemented new benefits in recent months.

Amazon, November 2015: Amazon now offers 20 weeks of fully paid leave to birth mothers and 6 weeks to all other new parents. They also offer a leave-sharing program in which employees can share up to 6 weeks of paid leave with a spouse or partner whose employer doesn't offer paid parental leave [See: Bloomberg]

eBay, January 2016: Birth mothers now receive 24 weeks of full pay, and all other new parents receive 12 weeks of full pay. All employees can also receive 12 weeks of fully paid caregiver leave [See: Fortune]

Patagonia, 2015: New birth mothers receive 16 weeks of fully paid maternity leave and all other new parents receive 12 weeks of fully paid leave. 12 weeks of fully paid caregiver and medical leave is also available to all employees [See: Quartz]



2. Assess

Weigh the expected benefits and costs of providing PFML for your company

About Section 2: Assess

This section provides guidance on how to assess the anticipated benefits and costs of implementing paid family & medical leave, based on interviews with a wide range of U.S. companies



Evaluate the Business Benefits

Companies commonly cite five benefits as reasons for and outcomes of PFML implementation:

- Improved retention of talented employees
- Enhanced ability to recruit talented individuals who are increasingly expecting this benefit
- Reinforcement and powerful demonstration of company values
- Improved employee engagement, morale, and productivity
- Strengthened employer and brand equity through external recognition of the policy

Five Potential Business Benefits of PFML

Providing employees with paid leave during pivotal times of change - either positive or negative - in their lives can result in significant benefits for employers.



Benefit I: TALENT RETENTION

Offering PFML can result in significantly improved retention of employees who might have otherwise left the organization due to competing parenting or medical demands. This not only increases talent in the organization but also reduces turnover costs.



Benefit II: TALENT ATTRACTION

Offering enhanced employee benefits, particularly PFML, can attract more talented individuals to apply to your company as well as make talented offerees more likely to accept your company's job offers.



Benefit III: REINFORCED COMPANY VALUES

Implementing a PFML policy signals your corporate values, both to employees and to the market. This creates goodwill among employees across diverse groups and can elevate your company's reputation and brand with the public.



Benefit IV: IMPROVED ENGAGEMENT, MORALE, & PRODUCTIVITY

Knowing their employer cares about them can inspire employees to go the extra mile at work, resulting in better productivity and business outcomes.



Benefit V: ENHANCED BRAND EQUITY

Recent announcements of new PFML policies have been met with significant positive press coverage that celebrates these companies. This suggests companies implementing PFML may receive external recognition and a resultant boost in reputation.

Talent Retention

Benefit I: TALENT RETENTION

Offering PFML can result in significantly improved retention of employees who might have otherwise left the organization due to competing parenting or medical demands. This not only increases talent in the organization but also reduces turnover costs.



Step 1. Get the Facts

ACADEMIC RESEARCH

With paid parental leave, employees that have had a child are more likely to return to the workforce, and to the same employer.

- Women who take paid parental leave are 93% more likely to be in the workforce one year after a child's birth than those who don't take any leave
- 61% of women who return to the same employer within 12 months of their child's birth did so after using paid leave

While there is less research into retention of employees taking caregiver / medical leave, there may be significant retention benefits for them as well.

25% of male and female caregivers at 3
 Fortune 500 companies considered changing jobs because of their eldercare responsibilities

ECONOMIC BENEFITS OF TALENT RETENTION

- Lower turnover costs: a recent review of turnover studies found that across industries, median turnover costs are 21% of an employee's salary. Paid leave for an employee who would have otherwise left the organization may pay for itself immediately
- Improved profitability: For instance, better retention of women increases their numbers in senior leadership - and diverse company leadership has been linked to improved company performance / profitability

COMPANY EXPERIENCE

Talent retention is one of the primary reasons employers implement PFML policies. And they've seen results.

Google's
 female
 turnover
 decreased
 50% when
 paid
 maternity
 leave went
 from 12 to 18
 weeks



- Accenture saw a 40% decrease in new mother attrition after doubling paid maternity leave to 16 weeks
- Patagonia, with family-friendly policies including paid family leave, has 100% retention of new mothers

Step 2. Take Action

- Gather internal employee retention numbers for new parents and where known, for employees with family health emergencies and serious medical conditions, based on benefits enrollment and other available HR data
- Examine exit interviews to determine if parenting, caregiving, or medical challenges could be contributing to talent attrition

Note: only complete these actions if you are permitted to access this personally identifiable data, which is confidential and highly sensitive. If you have access, keep this information separate from other analyses and share on an extremely limited basis.

Talent Attraction

Benefit II: TALENT ATTRACTION

Offering enhanced employee benefits, particularly PFML, can attract more talented individuals to apply to your company as well as make talented offerees more likely to accept your company's job offers.



Step 1. Get the Facts

CHANGING WORKFORCE EXPECTATIONS

Recent survey data indicates changing workforce expectations – a strong signal of potential PFML impact in hiring.

- 77% of employed adults say the amount of parental leave offered by an employer could sway their decision when choosing a job
- 93% of Millennial fathers report that paternity leave is important when considering a new job (compared with 88% of Gen X and 77% of Boomer fathers)
- More than 50% of surveyed employers indicate job candidates have specifically asked about their paid family & medical leave benefits [EY report forthcoming]

In addition, due to aging demographics, paid caregiver leave may be increasingly important to job candidates.

COMPETITION FOR TALENT

Many companies that have recently implemented PFML cite competitive talent attraction as a key reason for the move. The importance of this benefit in attracting U.S. talent is only expected to grow over time.

"We compete with banks, we compete with industry peers, and we also compete with tech companies. So we need to better match the benefits they provide if we want to bring that talent in."

- Manufacturing company

"Paid parental leave isn't just a nice thing to do – it's the smart thing to do for our business. To remain competitive, [we] must preserve and enhance [our] talent pipeline...we know paid parental leave will go a long way in supporting our current associates, and it will be a great selling point for recruiting." – Consumer goods organization

Step 2. Take Action

- Learn what competitors offer and articulate how your company can present itself in relation to them. Are you looking to have best in class or at-market employee benefits?
- Articulate company hiring goals to determine whether PFML could support them. PFML's boost to your talent attraction may be most notable if you are looking to hire:
 - In an industry with competitive hiring
 - Talent from companies offering PFML
 - Talent that typically goes to other industries (e.g., tech talent for a retail company)
- Assess to what extent job applicants have asked about benefits during the recruiting process

Note: you may not have access to some of this information depending on your job position. Where possible, collaborate with others in your company that are interested in PFML to understand potential talent attraction impacts. Only access and share confidential information such as job applicant details when appropriate.

Reinforced Company Values

Benefit III: REINFORCED COMPANY VALUES

Implementing a PFML policy signals your corporate values, both to employees and to the market. This creates goodwill among employees across diverse groups and can elevate your company's reputation and brand with the public.



Step 1. Get the Facts

When announcing PFML benefits, companies demonstrate a commitment to their values - to employees and the broader public.

"At Johnson & Johnson, we are firmly committed to living Our Credo. A key tenet of this is to respect the dignity of our employees, foster a workplace culture of health and provide equal opportunity for everyone.... To that end, we are thrilled about the announcement we made this morning: a significant upgrade to our parental leave policy in the US." - Johnson & Johnson

"Fostering an inclusive workplace means valuing all parents – no matter their gender or sexual orientation ... We think the most successful way to structure benefits to help working families is to

make them gender neutral and encourage both moms and dads to play an active role in their family lives." - Coca-Cola

Step 2. Take Action

- Review your corporate values statement to determine which values PFML supports. For instance:
 - Employees / families / communities: Your company values its employees' well-being and personal lives, supporting better health for infants, mothers, and other family members, as well as financial security.
 - Equality, inclusion, and diversity: Your company values gender equality and diversity in the workforce and supports co-parenting
 - Social responsibility: Your company encourages employees to care for themselves and their families during pivotal life moments, and provides the financial security while they do so.
- Review your company's focus and advertising/marketing messages. Could these also be supported by implementing paid family & medical leave?

For more information on how PFML can support company values, missions, and marketing, revisit "Why Does it Matter?"

Improved Engagement, Morale, & Productivity

Benefit IV: IMPROVED ENGAGEMENT, MORALE, & PRODUCTIVITY

Knowing their employer cares about them can inspire employees to go the extra mile at work, resulting in better productivity and business outcomes.



Step 1. Get the Facts

Companies that have already implemented PFML report that the new benefit had a positive impact on employee engagement, morale, and productivity.

- Over 80% of surveyed companies report PFML had a positive impact on employee morale, no matter the company size; over 70% reported a boost in employee productivity [EY report forthcoming]
- 99% of California companies report that the state's paid family leave policy had a neutral or positive effect on employee morale 89% noted a neutral or positive effect on productivity

Companies report that PFML impacts employee engagement, morale, and productivity for those that use PFML as well as for those that don't.

- PFML supports employees during a challenging and pivotal time in their lives
- PFML signals that the company cares about and is committed to its employees, even outside of work

Step 2. Take Action

- Review recent employee surveys to determine if and how widely employees have expressed interest in PFML benefits
- Hold a focus group or engage in informal conversations on the topic of PFML
- Evaluate how improved employee engagement / morale could impact your bottom line consider:
 - Is customer service critical to your business?
 - Are employees often visible to customers?
 - o Does your business rely on the creative energy of your employees?

Enhanced Brand Equity

Benefit V: ENHANCED BRAND EQUITY

Recent announcements of new PFML policies have been met with significant positive press coverage that celebrates these companies. This suggests companies implementing PFML may receive external recognition and a resultant boost in reputation.



Step 1. Get the Facts

ANNOUNCEMENT COVERAGE

PFML announcements have been met with public acclaim across dozens of media outlets. Consider the outpouring of attention lkea received in December 2016 when it announced its new paid parental leave policy:

- Forbes "IKEA Offers Up To 4 Months Paid Parental Leave In Rare Move For Retail Sector"
- Fortune "Ikea Is Giving All U.S. Employees Paid Parental Leave No Matter How Many Hours They Work"
- The Huffington Post "Ikea is Giving Its Employees Up To Four Months of Paid Parental Leave"
- CNN "Ikea significantly expanding paid parental leave"
- USA Today "Ikea expands parental leave to all U.S. workers"
- The Atlantic "Ikea's Leave Policy Actually Includes Most of Its Workers"

• Upworthy - "IKEA's new parental leave policy definitely raises the bar for American retailers"

BEST COMPANY RANKINGS

Many published company rankings (such as Working Mother 100 Best Companies) take benefits such as PFML into account.

"We get scored on those company best lists, and guess what will improve that score."

- Manufacturing company

Step 2. Take Action

- Determine the extent to which your business would benefit from media / market attention to PFML
 - o Would you be making the first high-profile PFML announcement in your industry?
 - o Would the announced PFML benefits notably exceed those of your peers?
 - Could a PFML announcement be an opportunity to tell a novel positive story about your company?
 - Could your ranking be improved on lists such as Working Mother 100 Best Companies?

The Potential Costs of Paid Family and Medical Leave

Many companies considering PFML cite the cost as their #1 concern. However, as highlighted in Why Paid Family Leave is Good Business, companies with these benefits find the program expenses are manageable and the program's value exceeds its cost, especially relative to other employee benefits that could be provided.

Primary Components of PFML Cost

I. LABOR REPLACEMENT

- Who will be eligible for PFML?
- What will the utilization rate be?
- Which jobs would require temporary coverage, and what is their average annual pay?
- How much do temps cost?

II. LOST PRODUCTIVITY

- Do you expect any workforce productivity loss while salaried employees are on leave?
- While hourly workers are on leave?

Estimating Your Company's PFML Cost

Arrive at a rough estimation of your PFML costs based on your proposed policy structure and workforce details.

1. Define the parameters of your PFML policy

- Will you offer parental leave? For what duration?
- Will you offer caregiver leave? For what duration?
- Will you offer medical leave? For what duration?
- If offering parental leave, will it be given to all new parents (mothers & fathers, birth/adoptive/foster parents)? Will paid maternity leave run in parallel with or after shortterm disability, if applicable?
- What will be the rate of pay replacement (e.g., 100%)?
- Will you cover all employee types (e.g., salaried and hourly)?



2. Determine how many employees will be eligible for the benefits

- How many U.S. employees work at your company?
- Will you distinguish between employee groups (e.g., primary vs. secondary caregivers, salaried vs. hourly employees)? If so, how many employees fall into each relevant cohort?
- Will you attach a tenure requirement to your policy (e.g., eligible for PFML after one year with the company)? If so, how many employees will be eligible?

3. Estimate the rate of policy utilization by eligible employees

- For parental leave: how many employees do you expect to become parents in a year?
 - Leverage available company data on workforce births per year (note: organizations have complete data on maternity more frequently than paternity)
 - If this data is incomplete or unavailable, estimate birth rates based on average workforce age if possible (reference the latest CDC births report)
- For caregiver and medical leave: how often do you expect employees to request caregiver or medical leave?
 - Leverage any existing company data on caregiver or medical leave needs in your workforce, if available
 - o Reference any data gathered via surveys or focus groups, if applicable

4. Calculate expected replacement costs

- Which jobs will require temp replacement during periods of leave, and which can be covered by the existing workforce during leave?
 - Note: Company experience suggests hourly workers often require temp replacement.
 Salaried workers can typically be covered by peers however, certain roles such as executive assistants may require a temp replacement
- What are average employee salaries, by relevant cohort? (those requiring temp replacement, and those not requiring a temporary hire)
- What will a temporary worker cost compared with the employee on leave (consider training/hiring costs, temp staffing firm fees, any benefits, etc.)?
- For work coverage by existing employees, what (if any) overtime expenses do you expect to incur?

5. Consider the cost of any lost productivity

- With an employee on leave, it is possible that you will incur productivity losses if their work is done less efficiently or at a later date?
- Based on your industry/company-specific operating model, do you expect any productivity loss from policy utilization?

 Keep in mind that there are many ways to pre-empt/minimize productivity losses, such as facilitating a leave transition meeting where future roles and responsibilities are clearly delineated.

Sample Labor Cost Estimation Calculator

For a preliminary estimate of your annual PFML labor replacement costs, visit "Downloadable Tools" for a spreadsheet calculator. You will be prompted to enter your proposed policy parameters and workforce characteristics

Bring it Together

Many companies find it helpful to compare their anticipated benefits and costs side-by-side to understand the potential impact of offering PFML, even if it does not provide an exact numerical cost-benefit analysis.

Steps in Evaluating the Business Case

1. Summarize your findings

- Gather expected business benefits (See "Evaluate the Business Benefits")
- Gather estimated program costs (See "Estimate the Potential Costs")
- Compare the benefits and costs side-by-side: If helpful, download and fill in the cost-benefit worksheet from "Downloadable Tools"

2. Examine different PFML policy options

- Consider if adjustments to your proposed PFML policy could increase the business benefits or lower the costs
- Test multiple alternative scenarios to evaluate your company's options (See "Estimate the Potential Costs" for a sample, preliminary PFML labor costs calculator.)

3. Finalize your recommendation

- Could/should your company offer PFML to U.S. employees?
- If yes, what will the parameters of that policy be?
- If no, why not? What would have to change for your organization to offer PFML in the future?

3. Design

Design a PFML policy that works well for your employees and your business

About Section 3: Design

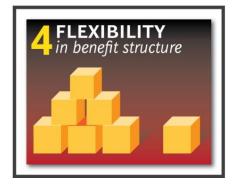
A strong paid family & medical leave policy addresses the needs of both your employees and your business. Whether you are just beginning to think about offering PFML in the U.S. or have the green light to design and implement PFML, think about how you would like to structure this employee benefit.

Some design decisions (especially types and duration of leave offered) will be core to your PFML proposal. As they affect the overall economics / decision to offer PFML, they require earlier alignment and will likely require input from multiple senior leaders in your organization. Remaining decisions can be made at a later time and may require less senior attention.











Design Element 1

WHAT TYPES OF PAID LEAVE WILL BE OFFERED?



Decisions to Be Made

Determine which of three distinct types of PFML your policy will cover.

- Parental leave? For all parents? To care for and bond with a new child; can be offered to mothers and fathers, primary and secondary caregivers, adoptive parents, foster parents, surrogate parents
- 2. Caregiver leave? To care for an ill parent, spouse, child etc.
- 3. **Medical leave?** To recover from personal illness/injury

How to Approach These Decisions

Consider and articulate how PFML will link to your company values

- Describe how your employee benefits, including PFML, fit into your overall employee value proposition
- Explain how PFML will specifically advance your company values and mission

Reflect on what types of PFML your employees are requesting

- Review recent employee survey results to understand what benefits employees have explicitly requested. If you do not have a recent employee survey, consider launching a small benefits survey
- Consider holding a focus group of employees across the organization to gauge their interests

Determine the age distribution of your workforce and whether a type of leave may be particularly relevant for certain demographics

- Have a younger workforce? Parental leave may be of particular importance
- Have an older workforce? They may particularly appreciate caregiver leave to tend to elderly parents

Evaluate reasons for employee attrition and whether PFML could boost retention

- Analyze available HR data to understand how often employees leave the company within several months of having a child
- Read available exit interviews to determine how often parenting, elder care, or personal medical reasons are cited as a reason for leaving the company

Examine and compare the PFML benefits your competitors offer

- Understand what types of PFML your competitors offer to determine how your company can become more competitive in talent attraction
- Determine whether your company wishes to offer the same types of leave as competitors, or offer more types of leave to create a competitive edge

Design Element 2

WHO WILL THE PAID FAMILY & MEDICAL LEAVE POLICY COVER?



Decisions to Be Made

Consider which employee groups will be eligible for paid family & medical leave.

- 1. Which job positions / functions will be eligible? (e.g., both salaried and hourly, both full-time and part-time, all levels of the organization)
- 2. Will a certain tenure be required? (e.g., 1+ year of tenure required to be eligible)

How to Approach These Decisions

Understand the needs of different cohorts - If paid leave is requested equally by employees across different cohorts, there is a strong case to offer the benefit across the full workforce

- Analyze your most recent employee survey results by employee type, to understand if/how group interests differ
- If data is not already available, consider launching a short survey to gather data on these needs and preferences
- Consider holding a focus group with a diverse set of workers, or multiple focus groups

Consider the values statement you wish to make - Recognize that employee coverage can be interpreted internally and externally as a statement of your company values

- Determine if it is feasible to cover both salaried and hourly workers to reinforce values about equality and the importance of all employees to your business
- Determine if it is possible to provide coverage for all types of parenting / caregiving arrangements to reinforce values of inclusion and the diversity of contemporary families

Design Element 3

WHAT DURATION OF LEAVE WILL BE OFFERED, AND AT WHAT PAY?



Decisions to Be Made

Consider the duration of leave and the rate of pay replacement you will offer.

- 1. How many days / weeks of leave will you offer?
- 2. Will you offer different lengths of leave based on caregiver status?
- 3. What rate of pay will you provide over the duration of leave?

How to Approach These Decisions

Examine historical patterns of leave at your company as a starting point

- How long have employees typically taken in unpaid leave upon the birth of a child or for a medical issue?
 - Note: this is likely less than the time employees would ideally take, since the absence
 of pay often limits the leave employees can afford to take. Also, note employees
 often use all of their vacation days and PTO when they require family or medical
 leave

Consider expert recommendations such as:

- The International Labour Organization:
 - o Maternity leave minimum 14-18 weeks
 - o Paternity leave no specific recommendation
- The American Academy of Pediatrics:
 - Maternity leave minimum 6-8 weeks
 - Paternity leave minimum 6-8 weeks

Consider what other companies offer

- For sector-level benchmarks of parental leave length, refer back to "How Does Your Sector Compare?"
- Compile a list of main competitor policies, where publicly available

- Consider both industry competitors and competitors for talent, if these groups are separate
- Determine how you aspire to compare: At the market median? Matching the front-runner(s)? Becoming the frontrunner?

For birth mothers, determine how paid parental leave and short-term disability will work together

- Review short-term disability program details to understand your legal obligations and options
- If employees are eligible for disability benefits, the programs will either need to run concurrently or in succession
- In some cases, disability insurance can cover part of wage replacement with employers covering the remainder

Determine what pay rate your company can offer

- Most companies offer 100%, but others offer a portion of pay
- Employees, especially fathers, may be less likely to use PFML if the pay rate is lower than 100%
 - 86% of fathers reported they would not use parental leave unless it paid 70% of their salary
 - 45% said they would only take leave at 100% of normal pay
- Because leave duration and pay are interrelated determine what combination best balances the needs of your employees with your business economics
 - See "Estimate the Potential Costs" for a labor cost estimation calculator.

Design Element 4

WILL YOU OFFER FLEXIBILITY IN HOW THE PERIOD OF LEAVE IS STRUCTURED?



Decisions to Be Made

Consider what flexibility you will build into your paid family & medical leave policy.

- 1. Will the policy provide flexibility in when leave is taken? (e.g., any time in the first year of a child's life)
- 2. Will the policy provide flexibility in how leave is taken? (e.g., non-consecutive weeks)
- 3. Will the policy provide flexibility in length of leave? (e.g., twice the weeks at half the pay rate)

How to Approach These Decisions

Consider employee input

- Examine employee survey results
- Discuss leave structure in a focus group gathering

Consider your company's philosophy on workplace flexibility - If flexibility is a key tenet of your company's workplace philosophy, your PFML policy should reflect this

Determine how intermittent leave would affect company operations

- Some business models are better able to handle employees on intermittent leave than others
- Consult business leaders across functions to determine how leave taken all at once vs. intermittently would affect business operations

Design Element 5

WHAT SUPPORT MECHANISMS WILL BE PROVIDED?



Decisions to Be Made

Consider whether you will provide supporting mechanisms to complement paid family & medical leave.

- 1. Will your company offer support in transitions to leave? (e.g., part-time ramp-off, transition coaching)
- 2. **Will your company offer support in transition back from leave?** (e.g., part-time ramp-on, guarantee of no travel in first months back)
- 3. **Will your company offer parenting support?** (e.g., on-site childcare center, working parents group)

How to Approach These Decisions

Consider what your employees are asking for and what their experiences have shown

- Have employees, especially those with experience taking leave, voiced interest in specific types of support?
- Consider asking about supporting mechanisms in a PFML focus group
- Review your most recent employee survey results to see if there were specific requests for support or indications that support would be of value
 - This may include: employees indicating that work transitions are challenging, employees mentioning they don't know who to go to with PFML questions, employees indicating they would have benefited from advice and support)

Understand the ramp-on/off experiences of employees who have taken leave previously - If employees have found the transition to/from work challenging or career-limiting, there is a strong case for allowing ramp-on/off flexibility

- Have one-on-one conversations with employees who have recently taken time off for parenting, care giving, or medical reasons that are comfortable discussing their experience transitioning to/from work
- Consider distributing a short survey to employees who've recently taken time off for parenting, care giving, or medical reasons to gather data on their experiences

4. Persuade

Prepare and deliver a winning business case for PFML to company decision makers

About Section 4: Persuade

If you have assessed the expected business benefits and costs and decided your company should offer a paid family & medical leave benefit in the U.S., you may still need to convince others in your organization. Often, employers have implemented PFML after one individual persuaded senior decision makers. This section serves as a tactical guide for those individuals to "make the case" for PFML internally. If you are a senior decision maker yourself, you may also draw upon this section to convince your peers.



Identify Decision Makers

Determine whose endorsement you will need to make the official decision to offer paid family & medical leave. These people may include:

- The board of directors
- Head of HR / other HR managers
- Other senior executives (e.g., CEO, CFO)
- Heads of business units
- Employee benefits committee members



If multiple leaders/groups must be convinced, determine in what order you will approach them and consider who will be useful to have on board first to help sway others.

"We brought it up to our CEO, who was happy to afford people at her company this precious time.

Once the CEO was on board, everyone else fell into line." - Manufacturing company

Craft a Winning Case

How can you convince others that your business should offer PFML (if you have decided so yourself)? See below for:

- Five elements to include in a winning case for PFML
- Guidance on how to customize your case
- A sample memo that brings it all together

Elements of a Winning Case

Company experience has found that successful pitches for PFML tend to have the following five elements:



1: Set the Context

Articulate why you've decided to raise the topic of PFML: employee interest, changing industry norms, a competitor announcement? Provide a summary of your company's current family/medical leave policies to ensure your audience knows the offering.

2: Spotlight Employee Needs

Provide evidence of employee interest, such as employee survey results and individual anecdotes. This can be the strongest evidence in favor of implementation.

3: Link to Your Company Values

State how PFML reinforces your company values or support your audience's specific agenda and business goals. Many companies have ultimately implemented PFML policies because they naturally fit with and reinforced their corporate values.

4: Make the Business Case

Share what your company stands to gain from offering PFML – often focused around the **five business benefits** discussed in Section II.

5: Address the Expected Cost

Estimate the cost of offering PFML to show the program costs are manageable. Cost is often the number one concern company leaders have about implementing this benefit.

Guidance for Customizing Your Case

Every company has specific goals as it relates to employees, competitive positioning, culture, and bottom line results. When developing your case, focus on the **potential business benefits** that would be of greatest interest to decision makers and most valuable for your company based on its current situation, challenges, and aspirations.

1. Highlight the Most Relevant Benefits for Your Company

- If your company is experiencing challenges with female retention / pay gap / representation, emphasize how PFML can boost retention rates
- If your company strongly competes for hiring top talent, focus on how PFML would enhance your employee value proposition and boost talent attraction

2. Appeal to Your Audience's Interests

- Find out what goals and issues are most important to your target decision makers
- Bolster your case by sharing how PFML can help advance those goals. For example, focus
 on:
 - Talent attraction for a leader concerned with recruiting
 - Reduced turnover costs for a leader concerned with cutting costs
 - o Improved employee morale for a leader concerned with work-life balance issues

3. Appeal to Your Audience's Style

- Learn what "type" of reasoning your audience typically finds most persuasive
- Bolster your case by appealing to their preferred style of reasoning. For instance:
 - Emphasize numerical statistics and anticipated costs and cost savings for audiences most persuaded by data / cost-benefit analyses
 - Share employees' personal wishes and anecdotes as well as stories from other companies for audiences most convinced by powerful stories

"Our CEO is incredibly progressive so was on board from the beginning. To convince the CFO, we had to put together a convincing business case with numbers." - **Hospitality business**

Engage Champions

The Importance of Champions

Often, internal champions - individuals or groups determined to bring PFML to their business - successfully make the case to senior decision makers and are critical to putting a policy in place.

Individual champions can strengthen their case by building a coalition of support. The more voices - especially influential voices - gathered in support of PFML, the more compelling the case to senior decision makers.

"Our prior and current HR leads were the main champions. They are really passionate that this is the best place to work and knew that we couldn't say one thing and do another." – **Consumer goods company**



How to Identify Champions

PFML champions can include anyone from senior, influential roles like the head of Human Resources or general counsel, to employee groups like millennials or working parents.

When seeking champions, look for:

- Women and men Both can be equally successful champions for PFML
- Roles outside the HR department HR leaders spearhead some, but not all, internal campaigns for paid family & medical leave. Also look to other functions for champions such as Legal and business unit leaders
- Aligned incentives People whose job mission would be supported by PFML implementation (e.g., Chief Culture Officer) can make strong champions
- Personal connection Individuals may be particularly passionate about PFML if they have a personal need or connection to the benefit (e.g., is a working parent, has a team member about to have a child, is a caregiver for elderly parents, took advantage of a PFML benefit at their previous company)

COMPANY EXAMPLES

A large company recently implemented paid parental leave after the U.S. General Counsel championed the cause with senior leadership. She found vital support from the company's European head of HR, who was shocked that the U.S. did not provide this benefit, since paid parental leave is established across Europe.

A large company implemented paid parental leave after the policy was championed by the company's Millennial Voices group, a team of Millennials charged with helping the company attract and retain the next generation workforce.

5. Implement

Roll out your new employer-sponsored PFML benefit

About Section 5: Implement

Before you roll out a new paid family & medical leave policy, consider how you will announce it internally and externally, foster a leave-supportive workplace, support employees on leave and their managers, and measure outcomes.



Announce your new policy, internally and externally, to generate excitement around your business and signal your corporate values



Foster an environment in which your employees feel comfortable taking advantage of their new PFML benefit



When an employee uses PFML, provide support to the employee, his or her manager, and those covering the employee's role



Understand PFML's impact on your organization and improve your PFML offering over time by tracking several metrics before/after implementation

Announce

Once you've designed a paid family & medical leave policy, share and celebrate it internally, as well as externally if you wish to reach a broader audience. Refer to the guidance below when creating a communication plan.



Internal Announcement

Objectives

- Generate internal excitement around the new benefits
- Provide clear, accessible information on the new benefits, policy details, and where to go for more information
- Encourage eligible employees to use their new benefits

Sample Considerations

- Which C-Suite leader will deliver the news to employees?
- What internal channel(s)/medium(s) will you use for the announcement?
- How will you share the nitty-gritty policy details with employees?
- How will you create continued dialogue around the topic to further enthusiasm and encourage employees to use it?
- Who will serve as the designated "go-to" person for all questions / feedback on PFML?

External Announcement

Objectives

- Generate external awareness and recognition around the new benefits
- Signal your corporate values and employee value proposition to the marketplace and potential job candidates
- If desired, encourage other companies to follow suit

Sample Considerations

- What reason(s) will you highlight as the company's rationale for adopting PFML?
- Which communication channel(s) will you use?
- Who will serve as the company spokesperson(s)?
- How much detail about the benefit will you share externally?
- What external-facing materials and resources will you need to update?

Foster

Once you've designed a paid family & medical leave policy, share and celebrate it internally, as well as externally if you wish to reach a broader audience. Refer to the guidance below when creating a communication plan.



Foster Change from the Top

Leadership has a major influence on company culture. Consider three ways leaders can set norms in their organization around taking advantage of PFML:

I. ROLE MODEL BEHAVIORS

- Company leaders at all levels from the C-suite to junior managers should lead by example and take leave for qualifying PFML life events
- Company managers who don't have a need to take leave should commend those who do

II. BROADCAST AND COMMUNICATE

- Maintain awareness of PFML use by keeping PFML in the company dialogue
- Share examples and statistics of PFML use with your organization
- Don't make taking PFML a "big deal" normalize it by discussing the benefit in the context of other benefits, during new hire training, with non-eligible workers, etc.

III. ENGAGE THE ORGANIZATION

- Talk with employees who took or plan to take PFML to learn their stories
- Have leaders share their own PFML stories with employees
- Engage managers of employees taking leave to understand if they have concerns and offer support

Support

Offer support to employees taking leave, their managers, and anyone covering their position to smooth transitions and minimize business disruptions. Typically, this support is provided by Human Resources, though in small businesses it could be an office manager, direct line manager, or business owner.



Over time, collect lessons and best practices to build your own internal playbook on how to support employees and managers during periods of paid family & medical leave.

Checklist for Supporting Managers

• Engage

- Reach out when a manager's team member requests PFML to re-share policy details
- o Offer a 1:1 HR meeting to discuss any concerns/questions about handling leave
- Suggest they connect with managers who have had team members take PFML before for advice

Guide

- Recommend they hold a transition planning meeting with their employee before leave begins to discuss high priorities, upcoming deadlines, and other critical information
- Share actionable best practices for handling and mitigating impact of employee leave
- o Remind them that employees cannot be asked to complete work while on leave

Support

- o **Provide** a single point of contact for any questions or concerns
- Offer help in finding/training someone internally or externally to temporarily cover work, if needed

Checklist for Supporting Employees on Leave

Engage

- Reach out when they request PFML to congratulate them (for parental leave) or offer well wishes / condolences (for caregiver or medical leave) and offer any support they need during this critical time
- Offer a 1:1 HR meeting to discuss any concerns / questions about taking leave
- Discuss if and how they would like to let others in the organization know about their leave

Guide

 Welcome them to visit the office during their leave (including with their child in the case of parental leave)

- o **Discourage** them from being "online" or completing work while away
- o **Remind** them about the policy details, including resources that may be available

Support

- o **Provide** a single point of contact for any questions or concerns
- o **Offer** assistance with technical aspects of taking leave (e.g., payroll, finance)
- Check in during their transition back to work to answer any questions and collect PFML program feedback
- Follow-up approximately 6 months after their return for additional feedback and to offer further support

Checklist for Supporting Replacement Workers

- Engage
 - o **Reach out** to the temporary worker to welcome them to the new role
- Guide
 - Train the replacement in the new role, involving the employee going on leave in the training process when feasible
- Support
 - o **Provide** a single point of contact for any questions or concerns
 - o Offer support during the transition into and out of the temporary role
 - Offer to host a meeting to agree on the optimal allocation of responsibilities, if reallocation of work among existing employees is used

Measure

Once you have rolled out a new paid family & medical leave benefit, monitor its effect on your organization to determine A) its overall effectiveness, and B) whether and how it could be improved. Measuring outcomes can also help inform other companies considering PFML about the business benefits and costs.



Assess Employee Sentiments

Visit "Downloadable Tools" for an array of survey questions to assess employee awareness and perceptions of your PFML policy as well as their attitudes toward and comfort using the benefit. Consider incorporating these questions into an annual employee survey.

Monitor Other Outcome Metrics

Also, consider monitoring metrics on program costs, policy utilization, employee retention, and talent recruitment to quantify PFML's impact on your organization. If possible, gather baseline data by quantifying these metrics before policy implementation.

RECOMMENDED PFML METRICS

Use statistics on PFML utilization

- Which employees take leave, and for how long (e.g., mothers and fathers, senior vs. junior employees)?
- When do employees take leave (e.g., right after a new child is born, later that year)?
- Do employees take their days of leave consecutively (if the policy allows for flexibility)?
- How does the PFML utilization rate compare to company projections?

Cost of offering PFML

- Which job positions tend to require temporary workers during leave (e.g., hourly workers, admins)?
- What are the temporary worker replacement costs (including salary, training, and benefits, if applicable)?
- How much time does HR/management spend administering PFML?
- How do actual costs compare with company projections?

Changes in employee retention

- What did employee retention rates look like before PFML? After PFML? Analyze for all relevant groups, such as: By employees who've used PFML vs. haven't used PFML
 - o By type of leave taken, if multiple types are offered (e.g., parental vs. caregiver)
 - By seniority
 - By tenure
 - o By gender

Changes in job applications

- Has job applicant volume increased since the new benefit was announced?
- Has there been a shift in the job applicant gender balance?

ETSY SPOTLIGHT

Etsy has released initial data on the outcomes of their new paid parental leave policy (26 weeks regardless of gender):

- Leave taken 50% by men, 50% by women
- Of those who took leave, 35% were promoted soon before, during or after taking leave
- Of those who were promoted, 41% advanced to director level or above

Tools & Resources

Downloadable Tools



SAMPLE CALCULATOR Estimate PFML labor costs



SAMPLE WORKSHEETWeigh the benefits and costs



SAMPLE MEMOMake the case for PFML



SAMPLE SURVEY Assess employee sentiments

Downloadable Resources



FULL PLAYBOOK TEXTA printable version of this Playbook's content



PFML FACT SHEETQuick facts for business leaders



PFML DATABASECompanies that recently announced new US paid parental leave benefits



SECTOR BENCHMARKS Sector benchmarks for duration of paid parental leave



PFML FAQSFrequently Asked Questions

Real Company Stories

Union Square Hospitality Group

PROFESSIONALIZING THE RESTAURANT BUSINESS

"We hire true professionals who desire a career in the hospitality industry. Part of that is creating a career ladder and offering benefits that meet your personal needs as they evolve."

Current policy:

- How much: 4 weeks at 100% of regular pay + 4 weeks at 60% of regular pay
- For whom: All full-time hourly and salaried employees with at least one year of tenure mothers, fathers, birth and adoptive parents

Case study:

Union Square Hospitality Group, which in 2015 eliminated tipping in its restaurants, has applied its penchant for ignoring conventional wisdom to its benefits program. "We hire true professionals who desire a career in the hospitality industry," said Erin Moran, the company's chief culture officer. "Part of that is creating a career ladder and offering benefits that meet your personal needs as they evolve."

In 2015, Union Square piloted paid parental leave in the corporate office, with the ultimate goal of extending the benefit to all hourly workers. The challenge was to design a program that helped employees without compromising the business. More than 80% out of roughly 1,800 employees work in the company's restaurants as hourly workers; an absence almost always means bringing in another employee to cover the shift.

Only 5% of workers in the accommodation and food services sector have access to employer-sponsored paid family leave, so there was little precedent to follow. Ultimately, the company settled on four weeks of fully paid leave, with an additional four weeks paid at 60%. "We really wanted to get all of our employees to eight weeks of leave, regardless of whether they were hourly or salaried workers," Moran said. "To do that we sacrificed some pay for the second half of the leave." To blunt the impact on company costs, the company also eliminated some paid time off policies that weren't being used. "By streamlining our policies," Moran reported, "we created room for expanding our paid parental leave policy for all workers."

Media coverage:

- Eater NY: "Danny Meyer's Restaurant Group Introduces Groundbreaking Parental Leave Plan"
- Fox News: "Danny Meyer's restaurant group to introduce paid leave for new parents"

Real Company Stories

Hilton

SETTING A NEW STANDARD FOR THE HOSPITALITY INDUSTRY

"We believe policies like these will help our business thrive because we are investing in those who make our business successful."

Current policy:

- **How much:** 2 weeks at 100% of regular pay (and an additional 8 weeks of full pay for birth mothers)
- For whom: All hourly and salaried employees mothers, fathers, birth and adoptive parents

Case study:

When Hilton implemented its paid parental leave policy, it knew it would be market-leading. "When we reviewed our benefits, we saw that we were on par from a competitive standpoint," reported Laura Fuentes, senior vice president, talent and rewards, at Hilton. (Hilton at the time provided partially paid maternity leave for some employees.) "However, from a value proposition standpoint, we knew we could do more than just the industry standard. Yes, we knew this policy change would put us ahead of the market, but that's exactly where we wanted to be."

In September 2015, Hilton announced that it would provide all new parents - including fathers and adoptive parents - with two weeks of fully paid parental leave and an additional eight weeks to new birth mothers. This benefit is available to everyone - from the CEO to the line cook to the concierge. The company's rationale for covering its entire workforce was simple. "At Hilton, our team members are at the heart of our success," Fuentes continued. "It matters that we listen to their feedback and support them any way we can, because that's how we live our purpose and values. We believe policies like these will help our business thrive because we are investing in those who make our business successful."

While the company sees competitive advantages to providing paid parental leave, it is supportive of companies that make similar moves. "We'd welcome others meeting us where we are," said Fuentes. "And we're glad that we can show them what's possible in a business like ours."

Media coverage:

- The Washington Post: "Hilton offers paid parental leave to all employees, including hourly workers"
- NPR: "From Cooks To Accountants: Hilton Extends Paid Parental Leave To All"

Real Company Stories

Johnson & Johnson

HONORING THEIR RESPONSIBILITY TO EMPLOYEES

"We wanted one policy that acknowledged that both parents should have the chance to be active in the early part of a child's life."

Current policy:

- How much: 8 weeks fully paid parental leave
 - o Birth mothers can use disability for an additional 6-8 weeks
 - o 1 week of family Paid Time Off (can be used for child care or caregiving)
- For whom: Applies to entire workforce (except some union workers)

Case study:

The Johnson & Johnson credo emphasizes commitment to employees. When Lisa Blair Davis took on her new role as vice president of global benefits, she saw an opportunity to enhance the family leave policy to meet the needs of the modern family. At the time, new mothers were entitled to disability leave, and all new parents had one week of paid leave and a year of unpaid leave. But one thing that jumped out at her was the lack of support for new fathers. "Women were taking the unpaid leave and returning to work," said Davis. "But men were taking very little leave around the birth of a child."

To understand why, Davis and her team dug into the research, especially studies from the Center for Work & Family showing that, while many men want to play a more active role in the home, they struggle to do so, in part because they don't take as much leave as women around the time of a child's birth—a crucial time for establishing caretaking norms. The center also found that men are far more likely to take leave if it is paid. "In working through this research, we knew that we didn't want a primary-/secondary-caregiver policy," Davis recalled. "We wanted one policy that acknowledged that both parents should have the chance to be active in the early part of a child's life."

In 2015, Johnson & Johnson rolled out a new policy giving all parents, regardless of gender, eight weeks of paid leave. Birth mothers have an additional six to eight weeks of disability leave, depending on how the baby was delivered. The policy also allows employees to take leave in half-day increments throughout the first year of a child's life. "We tried to create a policy in which every family can design their leave in the way that is right for them, regardless of their family situation, gender, or how they bring a child into the home," Davis said.

Media coverage:

 Huffington Post: "Johnson & Johnson Now Offering Employees Up To 17 Weeks of Parental Leave" Entrepreneur: "Johnson & Johnson Just Gave New Parents Seven More Weeks of Paid Leave"

Real Company Stories

Patagonia

THE LONG-TERM VIEW ON FAMILY-FRIENDLY PROGRAMS

"Patagonia is a perfect case study for what happens when women don't feel like they have to leave the workforce. You do get pay and opportunity parity."

Current policy:

- How much: 12 weeks of fully paid parental, caregiver, and medical leave
 - o Birth mothers receive an additional 4 weeks of paid leave
- For whom: All regular full-time and part-time employees with at least nine months of tenure
 mothers, fathers, birth and adoptive parents

Case study:

Patagonia has long been known for its extensive family benefits package. The company provides 16 weeks of paid leave for birth mothers and 12 weeks for other new parents, as well as for employees caring for an ill family member and employees with an illness of their own. It has run an onsite childcare center for more than 30 years, with teachers who visit employees' homes before their children enroll. It also allows employees who travel on business to bring a child with them and reimburses the travel costs for his or her nanny, and it has made it easier for women to breastfeed after they come back to work.

Having run some of these programs for more than a decade, Patagonia can show that they work. The company retains 100% of the female employees who go on leave after the birth of a child. "We've found that women actually want to come back to work after their leaves, and that's in part because they don't have to sacrifice parenting to do it," said Dean Carter, Patagonia's vice president for human resources and shared services. As a result, the company believes that the programs pay for themselves. "Parents who use our onsite childcare center have 25% lower turnover than those who don't," Carter continued. "When you consider replacement costs ranging from 35% to 125% [of an employee's] annual salary, those savings add up quickly."

In addition, a recent analysis showed that male and female employees at Patagonia enjoy pay parity at all levels of the organization—from entry-level to executive positions. And there are equal numbers of men and women at all management levels, including on the board of directors. "While we can't pin these outcomes to one program," Carter reported, "Patagonia is a perfect case study for what happens when women don't feel like they have to leave the workforce. You do get pay and opportunity parity."

Media coverage:

- Quartz: "This is what work-life balance looks like at a company with 100% retention of moms"
- Business Insider: "A Patagonia VP explains a seemingly counterintuitive business decision that helped the company triple its profits"

Real Company Stories

Department of Defense

FINDING NEW WAYS TO ATTRACT AND RETAIN WOMEN

"Yes, we would lose a little bit of productivity while women were out, but if that helped them stay in their roles longer, it was worth it."

Current policy:

- How much: Ten days of paternity leave, 12 weeks of maternity leave for birth mothers
- For whom: Maternity leave is available to:
 - All active duty service members
 - Reserve-component members serving in a full-time status, on definite active duty recall, or mobilization orders in excess of 12 months

Case study:

When Brad Carson took on his role as Under Secretary of Defense for Personnel and Readiness, he knew that the Department of Defense had a challenge attracting and retaining women. "Women account for 20% of the armed forces, and that number has stagnated over time," said Carson, who left the DoD in 2016 and is now a BCG advisor. "After their first term of service, women leave the military at rates 30% to 50% higher than men do."

Parental leave became a major priority for Carson. At the time, the DoD was providing six weeks of paid leave for birth mothers through its disability leave program. Under the laws that govern the DoD, the department can expand disability leave, but it needs congressional approval to expand paid time off.

In exploring the case for expanding leave for birth mothers, Carson turned to the private sector. "We knew that when Google expanded its parental leave policy, it saw the retention rate of women after maternity leave increase by 50%. That was exactly the kind of change we were looking for, and it provided a clear economic rationale for making this move. Yes, we would lose a little bit of productivity while women were out, but if that helped them stay in their roles longer, it was worth it."

In January 2016, the DoD expanded its disability leave policy to 12 weeks for birth mothers, alongside other initiatives to support families in the military. These programs include increasing the hours that DoD-subsidized child care centers are open and piloting an egg- and sperm-freezing program for those who want to delay childbearing. While it's too early to confirm the benefits of these programs on employee retention and talent attraction, Carson feels confident that they will make a positive difference.

Media coverage:

- The New York Times: "The Pentagon's New Parental Leave"
- Defense.gov: "Carter Announces 12 Weeks Paid Military Maternity Leave, Other Benefits"

Case studies sourced from: Why Paid Family Leave is Good Business

FAQS

1. What is paid family & medical leave (PFML)?

Paid family & medical leave is defined as paid time off with full or partial pay to care for a new child or a seriously ill/injured family member, or to attend to a serious personal health condition.

2. How does paid family & medical leave benefit the businesses that offer it?

The most commonly cited **business benefits** of providing PFML are improved talent recruitment and retention; improved employee engagement, morale, and productivity; reinforcement of company values; and enhanced brand equity.

3. How does paid family & medical leave benefit employees and families?

Paid parental leave has been associated with multiple health benefits for mothers and infants, as well as socioeconomic benefits. Paid caregiver leave and medical leave allow ill individuals the time and care they need to recover without the competing pressures of work. For more detail on the benefits of PFML for those who use this benefit, see "Why Does It Matter?".

4. How much will paid family & medical leave cost my company?

This will depend on the specific PFML policy you plan to offer and the characteristics of your company's workforce. Also keep in mind that the cost of PFML may be offset by its benefits – some of which can be quantified (e.g., reduced turnover costs due to increased employee retention) and some of which may not be quantifiable (e.g., improved employee engagement and morale). For help creating a preliminary cost estimate, visit "Estimate the Potential Costs".

5. How quickly is paid family & medical leave spreading in the U.S. private sector?

Since January 2015, over 60 companies have publicly announced new or enhanced paid family & medical leave benefits. See "So What Are Employers Doing?", "Real Company Stories", and "How Does Your Sector Compare?" for examples.

6. How can I find out what companies in my industry are providing paid family & medical leave?

Many companies release a public announcement when they introduce or enhance a paid family & medical leave policy, meaning a quick web search may reveal whether a particular company has PFML or not. See "Downloadable Tools" for a database of recent policies and "PFML in the News" for new announcements.

7. My company is considering offering paid family & medical leave – how many weeks should we provide?

You may wish to start by considering recommendations from the International Labour Organization and American Academy of Pediatrics as well as sector benchmarks. You should also understand

and evaluate your employee needs and business economics to design a PFML benefit that works well for your company.

8. My company is considering offering paid family & medical leave – what level of pay should we provide employees?

Be sure to understand your employee needs and business economics when you design a PFML benefit. Keep in mind that program utilization may be reduced if compensation is less than 100% of regular pay. This may be especially true for fathers taking paid parental leave.

9. My company's [Board, CEO, CFO, etc.] might be tough to convince that we should offer paid family & medical leave – how can I show them this is a good idea for our business?

If you believe PFML would benefit your business and need to convince others in your organization, visit the "Persuade" section for guidance. Also keep in mind that company cultures vary and these conversations and decision-making processes could take time. By using the resources in this Playbook and putting forward the case for a PFML policy, you are taking the important first step of beginning the conversation.

10. Can paid family & medical leave benefit small businesses?

Yes. However, the materials in this Playbook are specifically tailored to a mid-sized/large business audience.

11. My company offers/is about to offer paid family & medical leave, but I'm concerned people won't feel comfortable taking it. What can our company do to help?

Visit "Foster" for actionable guidance on how to create a company culture in which leave-taking is considered 'normal' and encouraged. To gauge how comfortable your employees are taking leave or if they have any concerns, download the sample 'pulse-check' survey questions provided in "Measure".

12. Our company has rolled out a new paid family & medical leave benefit. What can we do now to maximize its value to employees and our business?

Congratulations! Make sure to **foster** an environment in which employees feel comfortable taking advantage of your new benefit, **support** employees taking leave as well as their managers, and **measure** the outcomes of implementing paid family & medical leave.

External Resources

The Business Case for Paid Family Leave

• Why Paid Family Leave Is Good Business

The Benefits of Paid Family Leave

- A Flying Start? Maternity Leave Benefits and Long Run Outcomes of Children
- Early Maternal Employment and Family Wellbeing
- Family Leave Policy and Child Health: Evidence from 19 OECD Countries from 1969 to 2010
- Involvement Among Resident Fathers and Links to Infant Cognitive Outcomes
- Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California
- Maternal Leave Policies and Vaccination Coverage: A Global Analysis
- Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public

About this Playbook

The contents of this paid family & medical leave playbook (as of January 2017) were built based on private sector research performed by the Boston Consulting Group with support from Pivotal Ventures, the executive office of Melinda Gates. This work included an analysis of over 250 employer PFML policies in the U.S. as well as dozens of discussions with business leaders across industries on their experiences implementing paid family & medical leave policies. Guidance and company testimonials in this playbook are based on the collective experience of these companies. These materials were designed to inform interested business leaders across a diverse range of industries, businesses, and job positions.