

# 2021 Workforce Absence Management Survey

How COVID-19 and Workforce Challenges Are Shaping Employers' Leave Practices



# OVERVIEW

Workforce absence management has always been challenging and complex: Managing time off practices — while juggling new government mandates and changing employer policies — can be difficult for even the most seasoned HR professional.

And it's only gotten harder. The COVID-19 pandemic resulted in employers examining their paid leave programs, in light of requirements under federal coronavirus rescue programs like the Families First Coronavirus Response Act (FFCRA), and the expansion of statutory disability, paid family leave and paid sick leaves.

To see how the market is addressing this new urgency, HUB International's 2021 Workforce Absence Management Survey explores the absence management policies and practices of small and medium-size employers.

The survey reveals the impact of COVID-19 on those practices while benchmarking current leave programs, such as paid time off, paid parental leave and paid holidays, examining the following questions:

- Are your absence management practices keeping up with the competition?
- How has absence management affected recruitment and retention?
- How are organizations managing the growing complexity of absence management administration?

For instance, 75% of survey respondents say that COVID-19 has influenced how they approach leave management as a whole. It has created a foundation for future changes in their absence management programs.

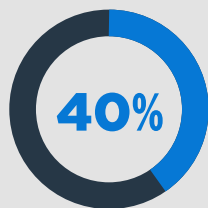
## WHAT'S BEHIND THE SURVEY?

HUB International's Workforce Absence Management Survey sheds light on evolving leave management programs among small and medium-sized employers in the United States.

Between March and April 2021, 547 HUB clients and prospects completed a survey that inquired about practices and policies that included telecommuting, paid time off, paid parental, leave, and family and medical leave. Respondents were limited to HR and benefits leaders in organizations with 50 to 1,000 employees.<sup>1</sup>

<sup>1</sup> Survey conducted by Greenwald Research and in partnership with Voya, Guardian, Principal, and Mutual of Omaha.

The survey revealed trends that are reshaping leave of absence (LOA) policies at small and medium-size employers, including several related to COVID-19:



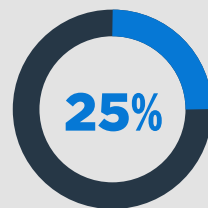
**Approximately 40%** believe their LOA policies need to be more attractive.



**3 in 10** respondents provided additional paid-time-off because of COVID-19 in 2020;



**1 in 6** (nearly 17%) plan to do so in 2021



**One-quarter** have altered their paid-time-off programs because of COVID-19

Another finding: Small and medium-sized employers may think their paid time off programs lag behind big organizations, but their programs actually compare favorably with larger employers.

By contrast, small and medium-sized employers do not provide paid parental leave as much as larger organizations, citing budget constraints as the top reason.

These were just some of the results from the Workforce Absence Management Survey, which gave insights on the rapidly changing nature of absence management — as well as insights about how to move forward to keep up with change.



# Trends from the *2021 Workforce Absence Management Survey*

Among the larger leave management trends that emerged:

## TELECOMMUTING GETS REAL

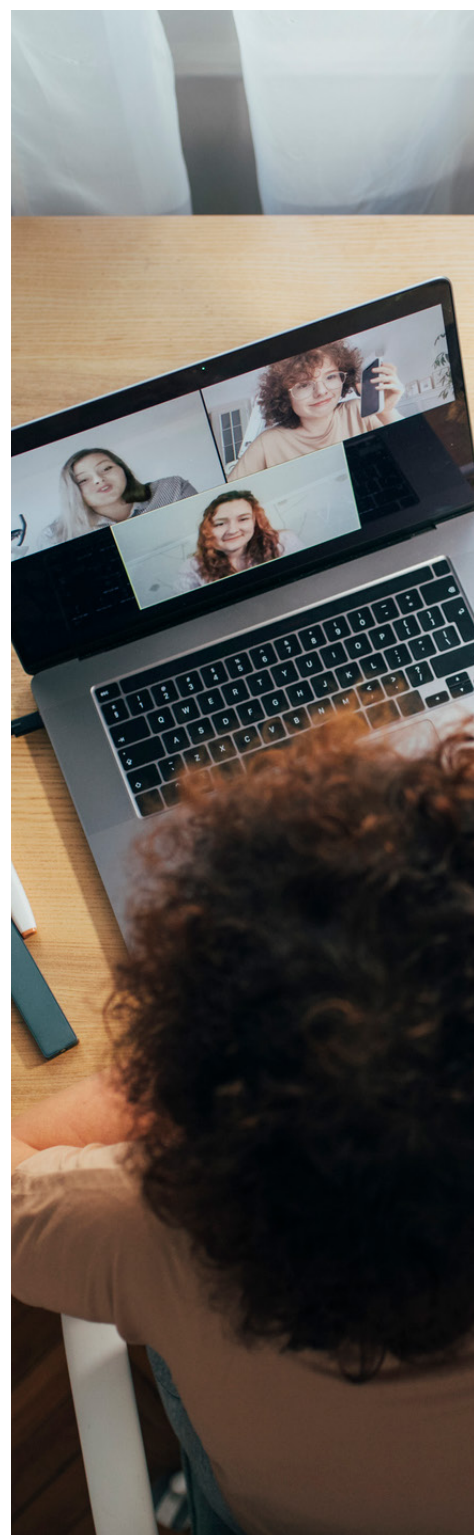
The pandemic forced employers of all sizes to expand working from home options — or even make it mandatory. Nine out of 10 respondents embraced telecommuting, and as they continue to emerge from the pandemic, half say they will make it permanent. There's reason beyond simple expediency to do so: Not only does it give employees greater flexibility (according to 85% of respondents) and work-life balance (73%), but three-fourths of those who allowed remote work before the pandemic saw no difference in performance.

## PAID PARENTAL LEAVE

About 25% of respondents offer paid parental leave, compared to industry standards of about 40% to 45% of larger organizations offering paid parental leave. These small and medium-size businesses' paid parental leave programs generally lag larger organizations' in terms of duration: small and medium-sized organizations provide an average one to two weeks of paid parental leave, while larger organizations generally provide six to eight weeks, according to industry observations.

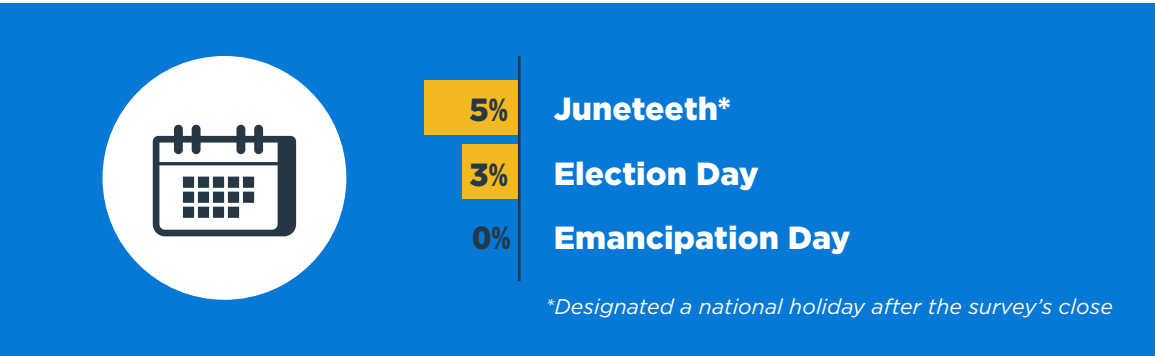
Most importantly, smaller businesses should take care in how they design paid parental leave policies so they do not violate Title VII.

Also worth noting: nearly half of respondents require paid parental leave be taken within 12 months of the qualifying event while 25% require leave be taken immediately. Sixty-three percent of respondents did not offer job protection beyond federal or state statutory requirements.

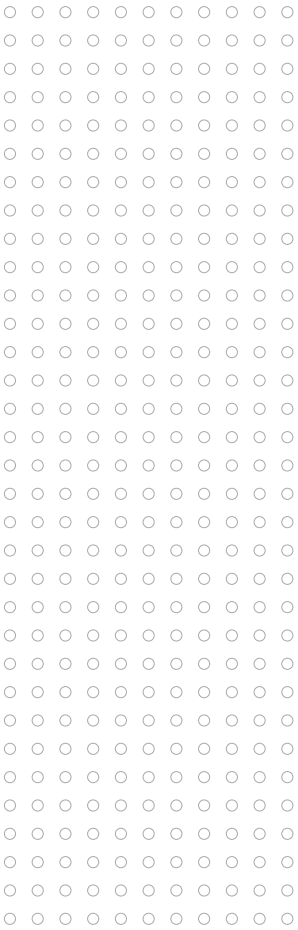


LITTLE EXPANSION IN PAID HOLIDAYS

A turbulent 2020 caused employers to focus on diversity, equity and inclusion (DEI), with 17% of respondents re-evaluating paid holidays and 14% making changes.



Apart from traditional mainstream paid holidays like July 4 and New Year’s Day, only a third or less offer paid days off for either President’s Day, Martin Luther King, Jr. Day or New Year’s Eve. Few employers give days off for Juneteenth and election day, and none for Emancipation Day.



How Paid Time Off Practices Stack Up

Half of survey respondents manage sick, vacation and personal days separately while the rest combine them into one bucket of paid time off (PTO).

However they administer their paid time off program, more than 50% of all respondents treat part- and full-time employees and exempt and non-exempt workers the same. The number of paid time off days are typically prorated for part-time employees.

When tenure isn’t a factor, employees are offered an average of 8.2 sick, 11 vacation, and 2.9 personal days, or 10.4 PTO days. Generally, respondents who structure their paid time off days by tenure increase the number of days with an increase in tenure.

Employers typically allow sick time, vacation days and PTO to accrue.

# The Influence of Government Leave Mandates

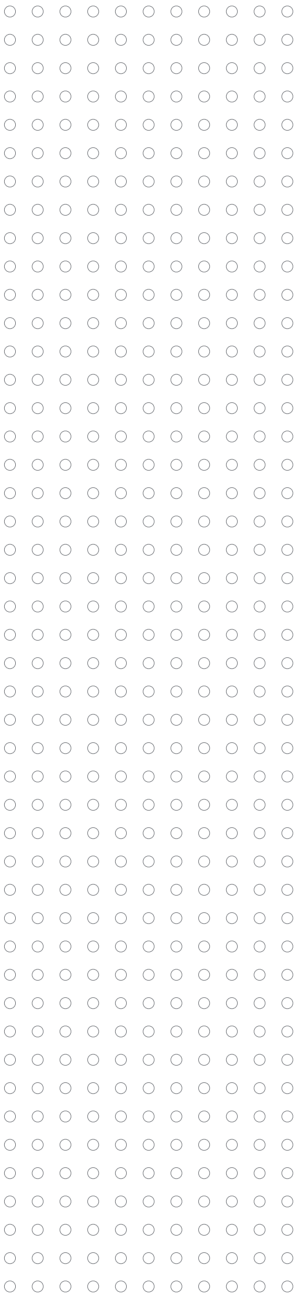
Federal and state leave mandates result in management challenges for every employer. The FFCRA required public and certain private employers to provide paid sick leave and emergency FMLA to employees needing leave for COVID-19-related reasons. Employers previously subject to FFCRA were allowed to voluntarily extend FFCRA under the American Rescue Plan Act (ARPA).

Despite the additional compliance burden, 80% of respondents reported they are not struggling to comply with mandated leaves. Based on HUB’s experience, these findings are atypical. Granted, this may be a function of the generally smaller geographic footprint of small- to mid-size employers, with fewer locations and fewer state mandates.

Respondents indicated how other mandated leave programs are administered:

## FAMILY MEDICAL LEAVE ACT (FMLA)

Nearly 90% of respondents administer FMLA in-house. The majority continue to use spreadsheets and their human resource information system (HRIS) for administering and tracking leave. More than six in 10 say they discontinue group benefits at the end of the month when FMLA time is exhausted. By comparison, larger organizations typically maintain group benefits for six to 24 months after the employee’s leave begins. While small and medium-sized employers may feel the need to extend such benefits, employers should consider the cost before making a change.



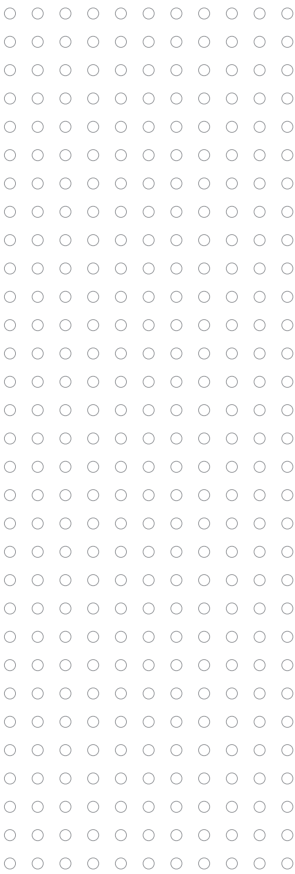
**PAID FAMILY AND MEDICAL LEAVE (PFML)**

Smaller employers generally do not provide paid family leave beyond minimum requirements. Just a quarter of respondents provide paid parental leave and most (84%) are not planning to add or expand them. However, as part of larger legislation, the Biden administration has proposed a national PFML program that supersedes state programs over the course of a decade, paid through tax increases.<sup>2</sup>

Further, 50% of respondents provide employer-paid STD benefits to employees working in PFML states. But very few (3%) are considering replacing employer-paid STD with voluntary STD benefits. Finally, 66% of respondents indicated using the state PFML program instead of privatizing PFML obligations through an insurance carrier (where possible).

**PAID SICK LEAVE (PSL)**

Paid sick leave was steadily gaining ground before the pandemic, but COVID-19 spurred rapid proliferation of PSL. This includes new, permanent PSL requirements; expansion of existing requirements; and addition of emergency PSL mandates, most of which are intended to sunset as the pandemic progresses.



<sup>2</sup> SHRM, “[How President Biden’s Paid FMLA Proposal Would Work](#),” May 4, 2021.

# What Employers Can Do Next

The HUB Workforce Absence Management survey clearly shows workforce absence management can play a role in organizations' competitive positioning, particularly as COVID-19 remains an issue.

Here are five actions employers can take related to compliance and competitive positioning of their absence management programs:

1

Organizations first must review their leave of absence policies to ensure policy language reflects the organization's true intentions. Trusted consultants and attorneys can ensure compliance with mandated programs at the state and federal levels.

2

Working with consultants or advisors, organizations need to benchmark absence programs when appropriate to find an organizational match that best meets their goals.

3

Employers should recognize that leaves of absence are difficult and confusing for employees. In doing so, they are in a better position to help employees return to work after an absence as productive members of the organization. This turns the employer's absence programs into a powerful retention tool, as workers return to work as productive members of the organization after an absence.

4

It's important for organizations to be mindful of precedent; often, employers want to go above and beyond to assist employees during their leaves. While this may be well intended, such exceptions put employers in a position where they're required to extend similar considerations to other employees.

5

Design a holistic benefits strategy that encompasses everything from PTO to health and wealth benefits. Evaluate your absence management strategy overall, determining if it is aligned with the organization's HR, recruiting and retention strategies. In evaluating strategy, leverage analytics, including HUB Workforce Persona Analysis.



# Strategic support that puts you in control.

Workforce leave and absence policies help not only to shape your business culture but are integral to operational efficiency. HUB can help you gain the insights you need to align all aspects of your benefits program.

To discuss how your programs stack up against this study's benchmarks or how effectively they support your overall benefits strategy, contact a HUB Workforce Absence Management consultant.

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