



Unique leave of absence programs: Competitive advantages or complex challenges?

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As companies enhance their products, services and business processes, some employers also are looking at ways to enhance employee leave of absence benefits to offer more than just legally-required job protection. To meet the ongoing demand for more flexibility and balance between work and life responsibilities, some employers are introducing unique programs such as limited and unlimited paid leave, extended paid maternity and paternity leave, and unlimited paid time off (PTO).

RESPONDING TO A CHANGING WORKFORCE

For many workers, especially millennials, workplace flexibility and family-friendly benefits are no longer just a preference; they are an expectation.¹ When job candidates for key positions are in short supply, offering paid leave helps employers attract and retain experienced, talented employees. Workers in two-earner households find the perk alluring, and today's employees tend to be more concerned with work/life balance than workers

in decades past.² Paid leave also can have a positive impact on job satisfaction and engagement.

Only 12% of employees working in the private sector currently have access to paid family leave through their employer.³ According to a survey conducted by the Society for Human Resource Management, 18% of employers offer paid maternity leave and 16% offer paid paternity leave other than what is covered by short-term disability or state programs.⁴ The emerging

paid leave programs can offer key advantages, but they can be cost-prohibitive for many employers.

California, New Jersey and Rhode Island are the only states that offer paid parental leave. These programs are funded through employee-paid payroll taxes and are administered as part of their respective disability programs.⁵ Employers in states without disability programs like these would need to factor the cost of such plans into their annual budget.



KEY CONSIDERATIONS

When evaluating extended paid leave programs, it is imperative for organizations to know their staffing requirements to ensure the business' needs can be met without putting excessive pressure on employees who are working. In service-oriented businesses, if there aren't enough employees to assist customers, the company's reputation and bottom line can be negatively impacted. In some industries, temporary employees can help fill in gaps, while in others this is not possible due to the subject matter expertise required or because of the highly technical nature of some positions. If certain employees with unique skill sets take a leave of absence, it is important for employers to have a plan in place to maintain productivity while employees are off.

In the future, employers may be forced to offer paid leave programs to compete for top talent or comply with parental leave laws.⁵

Here are some key points for employers to consider as they explore unique programs for their specific work environments:

- How will a leave program impact other health and welfare benefits from an eligibility perspective?
- Will the options have a negative impact on company culture and employee morale?
- How will management styles need to change to adapt to this workforce dynamic?
- How do years of service impact a PTO program and will this change if additional leave time is provided?
- Will the options available under parental leave unintentionally create accommodation issues in other areas of disability?
- How will absences be monitored and tracked?
- Are there legal risks if the benefits do not apply to everyone?

While employers rush to adapt to the lifestyles and needs of our changing workforce, it is important to consider how creative adaptations of traditional benefits might impact the operational, financial and legal components of a business. Although unique leave of absence programs might create a strategic advantage in recruiting talented job candidates, employers should be cautious to consider how they might have unintended consequences once their employees elect to take advantage of the benefits.

REFERENCES

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⁴ SHRM Survey Findings: Paid Leave in the Workplace. Society for Human Resource Management. Sept. 20, 2015. [SHRM Survey Findings: Paid Leave in the Workplace](http://www.shrm.org/hrdisciplines/employeerelations/articles/pages/paid-parental-leave-.aspx)

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