

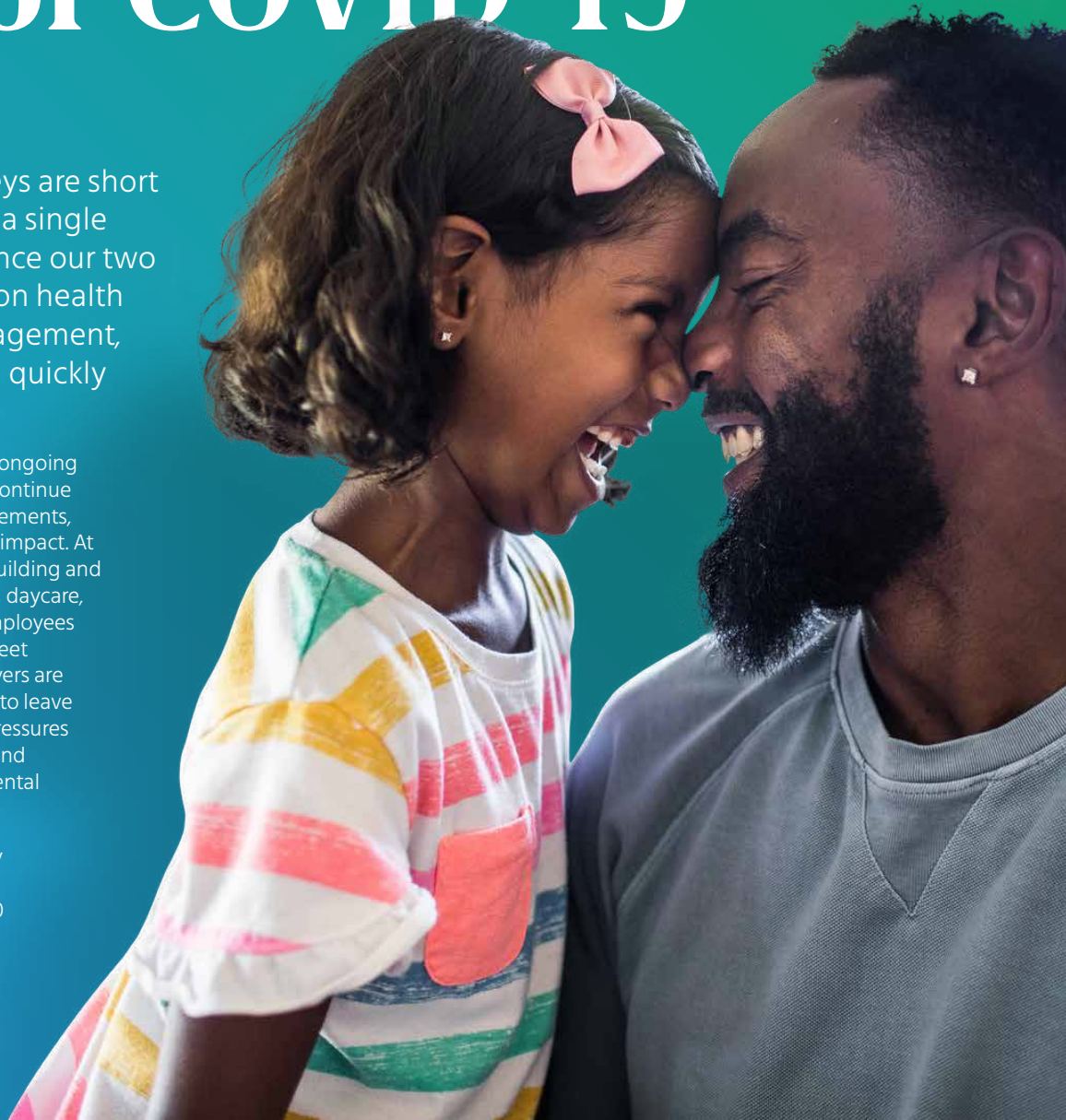
10-minute survey on

parental and caregiver leave in the time of COVID-19

Mercer's 10-Minute Surveys are short surveys that go deep on a single topic. Designed to enhance our two comprehensive surveys on health plans and absence management, they allow us to respond quickly to emerging issues.

The COVID-19 pandemic remains an ongoing and evolving issue, and employers continue to grapple with remote work arrangements, workplace safety and the economic impact. At the same time, employees are still building and caring for their families. With school, daycare, and caregiver services disrupted, employees have had to make adjustments to meet family responsibilities. Many employers are making or considering adjustments to leave programs in light of both the new pressures employees face and the ongoing trend towards adding and expanding parental and caregiver leave.

The survey was fielded in June-July of 2020. Of the 378 employers that responded, 94 have fewer than 500 employees, 189 have 500-4,999, and 92 have 5,000 or more.



Introduction

The significant growth in paid parental and family leave benefits over the past few years seems likely to continue or even accelerate under the pressures on working families created by the COVID-19 pandemic. For one reason, there are fewer resources available to employees in need of help caring for children or elderly parents.

Among survey respondents that provide caregiving benefits, nearly two-thirds (61%) reported that childcare and eldercare services have been affected by the pandemic; in some cases, severely disrupted.



And even when services are available, many new parents may understandably feel reluctant to seek childcare outside the home. While some employers have taken on the challenge of providing onsite childcare or other childcare or eldercare benefits, for most, providing work flexibility and paid leave is proving to be the most practical way to support employee caregivers.

But well before the special circumstances created by the pandemic, employers have found that, while demonstrating a commitment to the health and wellbeing of the workforce – and by extension, the community – robust leave benefits are valuable in a number of ways:

Retention. By providing employees with flexibility during important life events, parental and caregiver leave benefits are an important tool for reducing turnover, among both younger employees building families and older employees caring for elderly parents. Improving retention can have a measurable, positive return. For example, YouTube’s CEO claims that after the company increased its parental leave benefit, turnover of female employees reduced by 50%, more than covering the cost of the added benefit.

Reputation. Parental and caregiver leave benefits feature prominently in published lists showcasing the best places for working parents (e.g., <https://www.workingmother.com/best-companies>). Offering robust paid leave benefits helps employers rate highly in these surveys, earning favorable press and publicity. Employers not offering leave benefits have found that access to these “best places to work” lists have led their own employees to advocate for new or expanded paid leave benefits.

Well-being. Paid leave benefits contribute to the overall well-being of the workforce by providing security and safeguarding financial wellness. Investments in physical and mental health programs can only go so far if employees are not financially secure when unpredictable events — like a family member’s serious health problem — threaten their income.

Attraction. As parental and caregiver leave benefits become increasingly common, failing to offer them can make it difficult for employers to attract talent, especially in competitive industries such as high tech. Understanding the impact of paid leave benefits on attracting and retaining talent, many employers review benchmark data and keenly watch their competitors when designing paid leave policies. Offering more generous benefits than competitors can be a meaningful differentiator.

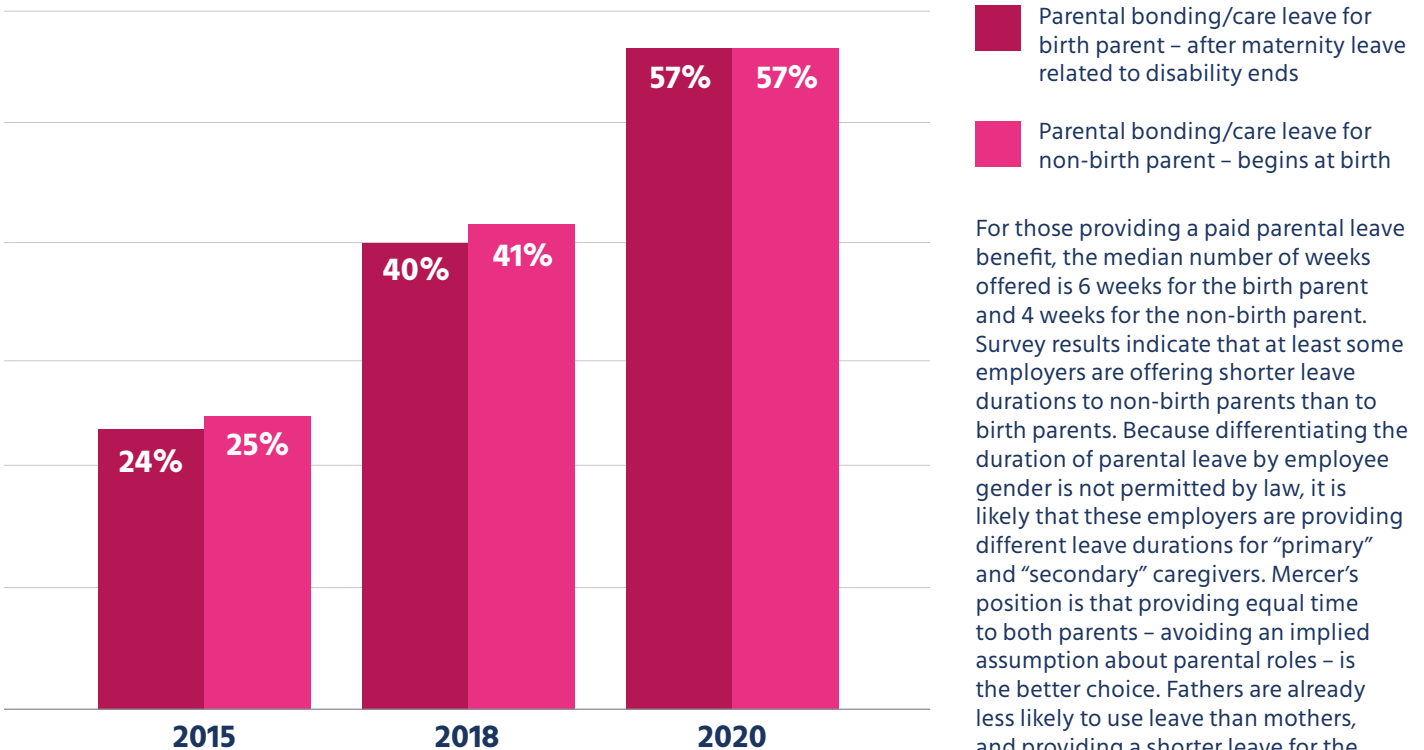
Results

Growth in offerings of parental leave

Traditionally, a disability benefit was the only paid leave provided to new parents. Under this approach, leave is limited to the birth mother, who receives paid leave for a time-period that is approved based on childbirth-related disability, with average post-partum durations ranging from 6-8 weeks.

As employees increasingly want and expect time to bond with children after birth, adoption or foster placement, paid parental leave is becoming the rule rather than the exception. In 2020, 57% of respondents offer paid leave to employees – birth parents and non-birth parents – to bond with or care for a new child more, than double the percentage providing this type of leave five years ago in 2015. Whereas parental leave for the birth parent begins when the disability ends, parental leave for the non-birth parent usually begins upon the birth of the child.

Paid parental leave is quickly becoming the norm



- Parental bonding/care leave for birth parent – after maternity leave related to disability ends
- Parental bonding/care leave for non-birth parent – begins at birth

For those providing a paid parental leave benefit, the median number of weeks offered is 6 weeks for the birth parent and 4 weeks for the non-birth parent. Survey results indicate that at least some employers are offering shorter leave durations to non-birth parents than to birth parents. Because differentiating the duration of parental leave by employee gender is not permitted by law, it is likely that these employers are providing different leave durations for “primary” and “secondary” caregivers. Mercer’s position is that providing equal time to both parents – avoiding an implied assumption about parental roles – is the better choice. Fathers are already less likely to use leave than mothers, and providing a shorter leave for the “secondary caregiver” may send the wrong message to fathers. Even if the policy is written to be gender neutral, if “primary” and “secondary” caregivers end up being “mothers” and “fathers”, respectively, in practice, the employer may be exposed to compliance risk.

Median # Weeks Paid Leave	2015	2018	2020
For birth parent (begins when disability ends)	6	6	6
For non-birth parent (begins at birth)	4	4	4

The median duration of parental leave has not changed over the past five years even with the sharp increase in employers offering paid leave (and notwithstanding some well-publicized examples of companies offering much more time). In the vast majority of cases, the paid parental leave benefit covers 100% of the employee's pay. Similar benefits are provided to for new parents of adopted children.

Over half (53%) of respondents offer paid leave for adoption and an additional 28 percent offer unpaid leave. The median number of weeks provided for this leave is 8 weeks.

However, just 29% of respondents provide paid leave for employees welcoming a foster child to their home, although an additional 35% provide unpaid leave.

Parental/caregiver leave program design

	Paid leave offered	Unpaid leave offered	No leave offered (statutory benefit only)	% of Salary covered during paid leave (median)	Duration of paid leave in weeks (median)
For birth parent (begins when disability ends)	57%	24%	19%	100%	6
For non-birth parent (begins at birth)	57%	23%	20%	100%	4
Leave to care for sick family member	22%	51%	27%	100%	6
Adoption leave	53%	28%	19%	100%	6
Foster leave	29%	35%	36%	100%	6

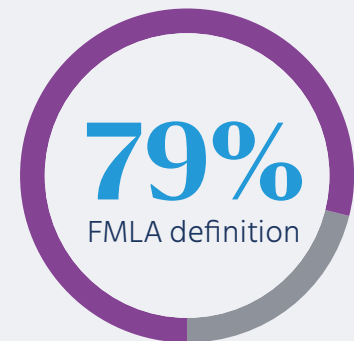
Caregiver leave

Employees will sometimes be called upon to care for a sick child, spouse, parent or other relative. In particular, as the workforce ages the need for time off to care for elderly parents is growing. To provide more flexibility, employers are adjusting traditional paid leave programs so they can be used by employees to care for sick family members. Mercer's 2018 Absence and Disability Management Survey found that 82% of employers providing paid sick leave allow employees to use the sick days to care for family members. Paid leave for illness is required under a growing number of state or municipal laws and regulations; in the 2018 survey, over half of employers provided paid sick leave, separate from vacation or PTO.

Today, a growing number of employers are going further, adding leave policies specifically for care of a sick family member. Nearly a fourth of respondents to this survey (22%) offer a paid caregiver leave benefits, with a median leave of 6 weeks.

Caregiver leave policies must specify what relationships are eligible. The majority of survey respondents – 79% – use the FMLA definition of family member, which is limited to a spouse, child and parent. Employers that use a broader definition are most likely to include domestic partners, followed by in-laws, siblings, and grandparents or grandchildren. A small number extend eligibility to anyone the employers considers the equivalent to a family member.

The FMLA definition of family member is used to determine eligibility for paid family leave benefit.



Relationships eligible for caregiver leave when FMLA definition is **not** used

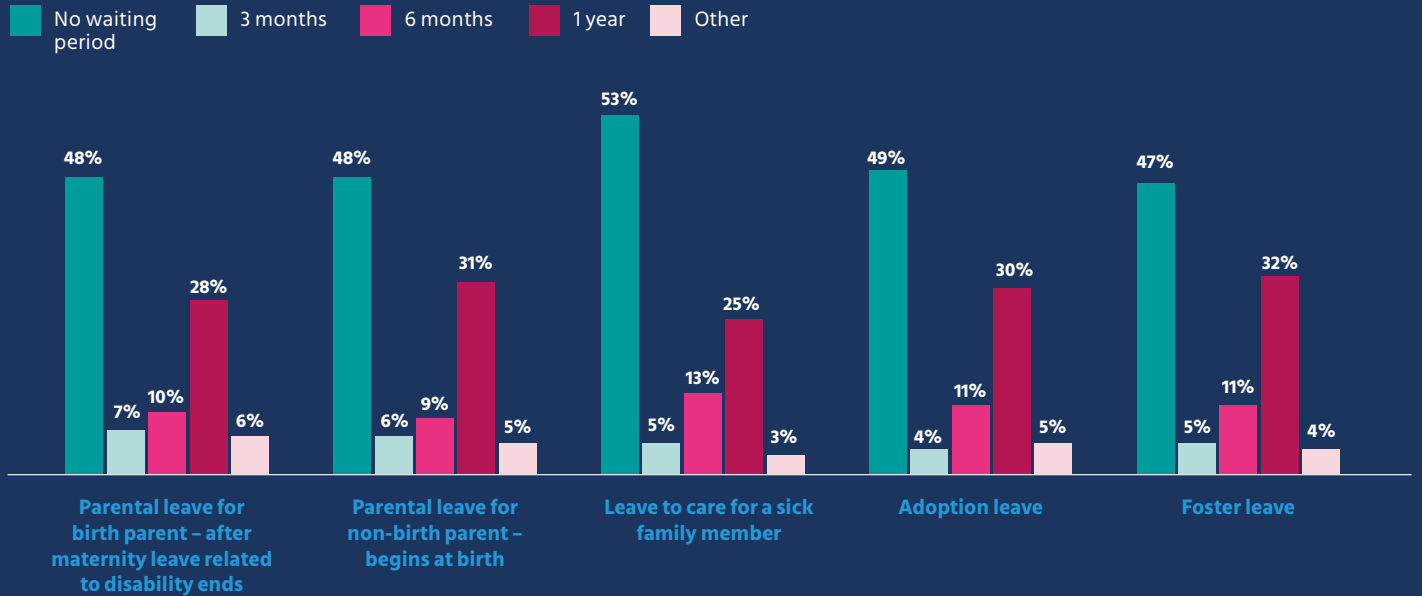
Domestic partner	71%
Parent-in-law	42%
Sibling	37%
Grandparent/grandchild	34%
Anyone an employee views as equivalent to a family member	13%
Any blood relative	8%

Paid leave program design

Employers construct paid leave programs that fit the needs of their workforce, resulting in some variation in programs:

Waiting period. The survey found that 48% of employers providing paid parental leave do not impose a waiting period, while 28% impose a waiting period of one year; and 53% of employers providing paid leave to care for a sick family member do not impose a waiting period, while 25% impose a waiting period of one year.

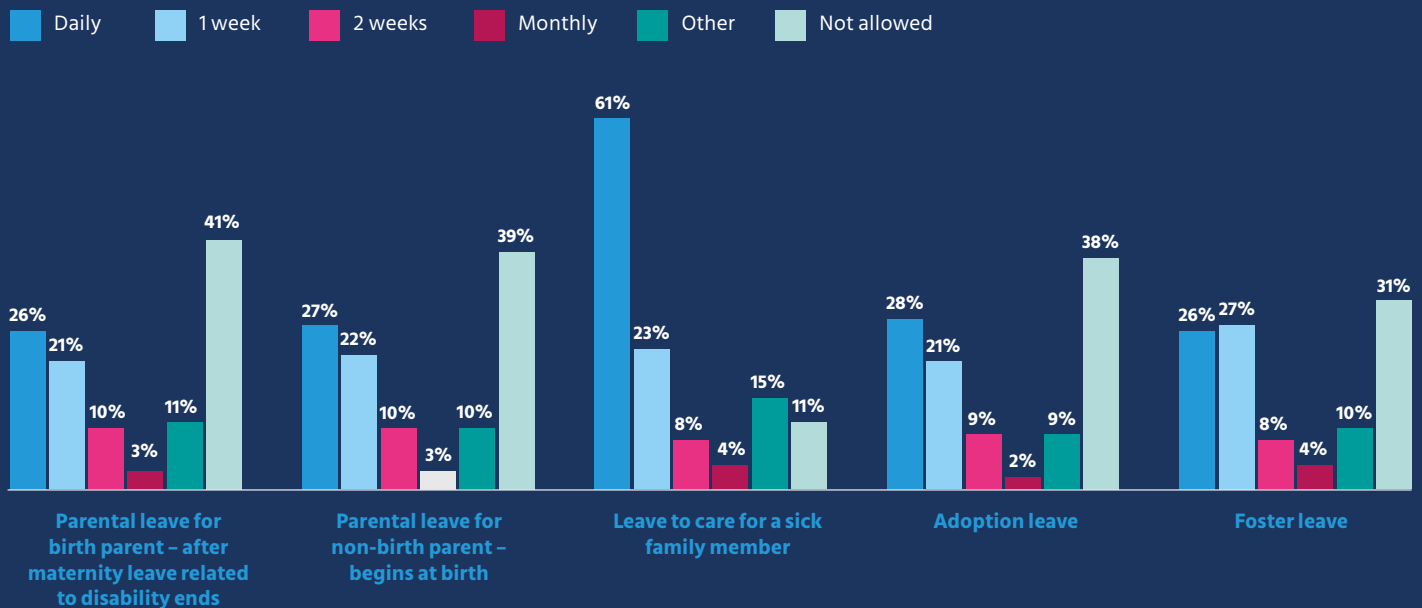
Waiting period for paid leaves



Intermittent leave. Employers need to balance managing workflow with providing enough flexibility for employees to use their paid leave to best meet their needs. When it comes to parental leave, well over a third of respondents do not permit intermittent leave; about another third will permit it, but specify periods of a week or more. Fewer than a fourth permit leave to be taken on a daily basis.

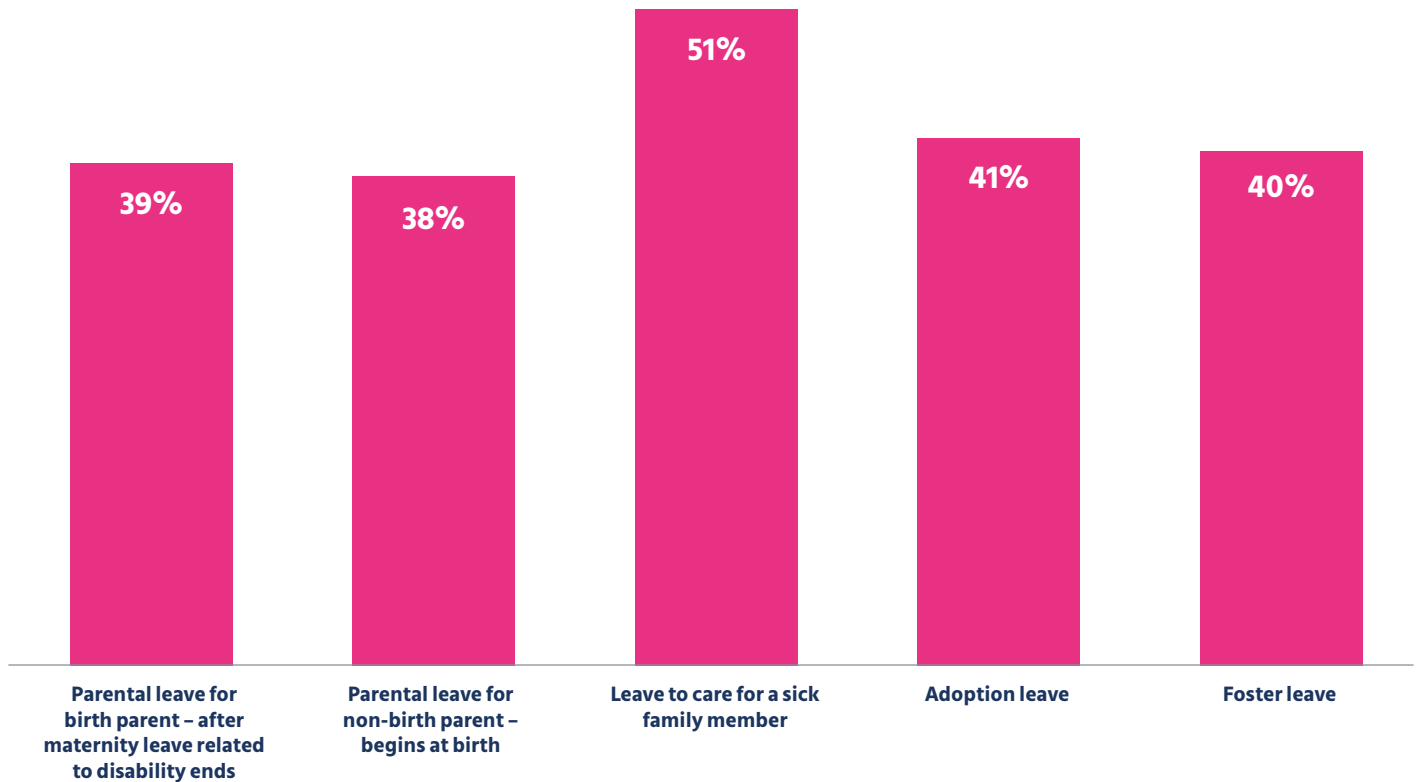
However, for leave to care for a sick family members, allowing intermittent leave is the rule, and majority of respondents allow it to be used on day-by-day basis.

Intermittent leave permitted for paid leave



Part-time employees. There is also substantial variation in offerings of paid leave benefits part-time employees. The survey found that only about a third of employers offering paid parental leave to full-time employees also offer the benefit to part-time employees.

Part-time employees eligible for paid leave



Planning for success

A well-intentioned paid leave policy, whether it be voluntarily employer-provided or state-mandated, can still lack in effectiveness. In Mercer's experience working with employers, a few key factors influence employee utilization of even the most generous paid leave program.

Communication. Blanket employee communications such as plan or policy descriptions posted to a company website or workplace bulletin board are important. But employees need to be informed of their paid leave benefits at the time the leave is needed. When an employee submits a request or claim for paid leave, the human resources personnel or benefit plan administrator typically informs the employee of all available benefits, including employer-sponsored benefits and any state program benefits. The better the communication about available benefits at the time of inquiry, the more likely the employee is to utilize them. Mercer surveys have shown a steady increase in employers consolidating and outsourcing leave administration, across all employer sizes, for all types of paid leave benefits. In our 2018

survey, one-quarter of surveyed employers offering parental leave outsourced the leave administration.

Replacing employees out on leave. A successful leave program needs to include a plan for managing the work of employees out on leave. The employer may need to hire another employee or pay overtime to other staff to cover for the absent worker – or risk loss of revenue or other indirect costs. For example, in a retail setting, wait times to checkout may increase, resulting in reduced sales; in a manufacturing plant, the percentage of products with defects may increase or production deadlines may encounter delays. Simply expecting other employees to work longer hours or take on more responsibilities to cover for absent co-workers may not be the best policy. According to a May 2019 study by the Integrated Benefits Institute,¹ nearly half of employees who experienced a co-worker's extended absence reported at least one associated personal or business consequence, such as increased stress or difficulty completing one's own work. The business impacts range from reduced productivity caused by

² Brian Gifford, "What Really Happens When a Co-worker Takes Extended Leave?," Integrated Benefits Institute, May 2019. <https://www.ibiweb.org/resource/impacts-of-co-workers-leaves/>.

employee burnout to higher turnover as employees leave to avoid additional work demands.

Reducing stigma. The need for paid family leave to bond with a new child or to care for a seriously ill family member may not differ much by gender. However, despite employer efforts to increase usage among male employees, female employees are more likely to use family leave benefits. Employers can embed paid leave into the company culture by leading by example with executive and other high-ranking employees utilizing paid leave benefits. When

company leaders and managers publicly take advantage of paid leave, employees are more confident that using paid leave will not lead to any negative impact on their own position within the company. For example, Mark Zuckerberg, CEO of Facebook, made headlines in 2017 when he announced that he would be taking advantage of the company's paid parental leave benefit for two months. Examples of this type not only make employees feel that they can take paid leave, but also break down gender barriers by showing that both men and women can and should take parental or caregiving leave when eligible to do so.

National leave standards needed

The COVID-19 pandemic has highlighted the need for a uniform, nationwide approach to paid leave, and put a spotlight on the patchwork of state and local requirements that arise in the absence of a federal solution. Although the Families First Coronavirus Response Act (FFCRA) developed a nationwide emergency paid leave program for certain employers and employees, many state and local governments didn't think it went far enough. As a result, 10 states and over 15 municipal governments have passed emergency paid leave requirements or expanded current paid family and medical leave programs or accrued paid sick leave mandates. Employers, particularly multi-jurisdiction employers, are left struggling in a time of crises to understand the compliance requirements of a number of different laws while at the same time trying to provide for their workforce in a consistent and meaningful way. This crisis has exacerbated the struggle large employers face managing the patchwork of state and local paid leave requirements noted above.

A nationwide paid family and medical leave model would improve the current patchwork landscape and lead to a more consistent approach. A federal option could increase the prevalence and value of paid leave benefits, reduce costs and enhance employees' experience. Mercer's 2018 survey found that more than half of respondents (55%) supported or strongly supported a voluntary federal minimum standard for paid leave that would alleviate the need to comply with the patchwork of state programs. That number has surely risen with the increase of state-mandated programs. A voluntary federal standard would be welcome relief for employers that have voluntarily been working to address their employees' need for paid leave benefits – and for those that have increased resources devoted to handling state and local leave administration. In 2018, only 7% responded that they would oppose or strongly oppose a voluntary federal minimum standard, and the rest (38%) were neutral.

55%

supported or strongly supported a voluntary federal minimum standard for paid leave

7%

opposed or strongly opposed a voluntary federal minimum standard

38%

were neutral