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## EXECUTIVE SUMMARY

### Research Question

What countries currently offer government sponsored Paid Family Leave (PFL) programs and what do they look like? When looking to implement a global paid family leave program, what are current practices for setting up the structure?

### Paid Family Leave

PFL has not been clearly defined and often includes maternity and paternity time off. While Paid Time Off allotments are generally utilized for less severe employee illness and vacation time, and Maternity Leave covers additional time off for women during the last term of pregnancy and early birth, we define PFL as full or partial paid time off covering post-birth bonding time for male and female employees, and time spent caring for severely ill family members. Listed as an upcoming employee benefit trend of 2022<sup>1</sup>, and gradually becoming a part of mandatory state government disability insurance in the US, PFL is a growing business reality global companies need to consider.

### Current Trends

**United States** – *Currently Mandated in California, Rhode Island, New Jersey, DC and New York*

- **Employee Eligibility:** Only companies with 50 or more part and/or full-time employees fall under the California Family Rights Act (CFRA)<sup>2</sup>. However, all employees regardless of company size are included in the later California PFL.<sup>3</sup> This is the same for the New York PFL<sup>4</sup> coverage, and both PFL provisions are included within, and paid for by, the respective states disabilities act/payroll tax.
- **Duration:** The CFRA provides job protection and mandates reinstatement for leave durations of up to 12 work weeks in a given year, while California PFL provides up to six weeks of unprotected financial assistance. New York PFL provides eight weeks during year one, 10 during year two, and 12 the fourth and subsequent years, but does not provide job protection, deferring instead to federal regulations.
- **Employee Benefits:**
  - The CFRA secures job protection during leave for child birth, adoption, foster care and serious health conditions for employee's *child, parent or spouse* and an *employee's own serious health condition*. Employers are not required to pay an employee during leave, but must continue to provide all employee benefits under the same conditions as would apply to any other leave granted apart from the CFRA leave.
  - Mandated PFLs pay between 50% and 90% of an employee's weekly income with a set maximum weekly benefit (varying by state) for time taken off to care for an employee's "seriously ill" *parent, child, sibling, grandparent, grandchild, parents-in-law, spouse or registered domestic partner*. This also covers post-birth bonding time for a *new-born, adopted or foster child*
  - New York State's PFL will gradually increase PFL pay coverage from 50% to 67% of employee average weekly wage by 2021.
  - New York PFL also covers qualifying military events (as defined by the FMLA) for a *spouse, domestic partner, child and parent*.

**Key Characteristics of PFL in Other Countries** – The US is one of only 3 countries in the world that fails to guarantee some form of PFL, however most comparisons only focus on Parental Leave (*See Infographic*). Elder and Extended Family Care are much less consistent and robust around the world. The following countries are a modest example of expanded care where varying forms of PFL are guaranteed:

- Australia: National Employment Standards mandate 10 paid and two unpaid days of protected personal leave for an employee to care for themselves or for immediate family, which is defined as *spouse or former spouse, de facto partner or former de facto partner, child, parent, grandparent, grandchild or sibling* of employee, spouse or de facto partner (or former spouse/de facto partner)<sup>5</sup>
- Sweden: “All Swedish workers have the right to leave to provide care for a seriously ill family member and cannot be fired for taking leave for such care,” however pay for this is not government mandated unless you are a member of the military, in which case pay is provided by the government.<sup>6</sup>

### Large Company PFL Practices

**Facebook**: This large company announced plans in February 2017 to expand PFL beyond the existing four months of paid parental leave for new parents<sup>7</sup>

- 20 days paid leave to grieve an immediate family member
- 10 days paid leave to grieve an extended family member
- 6 weeks of paid leave to care for a sick relative, and 3 days to care for a family member’s short-term illness

**Deloitte**: As of September 2016, employees have expanded PFL that allows for flexible allocation<sup>8</sup>

- 16 weeks of paid time off to generally care for children, elderly parents, or a sick spouse or partner
- Time can be spread throughout the year or scheduled around three or four-day workweeks

**IBM**: Rather than allocate additional time off for elder care and family illness, IBM created a global work/life fund to assist employees in a variety of ways<sup>9</sup>

- Uses funds to increase the supply of services in communities where IBMers live and work
- Creates global initiatives to improve the quality of dependent care

### Business Implications

Studies have shown that Paid Family Leave can positively impact employee attraction, retention and morale,<sup>10, 11</sup> however there are also potential pitfalls to be wary of. Studies of California’s long running PFL government mandate suggest that while this clearly benefits employed women, there has been an increase in unemployed young women compared to other demographics within California, and compared to similar demographics in locations without PFL expansions.<sup>12</sup> Most plans currently implemented within countries by mandate are funded by the employee/tax payer, and have little or no cost to employers. With this in mind, studies showing negative employment outcomes in these regions could suggest confounding variables within the PFL implementation study, or it could suggest unconscious bias in hiring decisions due to perceptions of the government mandate. Therefore, it is important to be mindful of potential bias that may be created in hiring managers due to the perceived added cost of PFL expansions, in order to promote a workplace culture that reaps the benefits of PFL and protects against the potential shortcomings.

## Cited References

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3. California Paid Family Leave:  
<http://paidfamilyleave.org>
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5. Australia Paid Family Leave:  
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<https://www.cnbc.com/2017/10/09/the-best-places-in-the-us-for-paid-family-leave.html>
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BLOCK, S. (2016). EMPLOYERS EXPAND PAID FAMILY LEAVE. *Kiplinger's Personal Finance*, 70(12), 15.
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[http://www-01.ibm.com/employment/us/benefits/2017\\_IBM\\_Benefits\\_Summary\\_Regular\\_-\\_12.13.16\\_update.pdf](http://www-01.ibm.com/employment/us/benefits/2017_IBM_Benefits_Summary_Regular_-_12.13.16_update.pdf)

## Research on the Impact of Paid Family Leave

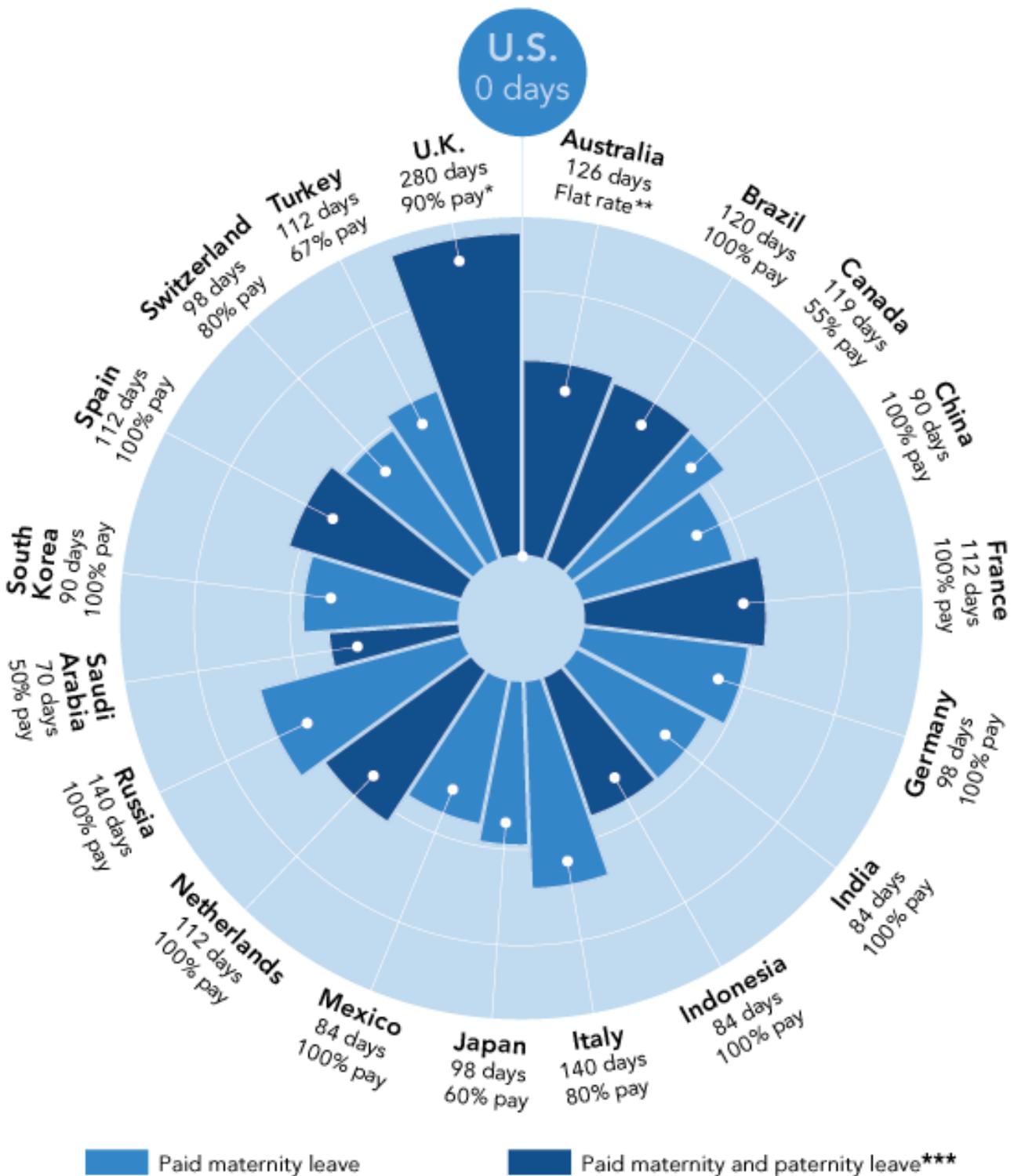
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11. Glover, A. (2015). Montana's Labor Shortage and Paid Family Leave. *Montana Business Quarterly*, 53(3), 11-14.
12. Das, T., & Polachek, S. W. (2015). UNANTICIPATED EFFECTS OF CALIFORNIA'S PAID FAMILY LEAVE PROGRAM. *Contemporary Economic Policy*, 33(4), 619-635.  
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### **Additional Reading**

- High Level Overview of Paid Family Leave Laws in the US:  
<https://www.cnbc.com/2017/10/09/the-best-places-in-the-us-for-paid-family-leave.html>
- SHRM Elder Care Resources:  
<https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/managingworklifefiteldercare.aspx>
- Microsoft PFL Information:  
<http://fortune.com/2017/06/27/microsoft-paid-family-care-leave/>
- US Government Commissioned Whitepaper on PFL:  
[https://obamawhitehouse.archives.gov/sites/default/files/docs/leave\\_report\\_final.pdf](https://obamawhitehouse.archives.gov/sites/default/files/docs/leave_report_final.pdf)
- Bloomberg Elder Care Overview:  
<https://www.bloomberg.com/news/articles/2016-10-05/paid-time-off-to-care-for-your-parents-seriously>
- How 58 Companies Support Employee Families:  
[https://www.huffingtonpost.com/devishobha-ramanan/these-companies-love-your\\_b\\_10060784.html](https://www.huffingtonpost.com/devishobha-ramanan/these-companies-love-your_b_10060784.html)

# Paid Parental Leave: U.S. vs. The World

The U.S. joins Lesotho, Swaziland and Papua New Guinea as the only countries that do not mandate paid maternity leave. Most countries ensure at least three months of paid leave for new mothers, and many give fathers benefits too.



\*for six weeks, flat rate after

\*\*at the federal minimum wage

\*\*\*Length of leave and rate of pay apply to maternity leave policies; paternity leave policies are paid but may differ