



FAMILY LEAVE

IBI LEAVE MANAGEMENT BENCHMARKING SERIES

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Executive summary

Family leave refers to time off from work to care for a family member with a serious medical condition. As part of its Leave Management Benchmarking series,¹ the Integrated Benefits Institute (IBI) surveyed more than 900 organizations about their formal leave policies and received about 109 in-depth responses specific to family leave. Employers were instructed that formal leave policies are those that go beyond any applicable federal, state and local laws or that the company has implemented where there are no legal requirements for leave. Formal policies are specific rules or instructions that define who can take leave, for what reasons and for how long.

- **More than one-third of all employers reported having formal family leave policies.** About half reported that employees could take time off using consolidated leaves such as PTO or leave banks, or vacation to take care of their sick family members. Formal family leave policies were less common among employers in utilities and manufacturing and more common among employers in educational services and in retail trade. While the largest employers were the most likely to offer family leave, and the smallest employers the least likely, there was no consistent trend between these extremes. Among states for which we received responses from at least 30 employers, Florida and Ohio employers were less likely to have formal family leave policies. Washington and Missouri employers were more likely to have formal family leave policies.
- **Almost half of employers offered family leave to all employees.** Among employers that did not offer family leave benefits to all employees, all made family leave benefits available to full-time, salaried, and U.S. employees. A majority of made family leave available to hourly employees, while three in five employers offered family leave benefits to part-time employees. Only one in four employers that referenced the location of employees indicated that family leave benefits were offered to employees outside the United States.
- **Nearly all employers required a waiting period for new employees to become eligible for family leave.** Employers with a waiting period typically made leave available sometime after the first year of employment.
- **More than half of employers outsourced responsibilities for managing and tracking family leaves.** Very few employers split responsibility for managing and tracking leaves between internal and external resources. More than half of employers outsourced the managing and tracking of family leaves entirely to a third-party administrator.
- **More than half of all employers allowed one to three months off for family leave.** One in four employers allowed between three and six months. Very few employers allowed more than six months of family leave.
- **Nearly half of employers said their employees receive no pay while on family leave.** About a third of all employers reported that pay rates during family leave varied depending on the employee. Among employers with a fixed rate of leave pay, most paid 100% of employees' wages.
- **Other time-off policies.** Almost all employers required employees to authenticate their need for family leave. One in three employers reported that the durations of parental benefits went beyond what is required by law. Around four-fifths of all employers made leave time available all at once (as opposed to accruing). One in four employers allowed unused time to roll over. A majority of employers allowed employees to use time off for their family members' health care appointments—in most cases allowing time off in increments of one hour or less.

¹ <https://ibiweb.org/research-resources/detail/leave-management-benchmarking-project>

- **Other pay policies.** Among employers with formal family leave policies, nearly all employers with formal family leave policies reported that employee benefits such as health care continued for the duration of leave. One in three employers indicated that their leave pay went beyond what is required by law. Almost half indicated that employees received their pay for the entire leave duration.

Background

Since the end of the Great Recession and the return of several economic indicators to prerecession levels,² many employers have been reviewing and updating their employee leave policies. While providing time off from work is intended to address several strategic goals—including attracting and retaining talent, helping employees meet challenging life events and signaling corporate social values³—employers often take their cues from their peers and competitors when considering the design of their leave benefits.

As part of its Leave Management Benchmarking series, the **Integrated Benefits Institute (IBI)** surveyed **931 organizations** about their formal leave policies, including the following:

- Maternity leave
- Parental Leave for non-birth mothers
- Family leave
- Elder care leave
- Sick days
- Short-term disability (STD)
- Long-term disability (LTD)
- Bereavement leave
- Career development leave

The surveys also included a block of questions about paid-time-off (PTO) programs for employers that implemented this approach to leaves.

Recognizing that most employers have complex workforces comprising many different categories of workers, fulfilling a diversity of functions and sometimes spread across multiple locations and legal jurisdictions, the intent of the benchmarks is to provide some basic guidance on what is typical for specific types of leaves. This will give senior leaders, human resource (HR) and benefits professionals and their third-party partners a starting point for considering how to craft policies that best address their specific business goals for their own workforce needs.

This report focuses only on family leaves. Family leave refers to time off to care for a family member with a serious medical condition.

SURVEY APPROACH

The survey began by asking all employers about formal policies for all leaves listed above. Employers were instructed that formal leave policies are those that go beyond any applicable federal, state and local laws or that the company has implemented where there are no legal requirements for leave. Formal policies are specific rules or instructions that define who can take leave, for what reasons and for how long.

After employers reported whether or not they had each of the listed leaves, they were given the option of requesting benchmark reports for each type of leave. For a requested leave report, employers with no formal policies were asked to provide contact information confidentially and were then given the option of requesting any of the remaining reports. Employers with formal family leave policies were asked to provide additional information about eligibility for leave, before providing contact information to receive the reports.

We received in-depth responses for 109 employers' formal family leave policies. Those responses are reported in this document for the entire sample, for employers in industries and states for which we had at least

² See, for example, the Federal Reserve Bank of St. Louis for historical series on indicators such as unemployment, personal consumption, gross domestic product (GDP) and wages as a share of GDP. <https://fred.stlouisfed.org>

³ Gifford B, Zong B, Presutti J. *And Baby Makes Three (Months Off): Paid Family Leave at 15 High Technology Firms*. Integrated Benefits Institute, August 2016. <https://ibiweb.org/research-resources/detail/and-a-baby-makes-three-months-off-paid-parental-leave-at-15-high-tech-firms>

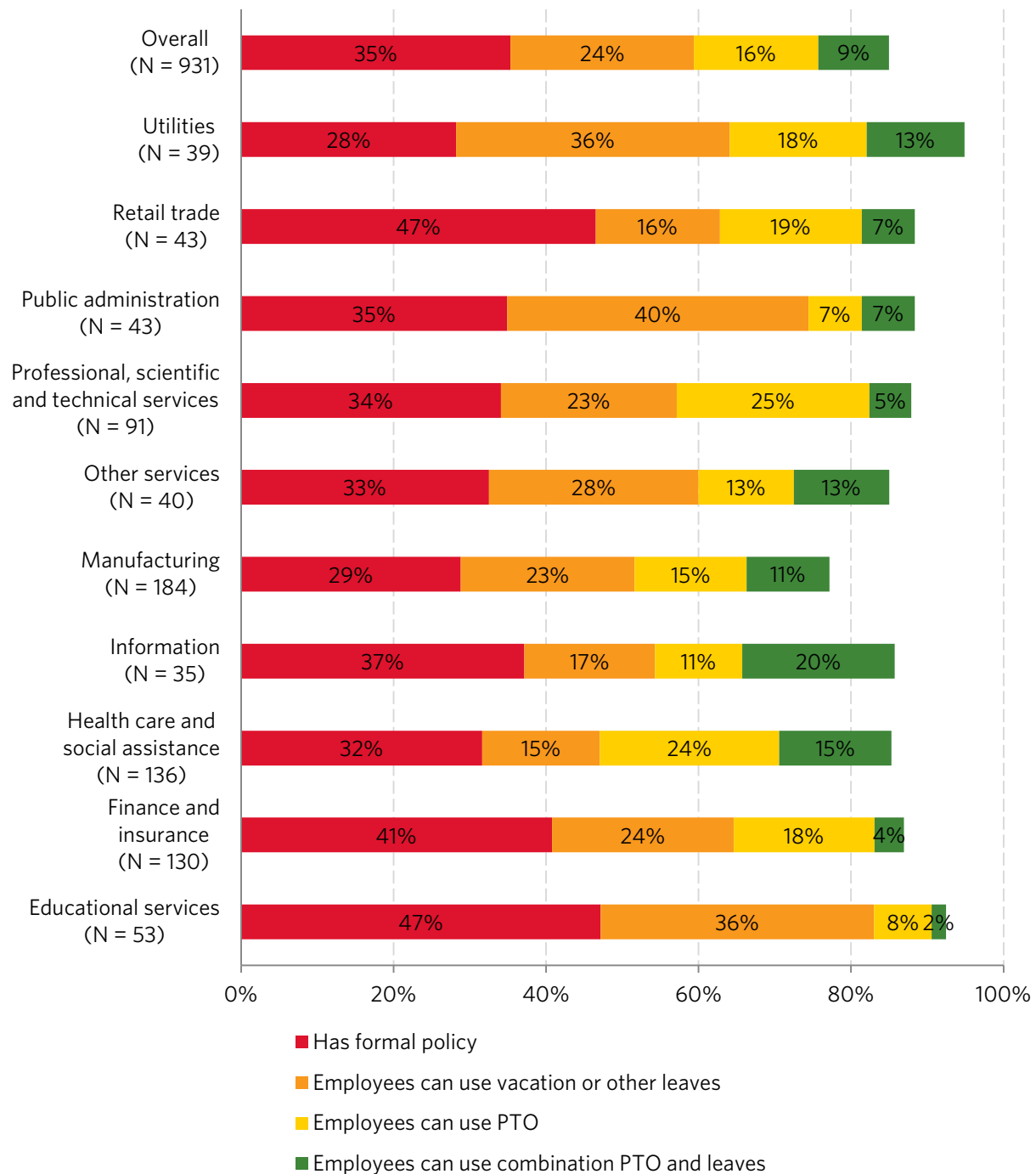
30 responses and across employers of different sizes. Results for other leave policies are provided in separate reports. See the appendix for more information about the survey and the participating organizations.

How many employers have formal family leave policies?

As illustrated in Figures 1 through 3, more than one-third of all employers reported having family leave policies that go beyond any applicable federal, state and local laws or that the company had implemented policies where there are no legal requirements for leave. About half reported that employees could take time off using consolidated leaves such as PTO and leave banks, or vacation to take care of their sick family members.

Formal family leave policies were less common among employers in utilities and manufacturing and more common among employers in educational services and in retail trade. While the largest employers were the most likely to offer family leave, and the smallest employers the least likely, there was no consistent trend between these extremes. Among states for which we received responses from at least 30 employers, Florida and Ohio employers were less likely to have formal family leave policies. Washington and Missouri employers were more likely to have formal family leave policies.

Figure 1: Family leave policies by selected industries (% of employers)



Note: Industries with fewer than 30 responding employers are not shown.

Figure 2: Family leave policies by number of employees (% of employers)

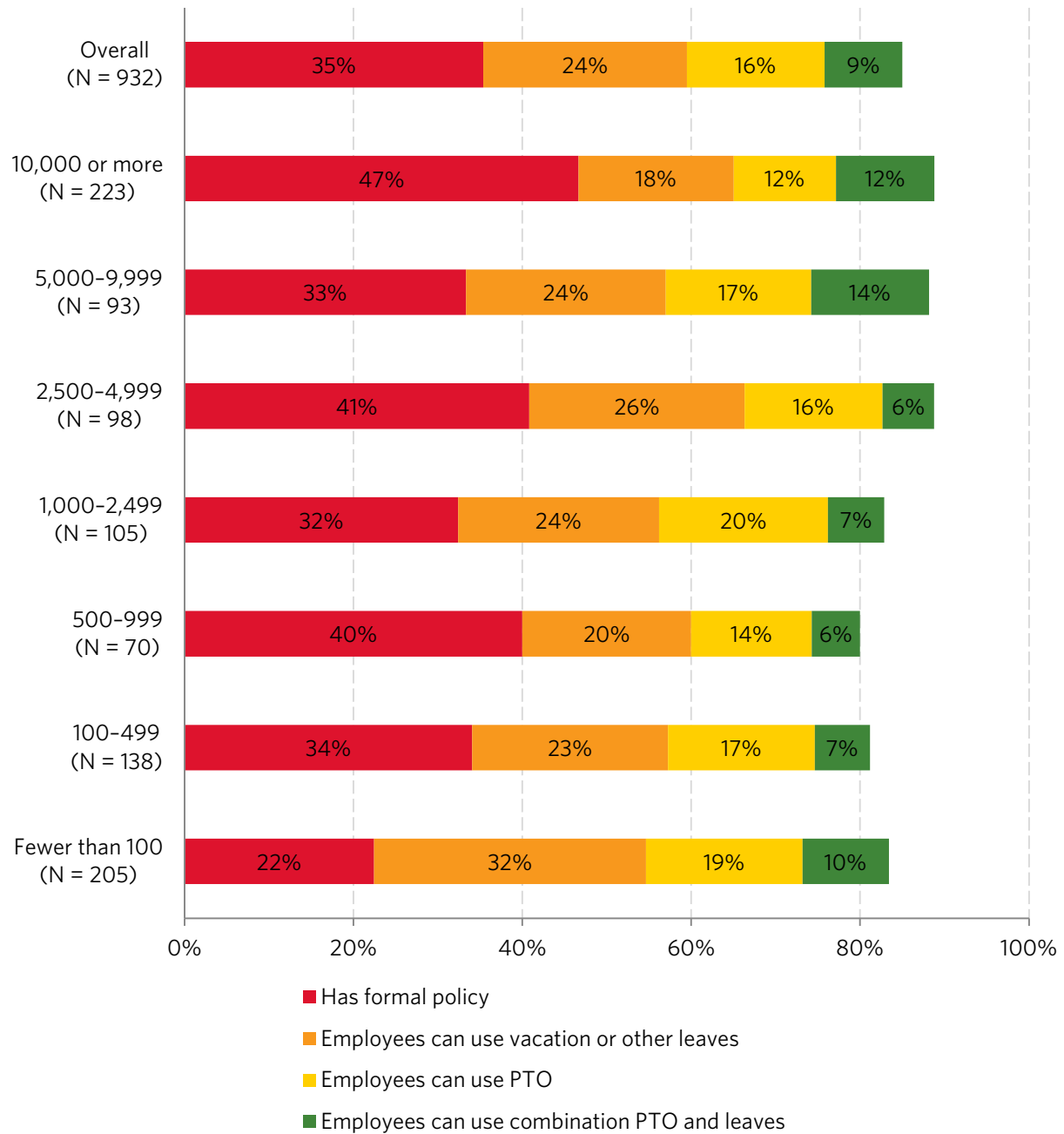
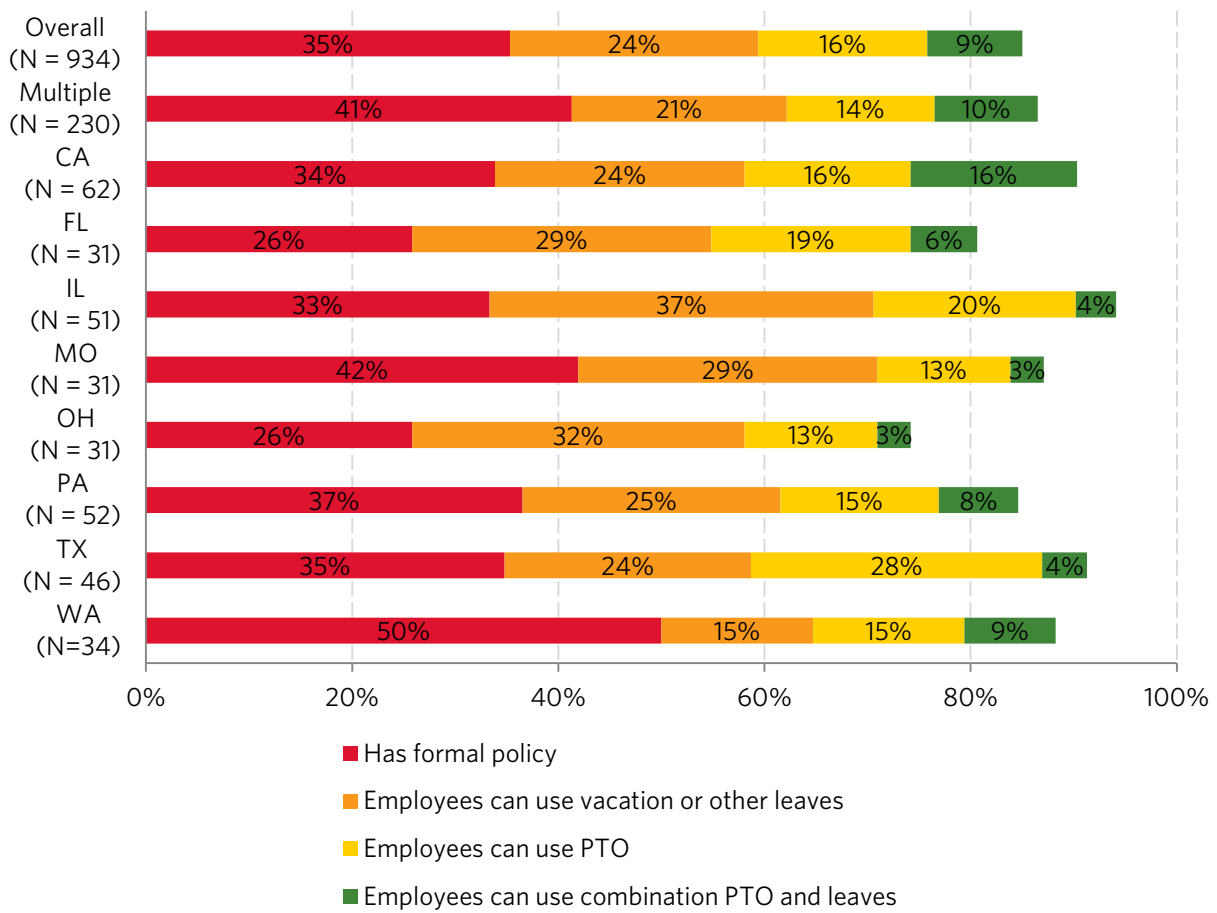


Figure 3: Family leave policies by selected states (% of employers)



Note: States with fewer than 30 responding employers are not shown.

Who can take family leave?

Employers with formal family leave policies were asked to provide additional information about eligibility for leave. 109 employers opted to provide this information (out of 326 employers with any formal policies to describe). As of this writing, no single industry or state had responses from at least 30 employers. For this reason, and for the small sample size generally, the remainder of this report focuses on results for the entire sample of employers.

UNIVERSAL ELIGIBILITY

Figure 4 shows that nearly half of all employers offered family leave to all employees.

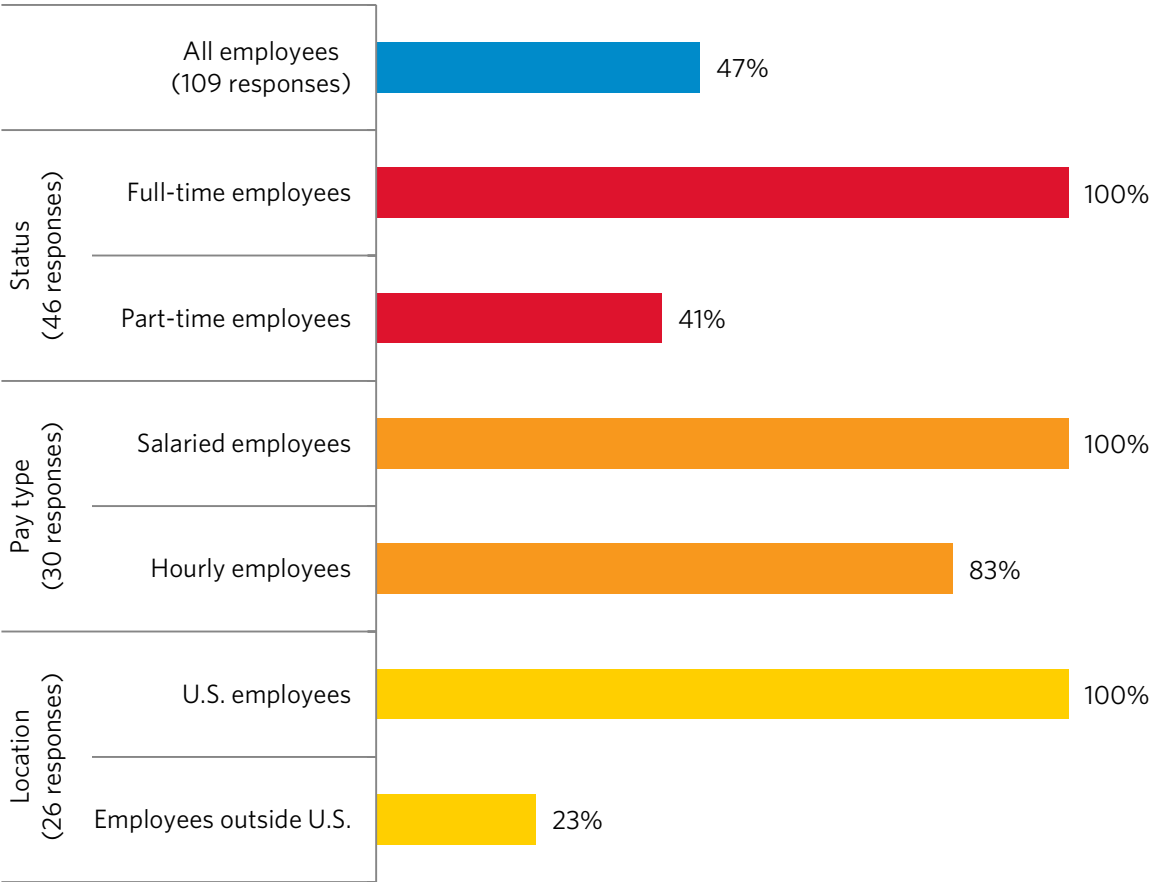
ELIGIBILITY BY EMPLOYEE CATEGORY

Employers that did not offer family leave to all employees were provided the opportunity to identify categories of employees who were eligible for leave. These categories included full- or part-time status, salaried or hourly pay status, employees covered/not covered by collective-bargaining agreements and employees inside or outside the United States.

Figure 4 shows the percentage of employers that identified specific categories of employees in their formal leave policies. Because not all categories of employees are relevant to all employers, the proportions represent employers that responded about different ways to classify employees (e.g., by pay status or by full- or part-time status).

All employers made family leave benefits available to full-time, salaried, and U.S. employees. A majority of employers made family leave available to hourly employees, while three in five employers offered family leave benefits to part-time employees. Only one in four employers that referenced the location of employees indicated that family leave benefits were offered to employees outside the United States.

Figure 4: Categories of employees identified in formal family leave policies (% of employers)

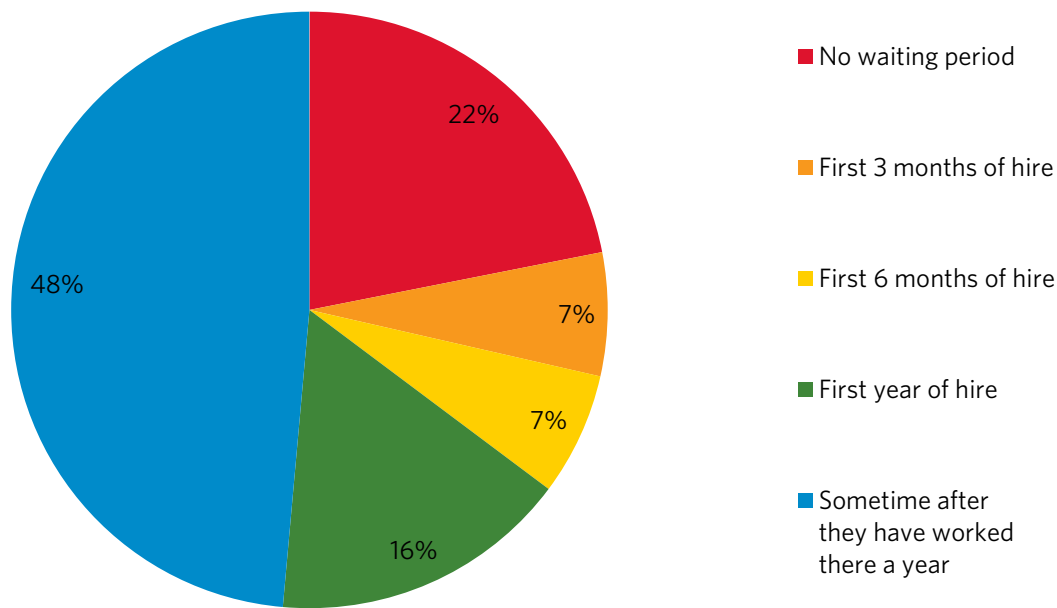


Note: Includes only employers that provided information about their formal family leave policies.

How long must new hires wait until they become eligible to take family leave?

Figure 5 shows the waiting periods before new employees become eligible for family leave. A majority of employers required a waiting period for new employees to become eligible for family leave. Employers with a waiting period typically made leave available sometime after the first year of employment.

Figure 5: Waiting periods for family leave eligibility (% of employers)

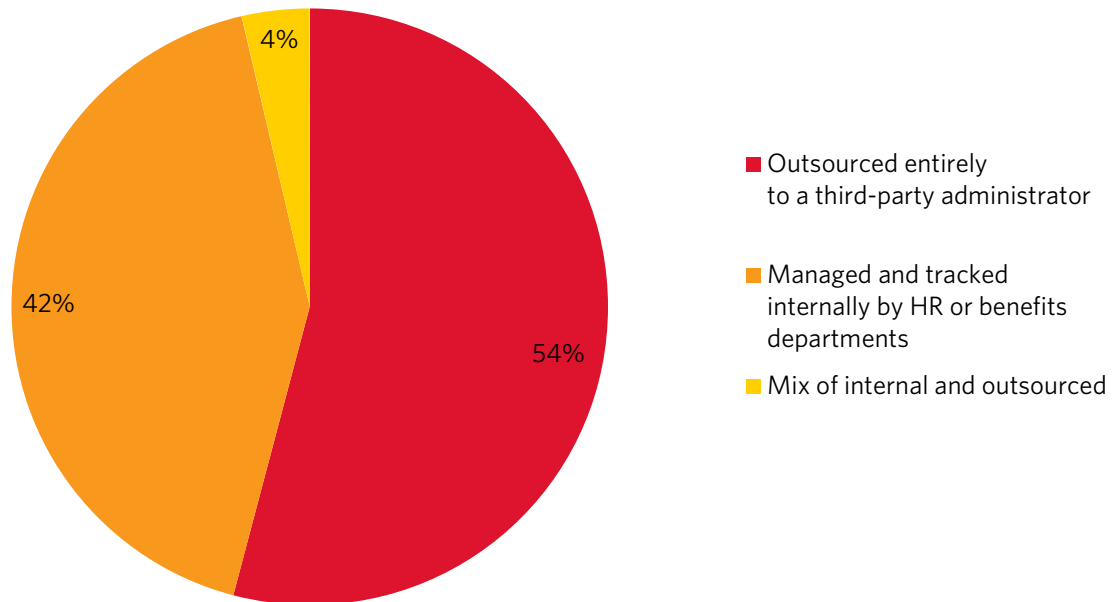


Note: Includes only employers that provided information about their formal family leave policies.

How is family leave managed and tracked?

Figure 6 shows how employers manage and track family leaves. Very few employers split responsibility for managing and tracking leaves between internal and external resources. More than half of employers outsourced managing and tracking family leaves entirely to a third-party administrator.

Figure 6: Method of managing and tracking family leaves (% of employers)

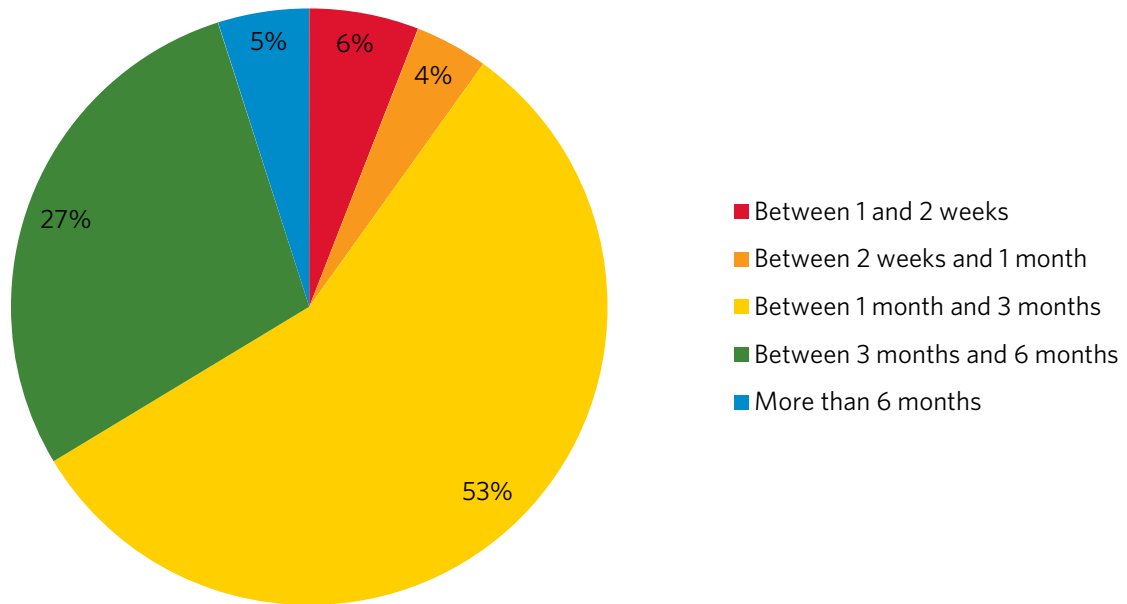


Note: Includes only employers that provided information about their formal family leave policies.

How much time off is allowed for family leave?

Figure 7 shows the allowed durations of family leave. More than half of all employers allowed one to three months off for family leave. One in four employers allowed between three and six months. Very few employers allowed more than six months of family leave.

Figure 7: Allowed time off for family leave (% of employers)

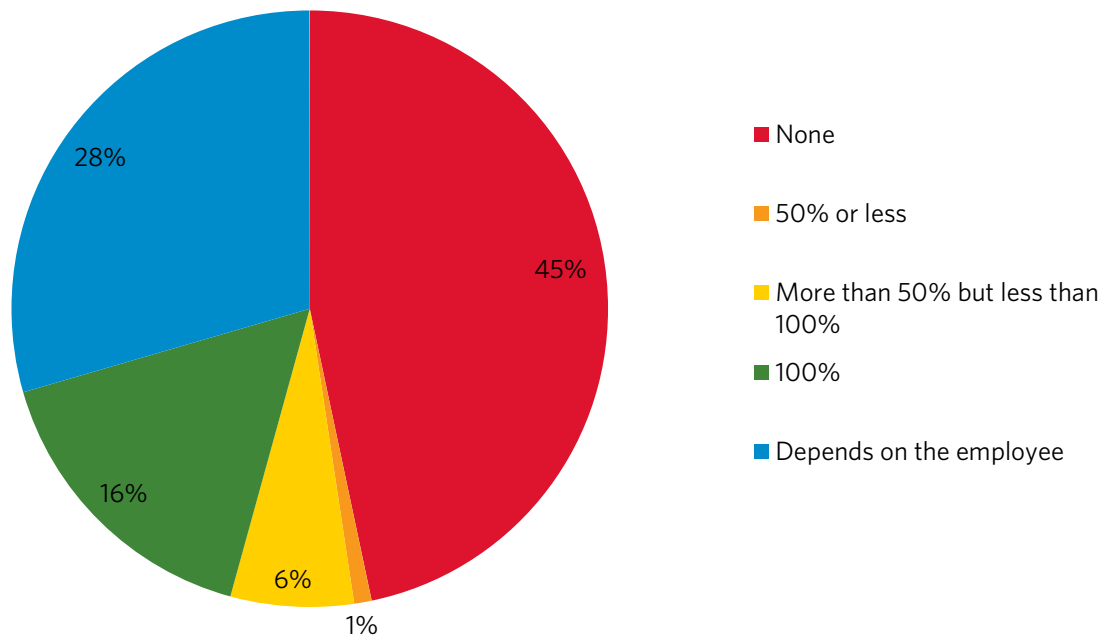


Note: Includes only employers that provided information about their formal family leave policies.

How much of their usual pay does an employee receive while on family leave?

Figure 8 shows the percentage of wages paid to employees during family leave. Nearly half of employers said their employees receive no pay while on family leave. About a third of all employers reported that pay rates during family leave varied depending on the employee. Among employers with a fixed rate of leave pay, most paid 100% of employees' wages.

Figure 8: Pay received during family leave (% of employers)



Note: Includes only employers that provided information about their formal family leave policies.

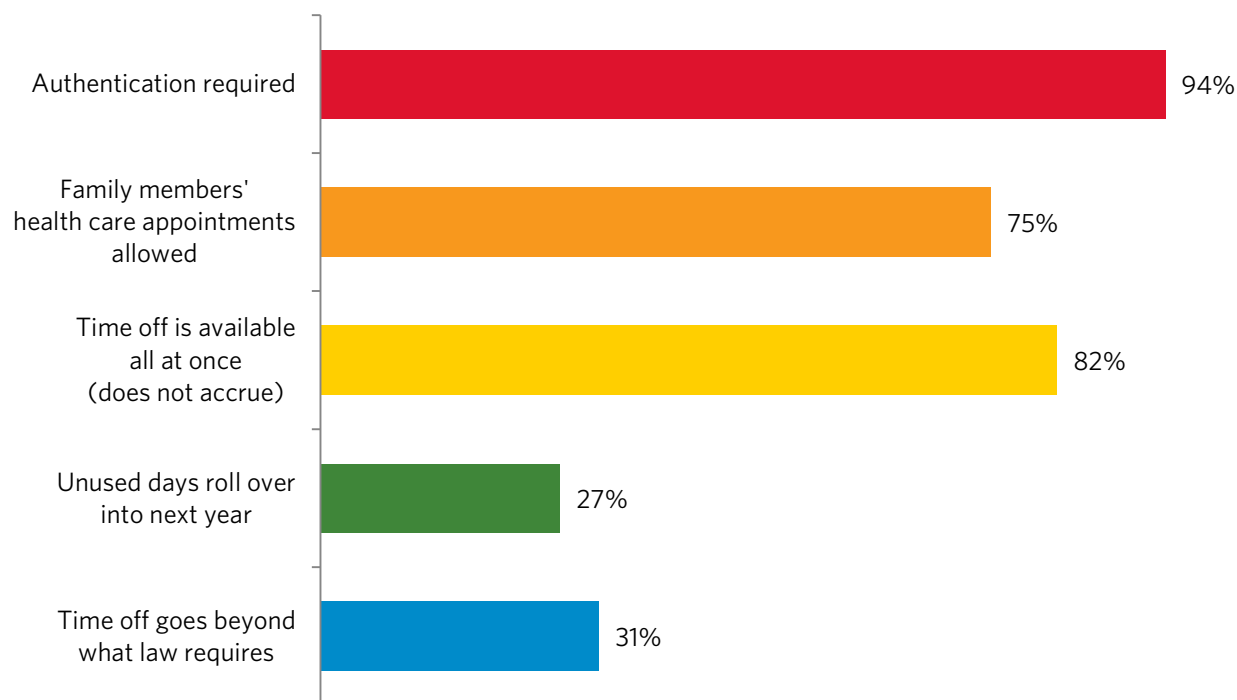
What other policies are applied to family leaves?

Employers with formal family leave policies were also asked about rules that applied to time off and pay during leave. Time-off policies include the requirements that employees authenticate the reason for leave; whether the amount of allowed time off exceeds what is required by applicable leave laws; whether allowed time off accrues over time or is available all at once; whether unused time in one year rolls over for use in the next year; and whether time off be used for family members' health care appointments. Pay policies include whether employee benefits such as health care continued for the duration of leave; whether amounts of leave pay exceed what is required by applicable leave laws; and whether employees receive pay during the entire duration of leave.

TIME-OFF POLICIES

Figure 9 shows the percentage of employers that apply different types of time-off policies. Almost all employers required employees to authenticate their need for family leave. One in three employers reported that the durations of parental benefits went beyond what is required by law. Around four-fifths of all employers made leave time available all at once (as opposed to accruing). One in four employers allowed unused time to roll over.

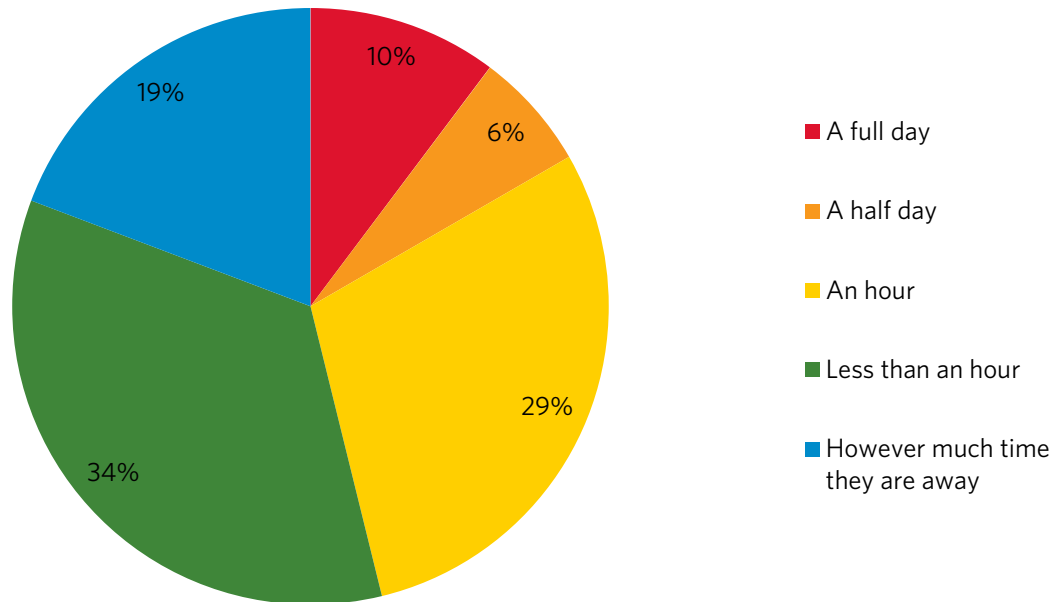
Figure 9: Other time-off policies (% of employers)



Note: Includes only employers that provided information about their formal family leave policies.

Figure 9 also shows that a majority of employers allowed employees to use time off for their family members' health care appointments. Figure 10 shows that few employers require employees to take a full or half day of leave for a family member's appointment with a care provider. One third of employers allowed employees to take family leave in increments of less than one hour, and a similar number allowed leave to be taken for as little as one hour. One in five had no fixed increment for family members' appointments, but instead allowed leave for however much time the employee was away from work.

Figure 10: Smallest amount of family leave time that an employee can use for a family member's appointment with a care provider (% of employers that allow employees to use time off for their family members' health care appointments)

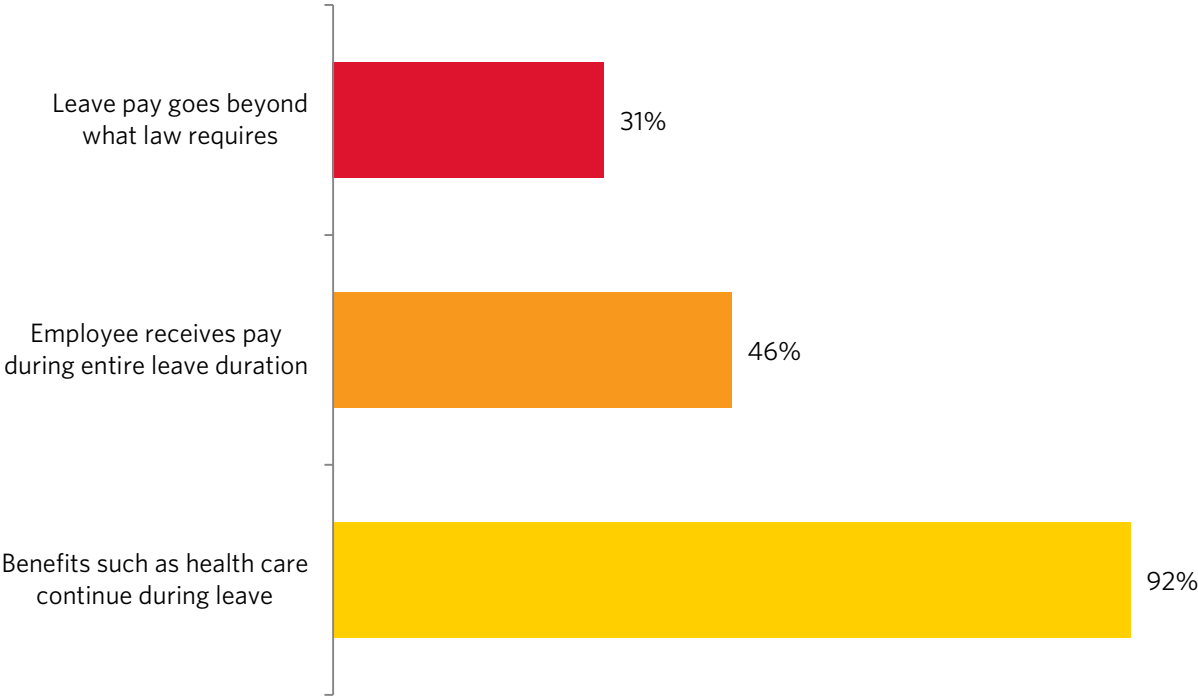


Note: Includes only employers that provided information about their formal family leave policies.

PAY POLICIES

Employers that provided a specific pay rate during family leave were asked further questions about pay and benefits policies. Figure 11 shows the percentage of employers that applied different types of pay policies. Nearly all employers with formal family leave policies reported that employee benefits such as health care continued for the duration of leave. One in three employers indicated that their leave pay went beyond what is required by law. Almost half indicated that employees received their pay for the entire leave duration.

Figure 11: Other pay and benefits policies (% of employers)



Note: Includes only employers that reported a specific pay rate as part of their formal family leave policies.

Appendix

SURVEY ADMINISTRATION

The Leave Management Benchmarking program collects data on nine separate types of leaves. Employers complete a survey for each type of leave for which they would like to receive a benchmarking report. Each leave is considered as a separate survey effort. Employers may complete surveys for as many leaves as they wish, and survey responses across leave types are not connected to one another.

PARTNER ORGANIZATIONS

Employers are recruited for the survey from IBI member organizations, as well as from the membership lists and client bases of partner organizations. As of the publication date of the current report, partner organizations that have invited members and clients to take surveys include the following:

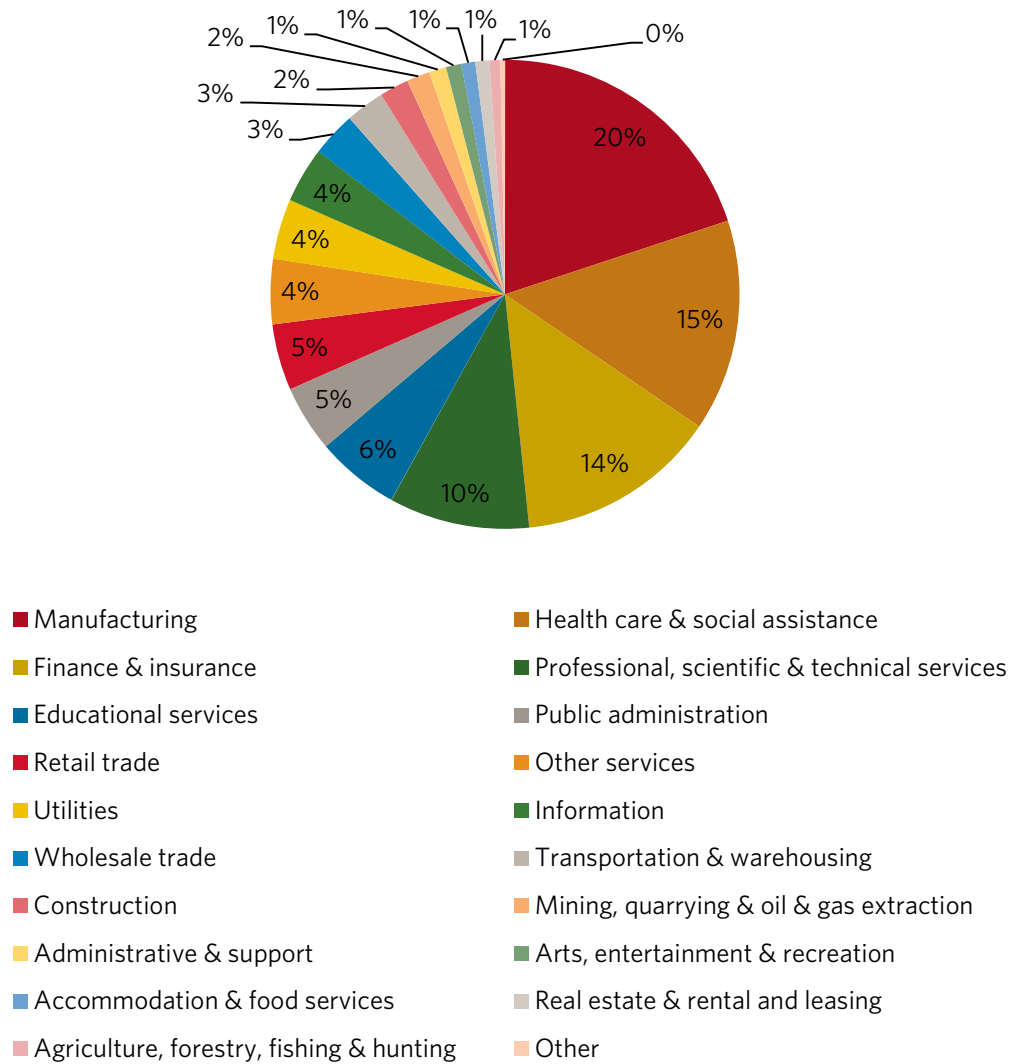
- The Alliance
- Aon Hewitt
- Broadspire
- ClaimVantage
- Employers Health
- Employers Health Coalition
- Employers Healthcare Coalition
- Florida Health Care Coalition
- Greater Philadelphia Business Coalition on Health
- HC21
- Houston Business Coalition on Health
- Liberty Mutual Insurance
- Memphis Business Group on Health
- Midwest Business Group on Health
- Mississippi Business Group on Health
- Nevada Business Group on Health
- Northeastern Oklahoma Business Coalition on Health
- Pacific Business Group on Health
- Pittsburgh Business Group on Health
- The Reed Group
- Rhode Island Business Group on Health
- Sedgwick Claims Management Services, Inc.
- St. Louis Area Business Health Coalition
- Standard Insurance
- Sun Life Financial
- Unum Group
- Washington Health Alliance
- Willis Towers Watson
- WorkPartners
- Wyoming Business Coalition on Health

The survey was opened for responses on July 5, 2017, and remains open continuously. A report on a specific leave type is released when surveys from 30 organizations provide information about their policies; it is subsequently updated for each additional 30 recorded policy descriptions. Because the interest is primarily in benchmarking employers' policies, all due diligence is made to exclude responses from persons known to represent consultants, absence management suppliers or third-party administrators. The primary method of identifying these organizations is through cross-referencing the domain in the work email address provided by the user for delivering results. Respondents who provide an email address that indicates a personal email service (such as Gmail) are asked to provide a corporate work email to verify their employer status. Responses with unverified email addresses are excluded from analysis.

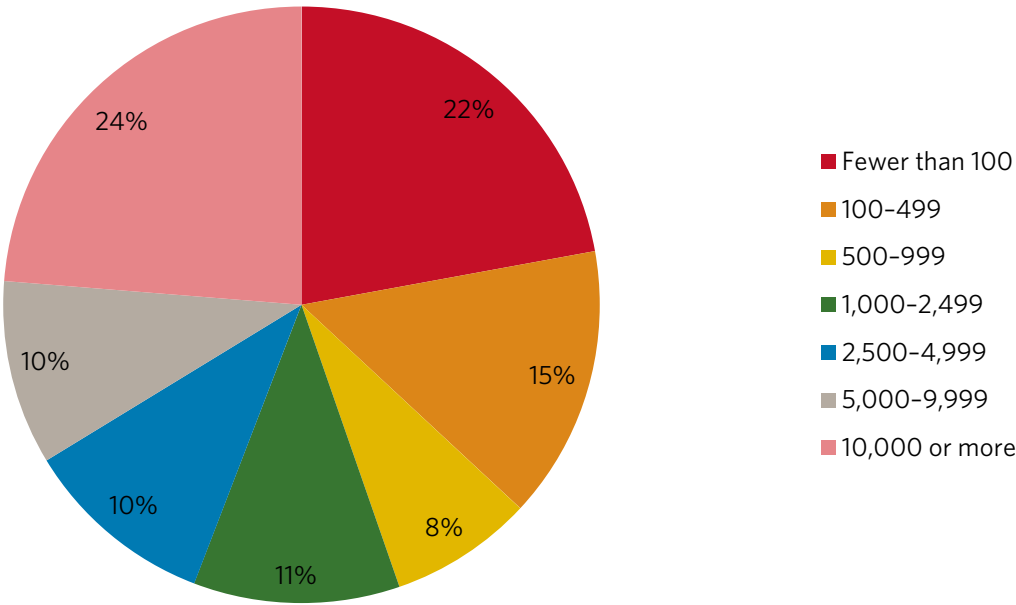
Reports are updated with industry- and state-level benchmarks when 30 additional responses are recorded.

DEMOGRAPHICS OF RESPONDING EMPLOYERS

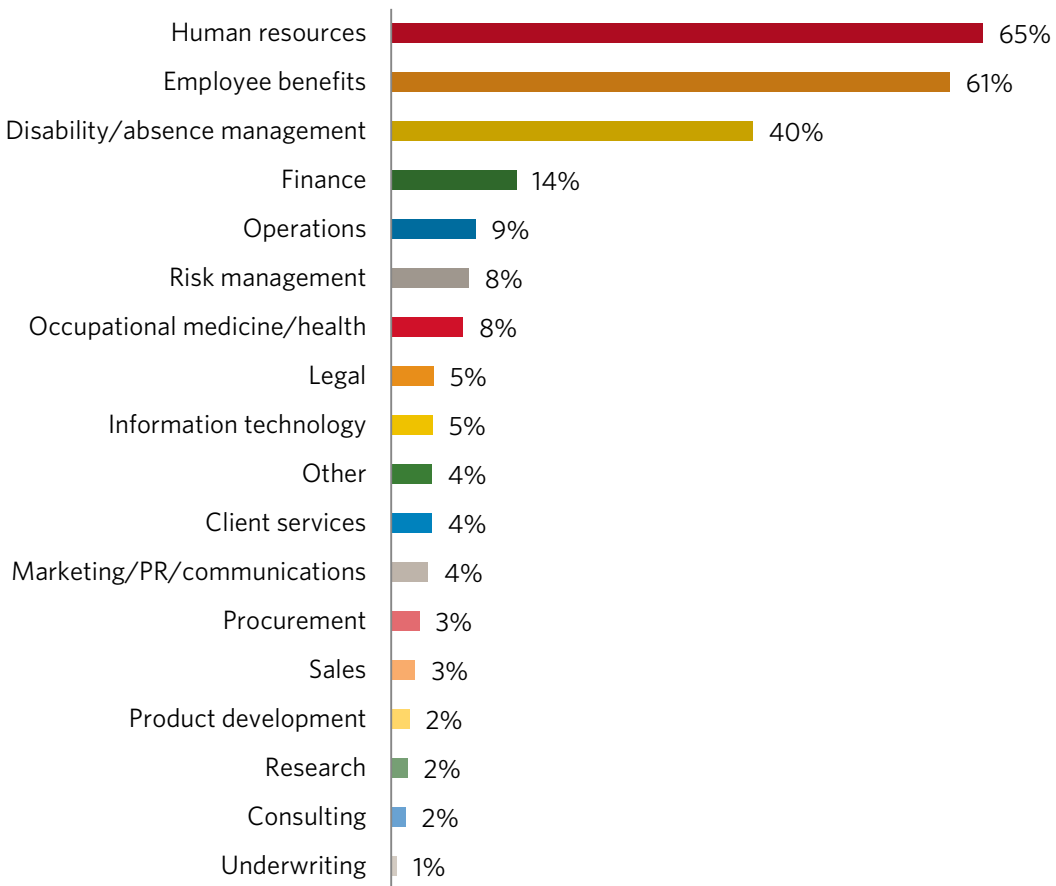
Appendix Figure 1: Industry



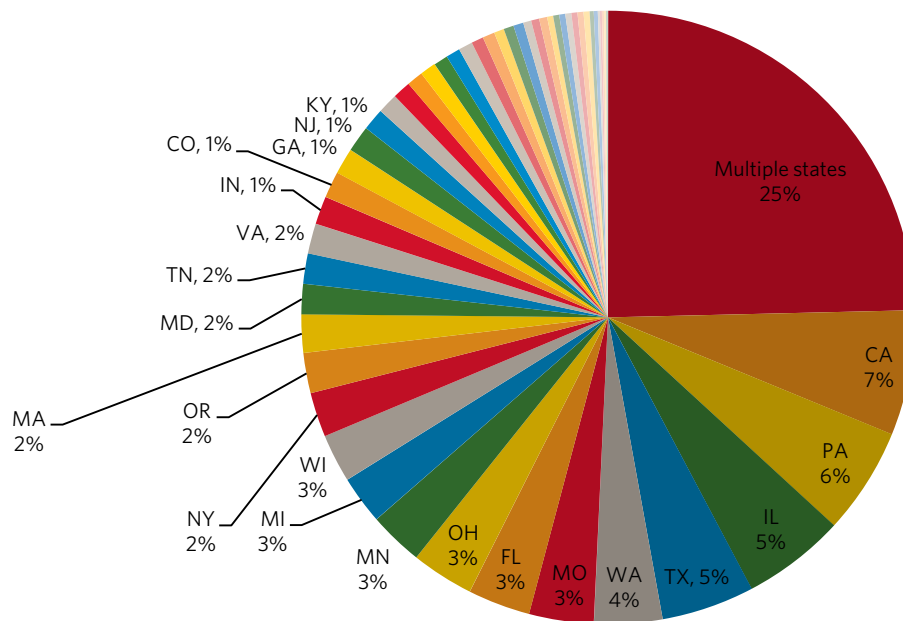
Appendix Figure 2: Company size



Appendix Figure 3: Respondents' organizational functions



Appendix Figure 4: State in which most employees work



Note: States that represented less than 1% of responses are not labeled.

Acknowledgments

Special thanks are due to the National Alliance of Healthcare Purchaser Coalitions for helping coordinate the distribution of the survey through several employer coalitions.

IBI's Leave Management Benchmarking series originated from the Leave Management Issue Group, part of IBI's Research Committee. IBI gratefully acknowledges representatives from the following organizations for providing expert guidance during the development of the Leave Policy Benchmarking Survey.

Leave Management Issue Group members:

- Angie Brown, ClaimVantage
- Ed Crouch, MD, Liberty Mutual Insurance
- Marc Cunningham, Broadspire
- Susan Fabry, Sun Life Financial
- Michelle Jackson, Unum Group
- Annie Jantz, Lincoln Financial Group
- Gene Lanzoni, The Guardian Life Insurance Company of America
- David Setzkorn, Standard Insurance

Terri Rhodes, President of the Disability Management Employer Coalition, also provided valuable guidance on the development of the survey.

IBI RESEARCH COMMITTEE MEMBERS

- | | | |
|--|---|--|
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| • Anthem | • Lockton Companies | • Standard Insurance |
| • Aon Hewitt | • Mercer-Trion | • Sun Life Financial |
| • Bristol-Myers Squibb | • Merck & Co. | • Teladoc |
| • Broadspire | • Morneau Shepell | • UnitedHealthcare |
| • CareWorks Absence Management | • Novo Nordisk | • Unum Group |
| • ClaimVantage | • Pfizer | • WorkPartners |
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