



Briefing Paper

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Parents As Child Care Providers: A Menu of Parental Leave Models

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Public policy efforts to strengthen the early care and education system in the US could benefit by placing greater emphasis on the role that working parents can play. One policy advance that would reduce pressure on the early child care market is to expand support for employees caring for their newborns at home.

In the United States, many workers have a job-protected right to 12 weeks of parental leave, but some cannot afford to forego income during that period, and fewer than 60 percent¹ of private-sector workers are eligible for leave under the Family and Medical Leave Act (FMLA). Offering paid parental leave to employees allows parents to spend crucial time bonding with their children after birth or adoption, while boosting productivity and reducing turnover and employee training costs.²

Paid parental leave takes many forms. Leave policies can be enacted by state legislatures through insurance-type programs such as Temporary Disability Insurance (TDI) or Family Care Insurance (FCI), or employers can create their own plans to meet their workers' needs. The following table lists a variety of paid parental leave models and benefits employers can implement.

Table 1. Models for Paid Parental Leave

Employer-Funded Paid Leave	Description
Paid Family Leave	Usually modeled on the FMLA, these programs provide a specified number of weeks of paid leave for workers to care for newborns, adopted or foster children, or family members with health conditions.
Paid Parental Leave	Employers can provide a certain number of weeks of paid parental leave for birth mothers, fathers, and adoptive parents at full or partial pay.
Pregnancy-Related Disability Leave	Mothers can use disability leave during part of their pregnancy and while recovering from childbirth. Employers can top off the disability plan with additional paid leave benefits so new mothers receive full pay when they are unable to work.
Combined Forms of Leave	Employers can allow employees to combine multiple types of paid leave following birth or adoption, such as vacation, sick days, family leave, parental leave, and disability leave.
Employee -Financed Paid Leave	Description
Insurance-Style Program Funded by Employee Contributions	Programs similar to Temporary Disability Insurance can be established to allow paid parental or paid family leave, pooling premiums and risks across workers and, if enacted through public policy, across employers.
“Future Leave” Employee Savings Account	Employers can use a payroll deduction scheme to allow workers to put money aside from their paychecks for future leave-taking.
“Future Leave” With an Employer Contribution	Employers can consider matching the employee’s contribution to a future leave savings account.
Banked Paid Sick Days	Employers can allow paid sick days to roll over from year to year for employees who wish to bank them and use them as paid parental leave.
Donated Paid Sick Days	Employers can allow employees to donate sick days to a coworker who wishes to take parental leave.

Other Parental Leave Benefits	Description
Job-Guaranteed Leave	Employers can provide job-guaranteed unpaid leave beyond that provided by the Family and Medical Leave Act.
Telecommuting, Part-Time Scheduling, and Flex-Time for New Parents	Employers can allow parents to phase back into the workplace by telecommuting, transitioning to a part-time schedule, or flexing their hours. A phase-back option maintains office productivity and reduces the pressure on the employer to provide paid leave for long periods of absence.
Health Benefits	Employers can continue providing health benefits throughout an employee's leave of absence.
Lactation room	Following a birth mother's leave of absence, employers can consider making a lactation room available and allowing new mothers to take lactation breaks.
Notes: Accenture, a company featured on WorkingMother.com, uses a Future Leave savings account. http://www.workingmother.com/?service=direct/1/ViewTopListingPage/dlinkDetails&sp=481&sp=3214	

Some companies in the United States have implemented exemplary parental leave policies. One hundred of these companies are lauded annually for their commitment to better work-life policies by *Working Mother* magazine. The companies are measured based on their performance in seven categories: workforce profile, compensation, child care, flexibility, time off and leaves, family-friendly programs, and company culture.³

Of the companies selected in 2008, 100 percent offer paid maternity leave, 75 percent offer paid paternity leave, and 81 percent offer paid adoption leave to employees with one year of service. The following table features large companies across the US that provide commendable leave programs. Other companies featured by *Working Mother* can be found on their website.

Table 2. US Companies with Exemplary Parental Leave Policies

Company	Model	What's Unique
Covington & Burling Washington, DC	<ul style="list-style-type: none"> • <i>18 weeks paid leave</i> for birthmothers and primary adoptive caregivers • <i>6 weeks paid leave</i> for fathers 	Employees can use "The Health Advocate," a program that assists employees with health and wellness decisions.
Microsoft Redmond, WA	<ul style="list-style-type: none"> • 20 job-guaranteed weeks off for birth parents <i>12 of which are paid</i> for birth mothers <i>4 of which are paid</i> for birth fathers • <i>4 weeks paid leave</i> for adoptive parents 	New parents can take advantage of seminars on parenting young children and transitioning back to work after the birth of a child.
Pfizer New York, NY	<ul style="list-style-type: none"> • 35 job-guaranteed weeks off for birth mothers <i>15 of which are paid</i> • 26 job-guaranteed weeks off for new fathers, foster parents, and adoptive parents <i>6 of which are paid</i> 	Employees can flex their schedules and take advantage of on-site childcare centers.
Pitt County Memorial Hospital Greenville, NC	<ul style="list-style-type: none"> • 24 job-guaranteed weeks off for all new parents <i>12 of which are paid</i> for birth mothers 	\$75 toward baby care products for expectant employees who complete a 13 week pregnancy wellness program.
Proctor & Gamble Cincinnati, OH	<ul style="list-style-type: none"> • 52 job-guaranteed weeks off for all new parents 8 weeks paid for birth mothers 1 week paid for fathers 	New parents, or any employee who needs to, could switch to part-time, flex their schedule, or telecommute and receive a business phone line, chair, and laptop for their home office.

Source: *Working Mother* magazine's "Best 100 Companies for Working Mothers 2008." <http://www.workingmother.com/?service=vpage/109> (April 23, 2008).

Federal, state, and local governments could offer incentives to businesses for adopting paid parental leave policies, through, for instance, tax credits and federal grants to assist employers with start-up costs. These supports might also make it possible for companies with fewer than 50 employees (not otherwise obligated to comply with FMLA) to offer paid leave programs. Local governments can foster competition between companies by determining and publicizing the average benefit scale in a given locality; when companies improve their benefits, they are more likely to retain their best workers and recruit top talent.

Table 3. Local, State, and Federal Supports for Providing Paid Parental Leave

Local Awards and Recognition	Governors, Mayors, or city and state agencies could offer an award of recognition to a company with exemplary parental leave policies.
Benefits Benchmarking	City, state, and federal governments could publish information about the types of benefits offered by companies in a given region; this tool could be publicized to foster competition between companies, encouraging employers to offer better leave policies to retain workers and recruit top talent.
Federal and State Tax Incentives	A tax credit equal to a percentage of the cost of expenditures for paid parental leave could be offered to businesses. A tax credit of this nature might be particularly useful to small companies not otherwise obligated to comply with FMLA.
Paid Leave Start-up Grants	The federal government could allocate money in the form of grants to offset the start-up costs for states and employers choosing to implement paid parental leave.

Table 4 outlines the variations some states have made to the FMLA and the paid leave programs currently in place in pioneering states.

Table 4. State Models for Paid Parental Leave

California Paid Parental Leave	An expansion of a pre-existing State Disability Insurance (SDI) program, this model allows employees who pay into SDI to take up to 6 weeks of leave at partial pay to care for a newborn, adopted or foster child.
New Jersey Family Leave Insurance	Funded entirely through small deductions from employee paychecks (approximately \$0.64 per paycheck) and building on the state’s Temporary Disability Insurance (TDI), this model offers up to six weeks of leave at partial pay to care for a newborn, adopted or foster child, or to care for a sick family member.
Washington State Paid Family Leave	This model provides \$250 per week for up to five weeks of leave to new birth or adoptive parents who worked full time in the year preceding their leave. A prorated payment is made available to parents who are part-time workers. ⁴

Currently, the Family and Medical Leave Act guarantees eligible workers at companies with 50 or more employees up to 12 weeks of unpaid job-protected leave. The following table summarizing the different expansions states have made to FMLA.

Table 5. State Expansions of the Family Medical Leave Act (FMLA)

	Lowered the Employee Threshold	Extended the FMLA Unpaid Leave Duration	Extended Unpaid Leave to State Employees
Connecticut		16 weeks ^a	24 weeks
DC		16 weeks	16 weeks
Illinois			6 months
Iowa			1 year
Kansas			1 year
Minnesota	21 employees ^b		
Montana	1 employee ^c		
North Dakota			4 months
Oregon	25 employees	24-36 weeks ^d	24-36 weeks ^d
Rhode Island		13 weeks	
Tennessee		4 months ^e	4 months ^e
Vermont	10 employees		
Washington	8 employees ^f		6 months
Wisconsin			6 months

Notes:

^aAt private companies with 75+ employees

^bSix weeks unpaid leave at employers with 21+ employees

^c“reasonable leave” from employers with 1+ employee

^d36 weeks unpaid leave for women (12 Family Medical Leave, 12 Pregnancy Disability Leave, 12 to care for child with serious illness) and 24 weeks unpaid leave for men (maximum); applied to both private and state employees

^ePregnant women only, job-protected with 3 months notice, both applicable to both public and private sector employers with 100+ employees; applied to both private and state employees

^f“Leave of absence” for any illness or disability related to pregnancy at any employer with 8+ employees

Source: National Partnership for Women and Families. 2003. “State by State Guide to Unpaid, Job-Protected Family and Medical Leave Laws.” <<http://www.nationalpartnership.org/site/DocServer/StateunpaidFMLLaws.pdf?docID=969>> (December 9, 2008).

During the 2008 election year, President Barack Obama proposed a number of policy changes that would support families. The following table summarizes some of the changes President Obama proposes.

Table 6. Changes Proposed by President Obama

Assistance for States and Employers	Allocate \$1.5 billion federal dollars to assist states and employers with start-up costs for paid-leave programs.
Incentives for Businesses	Increase federal incentives for telecommuting. Encourage businesses to adopt flexible scheduling.
Paid Sick Days	Expand paid sick days nationwide to a minimum requirement of 7 days.
Family Medical Leave Act (FMLA)	Expand FMLA to cover employees at businesses with 25 people or more and allow six months of leave time to “care for individuals who reside in your home.” ⁵

Source: “Strengthening Families and Communities.” <<http://www.barackobama.com/issues/family>> (April 28, 2008).

Paid parental leave policies can be an integral part of the continuum of early care and education provisioning. Parental leave is especially important during the critical first weeks after birth, when it is most difficult for parents to find adequate child care. Supports that make it easier and more financially viable for parents to be home with their infants can also serve as a new financing strategy to improve access to quality infant care; at the same time, these supports are known to boost office productivity and reduce employee turnover. When companies adopt paid parental leave policies, children, parents, and employers benefit.

¹ Cantor, D., J. Waldfogel, J. Kerwin, M. McKinley Wright, K. Levin, J. Rauch, T. Hagerty, and M.S. Kadula. 2001. *Balancing the Needs of Families and Employers: Family and Medical Leave Survey, 2000 Update*. Rockville, MD: Westat.

² Joint Economic Committee Majority Staff. 2008. *Paid Family Leave at Fortune 100 Companies: A Basic Standard But Still Not the Gold Standard*. <http://jec.senate.gov/index.cfm?FuseAction=Reports.Reports&ContentRecord_id=c27837de-bc32-a108-2a45-f2731a63420e&Region_id=&Issue_id=> (December 1, 2008).

³ “Focus on the Best – 2008 Methodology.”

<<http://www.workingmother.com/web?service=direct/1/ViewArticlePage/dlinkFullArticle&sp=S1696&sp=94>> (April 24, 2009).

⁴ Funding for this program has yet to be determined, and implementation may be delayed in light of the state’s economic downturn. Crary, David. 2008. “Economic Meltdown Complicates Campaign for Better Work/Family Provisions.” *Los Angeles Times*. December 7, 2008. <<http://www.latimes.com/news/nationworld/nation/wire/sns-ap-meltdown-work-and-family,1,7415140.story?page=1>> (December 9, 2008).

⁵ “Strengthening Families and Communities.” <<http://www.barackobama.com/issues/family>> (December 1, 2008).

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