Employer provisions for parental leave

Slightly more than one-third of full-time employees in medium and large firms in private industry were covered by maternity or paternity leave policies; days off were usually without pay

Joseph R. Meisenheimer II

Growth in the number of two-earner families and in the number of working women of childbearing age has stimulated interest in leave arrangements for working parents. But what arrangements are available for new parents who need time off from work to care for infants? A recent Bureau of Labor Statistics survey found that while parental leave may provoke much discussion, it is not widely available to employees. For example, in 1988, only 36 percent of the full-time employees in medium and large firms in private industry were covered by maternity or paternity leave policies—2 percent of them were under policies providing for paid leave.

The Bureau of Labor Statistics' 1988 Employee Benefits Survey provides representative data for approximately 31 million full-time employees of establishments employing 100 workers or more.[1] This article analyzes survey data on the incidence and the provisions of employers' parental leave policies. In addition, legislative developments in this country and abroad are summarized.

Changing demographics

Data from the Current Population Survey[2] document the increasing labor force participation of women. In 1988, 57 percent of all women were in the labor force, as were 71 percent of women between the childbearing ages of 16 and 44 years, up from 42 percent and 47 percent, respectively, in 1968. Further, three-fourths of the working women held full-time jobs in 1988.[3]

The increased labor force participation of women has shifted the balance between working and raising a family. Women are less likely to leave the labor force to raise families today than they were during the post-World War II baby boom. Rather, many women now maintain careers and raise families simultaneously.

For example, in the 1950's, the labor force participation rate of women in the prime childbearing age group (25 to 34 years) was much lower than that of women in the 20-to-24 and 35-to-44 age groups. Today, however, labor force participation of women no longer drops significantly during these prime childbearing years. In 1988, 73 percent of women in the 25-to-34 age group participated in the labor force, approximately the same percentage as those in the 20-to-24 and 35-to-44 age groups.[4]

These demographic changes have sparked interest in the work-family relationship. Such issues as employer-sponsored dependent care, flexible work arrangements, and, in particular, parental leave are of interest to all workers, especially parents.

Joseph R. Meisenheimer II, an economist formerly with the Division of Occupational Pay and Employee Benefit Levels, Bureau of Labor Statistics, is currently with the Division of Labor Force Statistics.

workers' compensation—wages, salaries, and employer costs for workers' benefits. The ECI, like the Consumer Price Index, has a market basket with base-period weights; the ECI uses fixed employment weights by occupation and by industry. It has developed in stages to its current profile of more than 100 published series, including occupations, industries, geographic regions, and union status.

Discussion continues on such issues as the treatment of lump-sum and other nonrecurring payments, and the value of noncash payments such as health insurance, retirement contributions, and child care benefits. It is clear that the classification system in the wage area will continue to undergo further development.

Where we are

This article has focused on three examples which illustrate different aspects of the evolution of content in Federal statistics. The first, the system of industry classification, introduced order and relationship into survey design so that statistical data could be defined more precisely, presented more intelligently, and analyzed in a more meaningful fashion. Although a number of revisions and additions to the Standard Industrial Classification system have taken place, the system has promoted stability in data relationships over a long period of time. The industrial restructuring that has taken place, especially over the last few decades, and the challenges of new technology suggest that it may be time for a comprehensive reexamination of the concepts underlying the SIC structure and a modernization of the entire system.

The review of the definitions of race and ethnicity shows the evolution that occurred in collecting and processing these demographic data; it also demonstrates the use of innovative approaches to deal with societal change within the survey process. These issues remain with us. As the country's ethnic composition and the situation of our minority citizens change, our information data base must be kept relevant.

The final example deals with the historical development of an economic concept, clearly one of the most difficult of all the issues with which the survey statistician must deal. Compensation, which can be looked at as a cost to the employer as well as a benefit to the worker, has been measured in one form or another for more than a century, and studies on the issues are still going on. This example is intended to show how a clear understanding of the underlying concept is essential for the collection of meaningful data. The statistical system will need to give far more attention in the future than it has in the past to the identification and delineation of the concepts which underlie our data collection. Indeed, this area is one of the most important elements of nonsampling error that must be dealt with by the statistical system.

As we look to the future, we see emerging issues of economic growth, income distribution, potential labor shortages, illness, pollution, and a whole host of other important topics. Will the progress made in the three areas discussed here be sufficient to carry us into the year 2000 and beyond? Probably not. But we have seen from this brief review that the changing views of society force changes in survey concepts and definitions so that the Nation's data base can keep up with society's needs. We know that changes will occur in the future, and we believe that the statistical community will continue to be responsive to the need of our country for information that remains relevant to the critical issues of our time. □

The changing views of society force changes in survey concepts and definitions.

Footnotes

[1] Bureau of the Census, *Twenty Censuses: Population and Housing Questions, 1790–1980* (Washington, Government Printing Office, 1979), pp. 43–44.

[2] "Thumbnail Sketches of BLS Statistical Series," Bureau of Labor Statistics, unpublished, Apr. 2, 1964.

[3] *Ibid.*

[4] Katherine K. Wallman and John Hodgdon, "Race and Ethnic Standards for Federal Statistics and Administrative Reporting," *Statistical Reporter*, 1977, pp. 450–54.

[5] Bureau of Labor Statistics, *Directory of Data Sources on Racial and Ethnic Minorities*, Bulletin 1879 (Washington, Government Printing Office, 1975).

[6] For an excellent discussion of the development of these questions, see Elizabeth Martin, Theresa DeMaio, and Pamela Campanelli, "Context Effects for Census Measures on Race and Hispanic Origin," *Proceedings of the American Statistical Association Annual Meetings*, 1988.

[7] Martin Bulmer, "A Controversial Census Topic: Race and Ethnicity in the British Census," *Journal of Official Statistics*, Vol. 2, No. 4, 1986, pp. 471–80.

[8] Connecticut Bureau of Labor Statistics, *First Annual Report* (Hartford, CT, Case, Lockwood & Brainard Co., 1885).

[9] *Ibid.*

[10] *Ibid.*

[11] U.S. Commissioner of Labor, *First Annual Report, Industrial Depressions* (Washington, Government Printing Office, 1886), p. 142.

[12] National Convention of Chiefs and Commissioners of the Various Bureaus of Statistics of Labor in the United States, *Proceedings*, 1889, p. 20.

[13] "Thumbnail Sketches."

Incidence and provisions

The Employee Benefits Survey defines parental leave as an employer policy allowing a father or mother to take time off from work to care for a newborn child. (See box below.) Because such policies may differ for mothers and fathers, the Bureau collected data separately on maternity and paternity leave provisions.

Maternity leave was available more frequently than was paternity leave. Thirty-six percent of full-time employees of medium and large private firms (11 million men and women) were covered by maternity leave policies, and 17 percent of employees (5 million) by paternity leave policies. Both types of leave were almost always without pay; nearly nine-tenths of the employees under each type of policy could receive only unpaid days off. (See table 1.)

Maximum durations of unpaid maternity and paternity leave varied, but commonly were between 6 and 26 weeks. The most common maximum duration of unpaid maternity leave was 6 weeks, covering 19 percent of the employees. (See table 2.) Other common maximum durations were 13, 26, and 52 weeks. Employees rarely could receive more than 52 weeks of unpaid maternity leave. The maximum durations of unpaid paternity leave were similar to those of unpaid maternity leave. The average maximum duration was 19.1 weeks for unpaid maternity leave and 18.3 weeks for unpaid paternity leave.[5]

Paid parental leave was rare in medium and large firms in private industry. Only 2 percent of full-time employees were covered by paid ma-

Defining and measuring parental leave

Parental leave is an employer policy allowing a father or mother to take time off from work to care for a newborn child. A parent must reasonably expect to have his or her job or a similar job available upon returning to work, and cannot be penalized by the employer for taking parental leave.

The benefit is separate and in addition to other established leave plans available both to new parents and other employees, such as vacations, sick leave, and personal leave. According to the 1988 Employee Benefits Survey, nearly all employees in medium and large firms in private industry received paid vacations, and almost one-quarter received paid personal leave. Although an employee might be permitted to use these leave benefits to care for a newborn child, such benefits were excluded from the definition of parental leave used in this analysis. Thus, the data in this article may understate the availability of leave benefits for new parents.

However, the survey's definition of parental leave is not restricted to policies specifically limited to maternity and paternity leave. It also includes general leave-of-absence plans—covering such situations as extended training or military leave—under which employees can reasonably expect an opportunity to take time off after the birth of a child. In fact, benefits were usually provided through these general leave-of-absence policies, rather than through specific parental leave plans.

Only nondisability parental leave benefits are considered in this analysis. Replacement income for disability associated with maternity is provided under an employer's short-term disability program, as required by the Pregnancy Discrimination Act of 1978. (The act prohibits employers from discriminating against female employees on the basis of pregnancy, childbirth, or related medical conditions.) In 1988, 89 percent of full-time workers in medium and large firms in private industry had short-term disability benefit plans.

The data in this article refer to potential rather than actual beneficiaries. The Employee Benefits Survey did not obtain information on the number of workers actually taking parental leave. Therefore, data on the incidence of leave policies may reflect the composition of a company's work force. Employers may offer parental leave benefits more frequently when employees are expected to need such benefits.

Also, the data show the percent of workers covered by parental leave policies without regard to gender, age, or family status. For example, suppose an establishment with 100 employees (50 men and 50 women) had a maternity leave policy applicable to all workers. In this case, the survey would count all 100 employees as covered by the maternity leave policy, even though many were not women of childbearing age.

Employees who were required to work a minimum period, such as 6 months or 1 year, before they qualified for parental leave were considered covered by the policy, even if they had not yet fulfilled the service requirement.

ternity leave, and only 1 percent by paid paternity leave. Both types of leave, usually provided at full pay, generally were limited to 1 or 3 days. Workers who received paid parental leave sometimes received unpaid parental leave as well; in these instances, they would be paid for a short time at the beginning of the leave period with the remainder of the period being unpaid.

The survey reported separate data for employees in three broad occupational groups: professional and administrative, technical and clerical, and production and service. The professional and administrative and technical and clerical groups (white-collar workers) were more likely to have parental leave than were the production and service group (blue-collar workers). (See table 1.) Maternity leave policies covered 40 percent of professional and administrative employees and 36 percent of technical and clerical employees, compared with 33 percent of production and service employees. Paternity leave benefits were available to 20 percent of professional and administrative workers, 18 percent of technical and clerical workers, and 14 percent of production and service workers.

White-collar workers also had a longer average duration of parental leave benefits than did blue-collar workers. The maximum duration of unpaid maternity leave averaged 20.8 weeks for professional and administrative employees and 19.5 weeks for technical and clerical workers, compared with 17.6 weeks for production and service workers. For paternity leave, maximum duration averaged 20.7 weeks for professional and administrative employees, 18.8 weeks for technical and clerical employees, and 16.0 weeks for production and service workers.

Parental leave policies differ in their provisions for continuing health care and life insurance coverage during periods of leave, the amount employees must pay to continue these benefits, and the accrual of seniority and pension plan credits. However, these items were not studied in the 1988 survey.[6]

The Employee Benefits Survey of State and local government employees in 1987 shows that more than half of these government workers were covered by policies providing unpaid maternity leave, and one-third by policies for unpaid paternity leave. As is the case in private industry, paid maternity and paternity leave coverage was rare in the public sector.[7]

Table 1. **Percent of full-time employees covered by parental leave policies, medium and large firms in private industry, 1988**

Type of policy	All employees	Professional and administrative employees	Technical and clerical employees	Production and service employees
All full-time employees	100	100	100	100
Employees covered by parental leave[1]	36	40	37	33
Maternity leave	36	40	36	33
Unpaid days only	30	34	31	28
Paid days only	1	2	1	1
Both unpaid and paid days	1	1	1	1
Information not available on type of days	3	3	3	3
No maternity leave	(2)	1	(2)	(2)
Employees not covered by parental leave	64	60	63	67
All full-time employees	100	100	100	100
Employees covered by parental leave[1]	36	40	37	33
Paternity leave	17	20	18	14
Unpaid days only	14	17	15	12
Paid days only	1	1	1	1
Both unpaid and paid days	(2)	(2)	(2)	(2)
Information not available on type of days	1	2	2	1
No paternity leave	19	20	19	19
Employees not covered by parental leave[1]	64	60	63	67

[1] Parental leave refers to nondisability maternity leave or paternity leave. Both male and female employees were counted as being covered by maternity or paternity leave if the benefit was available. (See box, p. 21, for detail on defining and tabulating parental leave.)

[2] Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

Mandated parental leave

United States. In addition to policies established by individual firms, laws in six States call for nondisability parental leave benefits. Maine, Minnesota, Oregon, Rhode Island, Wisconsin, and Vermont require employers to provide a specified duration of unpaid parental leave for male and female private sector employees.[8] Duration of the mandated leave ranges from 6 to 13 weeks. These States have laws requiring that an employee receive his or her job or a similar job upon returning from parental leave. The laws also prohibit employers from reducing the compensation or seniority of an employee who returns from leave within the legally required time.

In the Employee Benefits Survey, workers in States mandating parental leave benefits were counted as receiving the mandated level of benefits. If the employer offered more generous benefits than legally required, then the workers were counted as receiving the higher level.

The issue of parental leave has also received congressional attention. The U.S. Congress, over the last several years, has debated bills that would require employers to grant employees unpaid leave to care for a newborn, newly adopted, or seriously ill child.[9]

Other countries. While the United States thus far has emphasized parental leave policies developed by employers alone or through collective bargaining, such benefits in other countries are frequently government-mandated. Statutes in Sweden, Canada, and the United Kingdom provide pertinent information for the current debate in the United States over a national parental leave policy.

Sweden has perhaps the most comprehensive parental leave policy in the world. The Child Care Leave Act of 1978 permits Swedish employees to take up to 12 months of leave to care for their children. The leave can be divided between both parents and can be taken in full days or in partial-day increments until the child reaches age 8. While on parental leave, employees are paid 90 percent of pay for 9 months and a flat rate for the remaining 3 months. The payments are from a national insurance fund, financed by a tax on employers and through general government revenues.

Canada has a decentralized parental leave policy. Its only nationwide parental leave policy applies to Federal Public Service employees.[10] All but one of the provincial and territorial governments (the Northwest Territories) mandate unpaid maternity leave benefits for public and private sector workers in their jurisdictions. A minority of jurisdictions also mandate unpaid paternity leave. In most jurisdictions, the duration of leave is 17 or 18 weeks.[11]

In the United Kingdom, the Employment Protection Act of 1975 mandates parental leave benefits for female employees. Qualifying women can receive post-disability maternity leave with pay equal to 90 percent of salary for up to 6 weeks. The benefit is paid from a Maternity Pay Fund, which is financed by payroll taxes on employers and employees. In addition to paid leave, women can receive unpaid leave for up to 29 weeks after the birth of a child. Women who work for employers with more than six workers are guaranteed reinstatement after maternity leave. Male employees receive no statutory parental leave benefits.

LEAVE BENEFITS FOR NEW PARENTS have become more important as the demographic composition of the work force has changed. The Bureau of Labor Statistics projects that women will account for 64 percent of U.S. labor force growth to the year 2000, suggesting that interest in parental leave is not likely to subside.[12] Employers and governments are beginning to address the parental leave issue, and the debate can be expected to continue. □

Table 2. **Percent distribution of full-time employees covered by unpaid maternity and paternity leave policies, by maximum duration of leave, medium and large firms in private industry, 1988**

Maximum duration[1]	All employees	Professional and administrative employees	Technical and clerical employees	Production and service employees
All full-time employees covered by unpaid maternity leave policies[2]	100	100	100	100
Under 6 weeks	2	3	3	2
6 weeks	19	13	14	25
Over 6 but under 8 weeks	(3)	(3)	(3)	(3)
8 weeks	4	4	3	5
Over 8 but under 13 weeks	11	11	11	12
13 weeks	10	11	12	8
Over 13 but under 26 weeks	23	25	24	22
26 weeks	17	17	20	14
Over 26 but under 52 weeks	4	4	4	4
52 weeks	9	11	8	7
Over 52 weeks	(3)	1	(3)	(3)
Average duration (weeks)	19.1	20.8	19.5	17.6
All full-time employees covered by unpaid paternity leave policies[2]	100	100	100	100
Under 6 weeks	4	4	4	5
6 weeks	22	16	19	30
Over 6 but under 8 weeks	(3)	1	1	(3)
8 weeks	2	2	3	1
Over 8 but under 13 weeks	12	11	10	14
13 weeks	14	16	15	12
Over 13 but under 26 weeks	16	15	15	19
26 weeks	17	19	22	12
Over 26 but under 52 weeks	1	1	1	2
52 weeks	11	16	10	7
Average duration (weeks)	18.3	20.7	18.8	16.0

[1] Data include policies that provide a maximum number of unpaid days off; paid days off are not included.

[2] Data are for male and female employees. See box, p. 21, for detail on defining and tabulating parental leave.

[3] Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

Footnotes

[1] The 1988 Employee Benefits Survey is a sample survey of approximately 2,500 private sector establishments in the District of Columbia and all States, except Alaska and Hawaii. The survey provides data on a variety of employee benefits, such as leave benefits, short- and long-term disability coverage, health benefits, life insurance, retirement and capital accumulation plans, child care, employee assistance programs, and educational assistance. Survey data are published in a Department of Labor news release, in Bulletin 2336, *Employee Benefits in Medium and Large Firms, 1988* (Bureau of Labor Statistics, 1989), and in articles in the *Monthly Labor Review*.

[2] The Current Population Survey, a monthly survey of about 55,800 households, provides information on the labor force, employment, and unemployment by demographic and economic characteristics.