

The Need for Paid Parental Leave for Federal Employees: Adapting to a Changing Workforce

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Executive Summary

Facing Workforce Challenges

The federal government, unlike many large private employers, does not provide paid parental leave to its employees. The federal government is the largest single employer in the United States, but federal employees are significantly older and better educated than private sector workers and have already begun retiring at an increasing rate. The departure of many baby boomers from the federal workforce will require the government to recruit and retain younger workers, who expect more job flexibility than workers from previous generations.

The Federal Employees Paid Parental Leave Act would provide four weeks of paid leave for federal workers who adopt, foster, or have a child. This report discusses the role that providing paid parental leave to federal employees could play in addressing federal workforce challenges. Providing paid parental leave for federal workers is expected to improve recruitment and retention of young workers, preventing \$50 million per year in costs associated with employee turnover.

Recruiting Young Workers

- ▶ Employers increasingly recognize that young workers place a priority on finding jobs that accommodate their family and personal lives.
- ▶ Two-thirds of college students say that balancing work and family is a priority for them.
- ▶ Work-family balance is valued by both men and women, especially those with children.
- ▶ Younger workers increasingly make up a larger proportion of the workforce.
- ▶ Companies attract a broad range of workers by providing benefits that meet the needs of younger workers with families.

Competing with the Private Sector

- ▶ Overall, federal employees are less satisfied with their jobs and employers than are employees of private companies, and federal sick and vacation benefits are not substantially greater than those offered at large corporate employers.
- ▶ Paid parental leave is part of strategy employed by many companies to improve recruitment and retention of employees.
- ▶ About three-quarters of the Fortune 100 offer maternity leave (median amount of six to eight weeks) and a third of Fortune 100 companies offer paid paternity leave.
- ▶ *Working Mother* magazine's 100 best companies for working mothers all offer paid maternity leave and most offer other workplace flexibility benefits such as telecommuting, flextime, and part-time phase-back scheduling.
- ▶ Three-fourths of the companies on the *Working Mother* list also provide paid leave for new fathers.

Addressing a Gap in Benefits

- ▶ Federal employee satisfaction with work-life benefits averages 43%, compared to 86% satisfaction with vacation and sick time; younger workers are less satisfied than older workers with the paid leave they receive.
- ▶ Workers newer to federal service need more than four years of service to accrue enough sick leave to take twelve weeks of parental leave with pay.
- ▶ Complications from pregnancy and childbirth can deplete accrued sick leave, requiring new parents to take unpaid leave.
- ▶ High-quality, affordable child care for infants is very difficult to find, and having a child is estimated to cost families \$11,000 in a child's first year of life alone.

Keeping Parents in the Workforce

- ▶ New mothers who are able to take leave are more likely than those without leave to return to work within three months of giving birth.
- ▶ Women with paid parental leave are more likely to return to the same employer after the birth of a child.
- ▶ When Aetna increased the length of its maternity leave, retention of new mothers increased from 77% to 91%.
- ▶ Workplace flexibility improves workers' commitment to their employer, and work-life balance is a leading concern cited by employees deciding to remain with their employer.

Reducing the Costs of Turnover

- ▶ Improved employee retention would yield significant savings for the federal government.
- ▶ The costs of turnover result from recruiting new employees, the low productivity of new workers, drains on the productivity of colleagues and supervisors, human resources processing, training, and the productivity lost between the departure of an employee and the hiring of a replacement.
- ▶ OPM data show that in 2008, women of childbearing age were 31% more likely to quit federal employment than were men of the same age.
- ▶ IWPR calculates that the federal government could prevent 2,650 departures per year among female employees by offering paid parental leave, preventing \$50 million per year in turnover costs.