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PARENTAL LEAVE

Netflix ups the ante on paid parental leave

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Netflix recently announced that it will offer unlimited paid parental leave to a portion of its workforce for the first year following the birth or adoption of a child. The announcement of this generous parental leave policy has refocused public attention on the need for an increase in family leave benefits for all workers. Netflix's announcement has spurred conversation about the pros and cons of unlimited parental leave and the societal effects of leave policies.

Netflix offers extended paid parental leave

On August 4, 2015, Netflix's chief talent officer, Tawni Cranz, announced via Netflix's blog that the company would implement an unlimited paid leave policy for new moms and dads, allowing them to take off as much time as they want during the first year after a child's birth or adoption. Instead of following the standard model, which permits workers a fixed number of consecutive weeks off followed by a definitive return to the office, Netflix will allow employees to "return part-time, full-time, or return and then go back out as needed. . . . Each employee gets to figure out what's best for them and their family and then works with their managers for coverage during their absences."

Netflix plans to keep these employees on payroll, eliminating the headache of requiring employees to register for state-sponsored wage replacement.

After Cranz's sweeping announcement, Netflix confirmed to the press that not all of its employees will receive unlimited paid parental leave. The new policy appears to apply only to salaried employees in the company's "streaming" division. It does not cover workers in Netflix's DVD centers, many of whom are paid hourly for physically demanding work. Presumably, Netflix decided to focus the new benefit solely on its streaming division because of the challenges in attracting and retaining skilled technology talent. This incentivizes companies like Netflix to offer high-paying salaries and extensive benefits to remain competitive.

Most employers do not have to provide parental leave

Netflix's "unlimited" policy far exceeds parental leave policies offered at most American companies, primarily because there are few laws requiring job-protected leave for working parents. And the laws in effect do not require paid parental leave. The reality is that in this area, America lags far behind most other developed nations, where paid time off to bond with a new child is generally mandated by the government.

The federal Family and Medical Leave Act (FMLA) and California's Family Rights Act (CFRA) require that covered companies with 50 or more employees provide up to 12 weeks of unpaid, job-protected leave to eligible employees who miss work because of the birth of a child or for the placement of a child for adoption or foster care. California is one of only three states in the country with an established paid family leave insurance program that provides partial income replacement to these employees. Specifically, workers who contribute to the California State Disability Insurance (SDI) fund are entitled to six weeks of partial pay each year while taking time off from work to bond with a newborn baby, an adopted child, or a foster child. SDI is funded by employee contributions collected through payroll deductions. California's paid family leave program allows only for wage replacement and does not provide for job-protected leave. New parents may also find some relief in state- or city-mandated paid sick leave laws, which workers may use to care for themselves or a designated loved one.

Even absent a legal obligation to do so, certain employers choose to offer paid parental leave. Tech companies in the San Francisco Bay Area are considered to be among the most progressive when it comes to offering parental leave benefits, but the majority of American workers remain unaffected by this progress.

Pending legislation designed to assist working families

Netflix has advanced the national conversation on the issue of parental leave. There are several pieces of legislation pending at the state and federal levels aimed at increasing job-protected leave and financial benefits for working families. **California Senate Bill 406**, introduced by Senator Hannah-Beth Jackson, seeks to expand the reach of the CFRA by, in pertinent part, lowering the employer size threshold to include any employer that directly employs 25 or more persons. **California Assembly Bill 908**, introduced by Assembly Member Jimmy Gomez, proposes increasing the amount and duration of paid family leave benefits. Several other states are also considering implementing paid family leave programs.

At the federal level, President Barack Obama voiced his commitment to strengthening working families by providing government funding to states committed to launching paid leave programs and by modernizing the federal parental leave program. Additionally, New York Senator Kirsten Gillibrand has proposed legislation titled the Family and Medical Insurance Leave Act, or the FAMILY Act, which would create an independent trust fund within the Social Security Administration to collect fees and provide increased paid family leave for American workers. The trust would be funded by employee and employer contributions equal to 0.2 percent of wages.

Benefits, pitfalls of company-sponsored parental leave

Netflix's recent decision has pushed the controversial issue of paid parental leave into the public eye. Many feel that while Netflix's seemingly progressive policy is a step in the right direction for private employers, without a national government policy providing paid parental leave, the majority of American workers are still left without benefits. This is unfortunate because studies overwhelmingly indicate that paid parental leave is better for American families and businesses.

Others point out that Netflix's policy, while well-intentioned, lacks structure and direction, which could cause workers to take less time off to bond with new children because they are unsure of what is professionally acceptable. As with unlimited vacation policies, workers often do not take advantage of available benefits, and when they do, their colleagues may resent them for it. Also, critics point out that simply offering limitless paid parental

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leave is not enough. Companies must create and foster a culture that encourages both male and female employees to take advantage of available leave, particularly men and women at the higher levels of the corporate structure. Once employees at the top of the ladder begin taking leave, it will signal to lower-level employees that it is acceptable for them to take leave as well.

Bottom line

Netflix's new paid parental leave policy has highlighted the fact that America lags behind other developed countries when it comes to supporting working families. While private companies have the resources and the incentives to sweeten employee benefit packages to include paid parental leave, the majority of American employees are still left out in the cold. Only time will tell if politicians are able to garner the necessary support to further the parental leave agenda at the state and national levels.

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