The Startup Founders' Guide to Creating and Using a Parental Leave Policy

Presented by







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Where Paid Parental Leave Stands in the US Today

It's been 30 years since the Family and Medical Leave Act (FMLA) was signed into law and yet paid family and medical leave is still out of reach for most Americans. FMLA allows workers unpaid time away from work to care for a child, ailing parent or spouse, or their own medical issues — and while there have been efforts to pass a nationwide paid family and medical leave policy, all attempts so far have fallen short of passage.

While there is renewed interest in this topic on Capitol Hill, the challenges caused by lack of paid leave are massive — for individuals and their families and also for the country's overall economy. Workers missed out on approximately \$28 billion more in wages from March 2020 to February 2022 compared with the previous two years due to a lack of access to paid leave, and almost two million women were pushed out of the workforce during the covid pandemic due to lack of access to sufficient leave.

Recent data tells us that when new parents are given the financial support needed to take significant time away from work, it positively impacts the physical and mental health of entire families. It also increases the chances new parents will feel loyal to their company, and want to return to work, which given today's labor shortage crisis across industries, is critical to business success.

Startups with their round-the-clock work cultures, lean benefits and compensation models

are not always the logical employer-of-choice for new parents or caregivers.

But to attract a diverse workforce and take advantage of the talents of people who also have caregiving responsibilities, it's imperative for even startups to create a thoughtful and supportive, parental leave policy for employees. Unfortunately, in today's absence of any meaningful national policy or consistent guidance, many founders and startups are making it up as they go, which is often a time consuming and frustrating process.

We talked to dozens of sources across paid parental leave policy experts, first-time founders just weeks away from having their first kid, working parents, and startup veterans with decades of experience building and scaling companies and cultures.

Informed by their wisdom, this guide was designed to help early stage company leaders navigate parental leave in the context of company values, the human needs for rest and care, and the constraints of an early stage, high-growth company with (very) limited HR bandwidth.

What to Consider When Designing & Implementing a Parental Leave Policy

There are numerous considerations when designing a parental leave policy for your company. In our conversations with founders, many were overwhelmed about how to even get started. Here we break down the most important areas to prioritize.

For the purposes of this guide we are primarily focused on parental leave - but because <u>family and medical leave</u> are bound up with each other legally through state and national policy, we keep them connected in many references.

In consulting with the paid leave experts, they emphasized that there are three key principles to include in a strong paid parental leave policy:



Equal

Mom? Dad? Giving birth? Adopting? Are you the CEO or the assistant to the CEO? It doesn't matter. Your policy must be equal across the board.

"I understand the sentiment that there is a physical aspect to giving birth. But should you get more credit for breastfeeding or not breastfeeding, having a c-section or not?" said Sara Mauskopf, CEO of Winnie and mother to three, pointing out that these distinctions are a slippery slope.



When you create a parental leave policy you should encourage people of all genders to take leave and participate in equal caregiving. The sentiment that parental leave is a woman's issue or reserved for birthing mothers is outdated and misleading. Recent research tells us that when mothers and fathers are granted and use parental leave, it has immense benefits for the entire family.

"The reality of parenthood is that everyone gets there on a different path, and no matter what that journey looks like, all parents deserve an equitable leave," urges Sarah Hardy, Co-founder and COO at Bobbie and mom of two. "By implementing a genderneutral parental leave policy like the one we have at Bobbie, you're fostering a more inclusive and equitable environment in the workplace and at home."



In addition, you should make sure to establish an equitable policy that extends to all employees. The majority of U.S. workers are at companies that do not offer any leave or that <u>offer leave inequitably</u> to their workers. Often, it is newer workers, part-time workers, hourly workers and non-exempt workers who are left behind. Those are the very same people for whom losing pay or losing a job will cause the greatest hardship, and whom have the fewest resources to be able to outsource care to paid caregivers. All employees contribute to your company and all deserve to be able to care for a new child in the weeks or months after birth or adoption.

Enough

Designing a policy that provides enough leave for folks as they grow their family is less about best in class and more about what is best in practice.

A strong but realistic policy for a company your size will likely land somewhere in the range of twelve to sixteen weeks. However, to determine exactly what is **enough** for your policy, you need to consider the following areas:

COMPANY CULTURE

When it comes to culture, parental leave is one of the ingredients that makes up the flavor of your overall company culture. Research shows that paid parental leave policies reduce employee turnover, encourage productivity, and attract and retain talent.

At the highest level, when you have a thoughtful, paid parental leave plan in place, employees know they matter and that feeling of belonging cascades into all other aspects of their working experience

Toyin Ajayi, <u>Cityblock Health</u> CEO and Co-founder noted, "The status quo doesn't work particularly well for working women." Iyah Romm, her Co-founder, continued: "We've had folks join us at nine months pregnant and then go out on leave. That's not an issue for us. I don't know that it's codified for us, but it's a very intentional cultural thing."

Company Culture

Legal Obligations

Financial Realities





Dandi, added: "Founders of early stage startups are often encouraged to hire the "best talent" to increase their likelihood of success. Oftentimes, the "best talent" features folks who have done most of the job before and are enormously motivated to succeed. These folks can be at a life stage where they're building families. Providing meaningful parental leave for both primary and secondary caregivers can help to differentiate early stage companies by communicating what they value above all else — people and family."

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One way to ensure you are including the desires of your employees in your leave policy is to ask them directly. By polling your company and asking how much time employees expect they will need in order to return to work, you can feel confident that the amount of time offered in your policy is reflective of the culture your larger team aspires for.

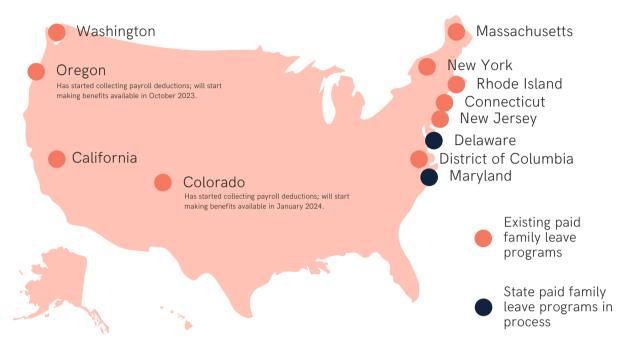
LEGAL OBLIGATIONS

There are a number of legal components to navigate when designing your leave policy. Nationally, there is the <u>Family and Medical Leave Act</u>, or FMLA, which provides for twelve weeks of unpaid leave with job protections to care for a new child through birth, adoption or foster placement (as well as that same twelve weeks that can also be used to care for a loved one or yourself, and to address military deployment and caregiving). Depending on where a team member is located, you will need to bring your policy into alignment with both national and state and sometimes <u>even city law</u>.



Many <u>states have unpaid leave protections</u> that are more inclusive than the federal FMLA. There are also pregnancy disability, pregnancy fairness, and breastfeeding laws at the federal and state levels that might apply to require the provision of unpaid leave in certain circumstances.

In addition, the map below indicates the states that have paid family leave programs on the books that you and/or your employees may already be paying into:



A handful of additional states are likely to pass their own programs in 2023 and 2024.

Each of these state laws establish a baseline paid leave payment for eligible workers through a state-sponsored paid family and medical leave program (except in New York, where the law requires employers to provide the benefit through a privately-purchased plan). Each is funded by small payroll deductions paid by employers, employees or both; some of the states also allow employers to provide equivalent or better paid leave benefits of their own in lieu of participating in the public fund. But in these states, virtually all workers are able to access some paid family and medical leave, including paid parental leave.

Additional specifics of each state's paid leave laws can be found at the National Partnership for Women and Families.

Often, the state specifics of a policy can work to the financial and practical benefit of your company. Needless to say, the paid and unpaid leave, workplace protection, and legal landscape is complex, and many founders are intimidated by the potential legal costs in getting it right. Understanding both the landscape in your state, and the additional benefits you may wish to offer, are keys to building a strong, value-driven business — and may even benefit your bottom line.



"Use the resource you are already paying for," says Ashley Lekwauwa, a human resources consultant who specializes in collaborating with earlier stage startups. "Your payroll system, like ADP or TriNet, employs a HR generalist who can help you get up to speed on both the national and state specific requirements and benefits with regards to paid leave."



FINANCIAL REALITIES

The truth remains that almost 1 in 4

American women who have given
birth are back to work within two
weeks due to the financial stresses of
taking unpaid time off of work. On the
other hand, being able to afford six
months of paid leave isn't a financial
reality for most early stage
companies. Finding a solution in the
middle that is actually financially
realistic is essential. The worst case
scenario is to offer people more leave
than your company can afford and
having to dial it back after the fact.

To make sure that doesn't happen to your company, it's important to closely crunch the numbers to determine exactly how much paid leave you can offer in your policy. The team at a now-sunsetted organization called Paid Leave for the U.S. (PL+US) pulled together a calculator to help you sort through the costs of a parental leave policy and get honest about it. Make a copy and download it for your own use. There are even some startup insurance companies like Parento that are building a paid leave insurance product so that there are no surprises on the cost side.



"Do as much as you can for as many different types of employees as you can, and know that ultimately you will probably even want to expand your policy because of the direct and indirect benefits it provides," said Vicki Shabo.

"Whatever your concerns about the cost or difficulty of the parental leave policy you will almost always see value in terms of culture, good will, and retention. Do as much as you can for as many different types of employees as you can, and know that ultimately you will probably even want to expand your policy because of the direct and indirect benefits it provides," said Vicki Shabo, Senior Fellow for Paid Leave Policy and Strategy at New America's Better Life Lab and the mother of a teenager, who got into paid leave advocacy as a direct result of her own paid parental leave experience and its ease compared with others around her.

Easy to use

To truly be easy, the marketing of your parental leave policy to your employees should start with clear, transparent, and frequently published communications. No one should need to go on an elaborate mission to find out what benefits might be available to them and their growing family. A strong parental leave policy is a magnet for talent. For parents, parents-to-be, and folks who are proudly child-free, a clear and proactive message and policy to support your approach to parental leave can be a real differentiator. Harvard Business Review points out, "If you communicate about (parental leave) and other policy issues openly as they evolve and demonstrate you are being responsive to your team's feedback and needs, you'll build a culture of trust."

In addition to openly communicating about your policy, it's also important to make the process as simple for employees as possible. Practically speaking, no one wants to navigate endless HR paperwork.





Companies like <u>Cocoon</u>, <u>Sparrow</u> and <u>Tilt</u> help businesses navigate the processes around leave paperwork to make sure state forms are filled out, insurance forms are signed, and everything is as it should be all without putting individuals in the awkward position of having to call an employee on leave to make sure they signed a variety of forms.

In addition to building a policy that is equal, enough, and easy to use — Hunter Walk, partner at <u>Homebrew</u>, also hit on the importance of establishing a policy before you need to implement it:

"Don't wait until a team member asks. Build your family leave plan in advance, because it isn't just relevant to the people you've already hired, it will matter to many of the folks you're trying to recruit as well."

You'll also want to make sure that your HR team or vendor can help your employees navigate state-provided paid family and medical leave benefits in states or localities where they are available to make sure they are able to use the programs they are paying into as a supplement or complement to your plan. It may also be that your company will benefit from the employee using the state plan as a baseline and your plan as a top-up to that baseline.

Supporting Parents Before, During and After Leave

Unlike parenting, parental leave has a clear beginning, middle, and end. As you design your family leave policy, it's vital to set up your company's approach to each phase that is supportive to every employee's birth or adoption experience. Consider what happens before someone goes out on leave, what's in place during leave, and after, how they transition back into the organization to make them feel supported and celebrated.

BEFORE

Celebrate Impending Birth & Adoptions

Start by fostering a culture that genuinely celebrates the excitement of anticipated births or adoptions. Sarah Hardy of Bobbie notes, "Don't underestimate the value of expressing company-wide support and encouragement for expectant parents in the workplace. At Bobbie, we welcome, support and celebrate our team's pregnancy or baby-on-the-way announcements. In order to create a culture that supports working parents, it starts from the first day you bring yourself to work as a pregnant or expecting parent. We need to end the toxic culture of hiding pregnancies for fear of job repercussions or negative leadership reaction, an outdated and out-of-touch response."

From surprise videos to off-the-cuff announcements during all-hands meetings, encourage creativity and celebrate each new parent with genuine support and encouragement.



Plan Generously. Plan Flexibly.

Make a plan. Make it generous. And then be prepared to adapt. Partner with the leave taker to create a plan for how they want that leave to look — how long they plan to go out, how they want to handle their projects in the interim, and then how they want to phase back in. All the while, understanding that it's a proposed plan and things may need to shift along the way. Growing a family can totally rearrange someone's world so it is important that they not feel tied to a plan they made before becoming a parent.

In most situations it's in everyone's best interest to plan for a longer leave and then see how it goes. Maybe the birth was physically traumatic or the anxiety of new parenthood is hitting with a particular intensity. Whatever the case may be, it will be a whole lot easier to navigate that without feeling a crushing pressure to only take two weeks off. At the same time, it's in the best interest of some new parents' mental health and their personal desire to come back to work earlier than expected — just make sure they are not pressured into doing so.

Plan to Backfill

Backfilling roles has practical and psychological benefits. Not only does the work continue to move, but there is also a built-in opportunity to experiment with new team members. It's also important to share with the employee taking leave so they know their work will be covered and reassure them that they won't be replaced while away.

Sara Mauskopf, CEO of <u>Winnie</u>, has ended up hiring a number of the people that she brought in to backfill roles while people were out on parental leave. As she noted, when you hire someone for a 12-week engagement, "it would have been easy to part ways, but they were really great! And depending on where that employee is located we may be getting some of the cost covered by the state — it's quite affordable, especially in California."

Lynn Perkins Co-founder and CEO of <u>UrbanSitter</u> brings in contractors — with a specific focus on parents returning to the workforce — to support her team while folks are out on parental leave. "It's turned out to be a really great fit... It's moms that use our product, dads doing part-time work, parents who want a limited engagement."

With a focus on female talent, companies like <u>The Second Shift</u> offer a wide range of folks who are available to step into roles while folks are out on leave. Other options include companies like <u>Bolster</u> which specifically focuses on executive-level support.

DURING

Respect the Boundaries

Let parents take the lead on how in-touch they want to be. Employee-driven boundaries provide the space for folks to reach out for connection if and when they want to without feeling like they've got to be on email while the baby naps. For some, parental leave can be an isolating and disorienting time. For others, it's baby bliss. And for a lot of people, it's a combination of the two (and a lot of other things). Be mindful of legal prohibitions on requiring employees to check in. Leave the door open so that they can choose to check-in instead of locking folks out of their email accounts (yes this really happens). Let employees decide how and when to plug in to what's happening at work. Make it just as normal to completely unplug while out on parental leave as it is to hop in and share a few photos of their kiddo on Slack.

Another way to keep things clean is to use outside HR tools to act as the liaison with employees who are out on leave. For your sake and theirs, you don't want to hound employees to fill out paperwork during their parental leave. A third party can keep track of paperwork and kindly remind folks to do things like sign their kid up for health insurance.

Offer Resources

"Here's a Onesie! Good luck!" is one way to send folks off into parental leave. But there are lots of other ways to support growing families. Across our conversations, we heard repeatedly about the vital support networks, helpful resources, and important interventions that made all the difference in how people navigated their experience of being out on leave.

Whether it's insurance-covered pelvic floor therapies from <u>Origin</u> or digital postpartum doulas from <u>Robyn</u>, it's worth considering whether you want to provide some additional resources as part of someone's leave experience.

Samara Hernandez, founding Partner at Chingona Ventures put it this way: "I don't want kombucha on tap, I want you to pay for my lactation consultant. I want breast milk on tap!"

AFTER

Understand Today's Childcare Realities

High quality childcare is expensive <u>and increasingly hard to come by</u>. Over <u>85% of American families spend more than 10% of their income on childcare</u> and that percentage goes up exponentially in places like California, New York, and Washington D.C.

Alongside the sticker shock of childcare costs, there are also a multitude of logistical and emotional aspects that factor into how growing families find the child care situation that is right for them.

Options like <u>WeeCare</u> can help connect people with in-home daycare. They are complimented by a whole host of new companies like <u>Vivvi</u> and <u>Kinside</u> which work to make childcare work well for working families via employers as a benefit. It can also help to support new parents in cases of unexpected care needs by offering backup childcare resources like, <u>Bright Horizons</u>, <u>Helpr</u>, and <u>Urban Sitter</u>. Offering a set number of backup care days has rapidly increased in popularity among employers as a benefit that attracts employees and reduces the number of days caregiving employees can't work.

Just as you should ensure that parental leave is available to all employees, childcare benefits you choose to provide should be available to all employees, including newer, part-time, hourly and non-exempt workers, and potentially contractors too.

Ease Back In

Coming back from parental leave can be a massive shift in a person's life. By allowing employees to ease back into work, you can meet them where they are in their transition. A number of companies we spoke with offer employees returning from leave the chance to ramp back up over an extended time period while still being paid their full salary.

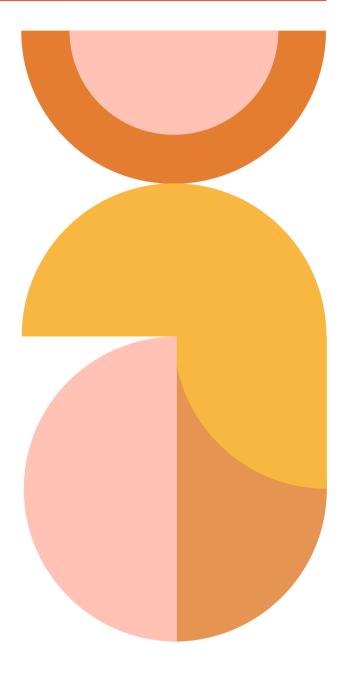
"Coming back to work after parental leave should be thought of as a second onboarding," suggests HR expert Ashley Lekwauwa. "It's to everyone's benefit to ensure all managers are trained and well resourced to support working parents."



When Founders Take Parental Leave

There's no right way for parental leave to look for a CEO or founder. So, take a deep breath, give yourself a break, and maybe even a few moments of reflection to remember that you get to design your parental leave in a way that works for you, your family, and your company.

Across our conversations with CEOs and founders, the different parental leaves varied wildly. Some founders went right back into the office soon after their kid was born, others took a few weeks off and then ramped back up because working was good for them. Other people took four months more or less entirely offline to recover and bond with their new babe and found that their companies and families were better off for it. Based on our many discussions, the following are the most important things to remember when planning your leave as a founder or CEO.



Make a Clear Plan

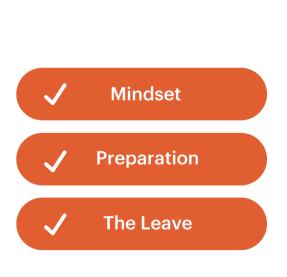
Just as advised for your company's employees — make a plan, make it generous, and then adapt. Babies arrive early. Complications arise. Sleep turns out to be more important than you realized to how you function as a person. As you design your parental leave, give yourself a generous cushion knowing that you're not going to be 100% yourself for at least a few weeks or maybe even a few months. And you can always come back sooner than planned if you hate being out of the mix.

Once you've decided on how long you want your ideal leave to be, devise a simple who, what, where, when and how for how things will operate while you are out on parental leave, and make sure all the important players on your team are aware.

Cocoon Co-founder Amber Feng was the first person at her company to go out on leave. Her leave plan was precise about, "Where I wanted to be involved, and where I wanted not to be involved," she said. "Leave me out of engineering, but loop me in on fundraising. If there is an executive team decision — ping me, but don't count on me. For me, there was no need to be constantly checking Slack because the expectations were clear."

Emma Sánchez Andrade Smith, Co-founder and CEO at <u>Jefa</u> created a parental leave journal (able to be viewed by anyone on her team) while she was out where she captured big strategy ideas she had while she was away. She explained, "I loved the chance to step back from the daily operations to pause and look at the big vision, while out on walks with my newborn. A lot of our more novel and innovative offerings we are rolling out in the product now come from that journal and the time I took away."

Emma and her team at Jefa made this <u>helpful leave strategy</u> to be used as an example when building your leave plan.





Know Your Leave Will Be Different

Whether you take four weeks or four months, as CEO and founder, your leave is just going to be different.

Ellen DaSilva, Founder and CEO of <u>Summer Health</u> and mom, continued: "The reality is that as a founder, I can't be completely offline for as long as I would if I were an employee of a company. But it's critical for my own physical and mental health to take some dedicated time completely offline to focus on my growing family."

At the same time, you establish the culture of your organization via your actions as much, if not more so, than what is written down in HR documents. Founders and CEOs are role models of what a company culture values. So if you don't plan on taking substantive parental leave, it's useful to consider other ways that you can make clear that yours is a company where family matters.

Jon Stein, Founder and board member at <u>Betterment</u> described his own experience taking just a few days off when his daughter was born:



"I knew I was a bad example in the sense that I wanted dads to feel comfortable taking time off, but I also knew I couldn't really disconnect. Instead of taking time off, I integrated my kids as much as possible into Betterment, to normalize family, and to make family a part of Betterment life. My older daughter Sasha came on a week-long hackathon retreat to Cape Cod when she was just three months old."

Taking significant time away as a founder can feel incredibly stressful. One way to prepare is to set up a trial run. Take a week off before your family grows and give the system a good old fashioned stress test. A trial leave will give you a chance to see what works, what doesn't, and where you need to adapt to make a longer leave work for you and your company.

Ellen concluded, "Even if they aren't taking as long of a leave as other employees, founders can set a good example about being honest and transparent about their own boundaries when they are offline. Providing a clear policy and set of guidelines for leave is important, but also modeling boundary setting and letting employees know that it's ok to do what feels authentic to their own leave experience is maybe the most important piece."

What You Say vs. What You Do

There is no getting around it: people pay way more attention to what you do than what you say. As CEO and founder, if you don't take parental leave it sets a particular kind of example and that is especially true for female and non-binary founders.



James Reinhart at ThredUp reflected on how gendered this can be. He explained, "It really is different for men and women as CEOs, especially the pressure to lead by example. There is this whole piece that if you want people to do the thing that you say, then you have to do it."

Chian Gong, Partner at
Reach Capital elaborated,
"When a woman is the first
person to go out on leave,
there is a lot of pressure to
be the model. And
that's a hard place.
What works for one person
may not work for another.
There is no one size fits all.
Each person — their child,
their role at work, what they
want to do with their
time is different."



Resources

Mental Health Support

The mental health of new parents is often overlooked and support can make all the difference for folks struggling with postpartum depression, anxiety or any other feelings that may surface as part of the shift of expanding a family. Companies like Mindful Return run programming to support parents on this unique transition. Companies can offer vital mental health support as a benefit with companies like Cleo and Maven, which offer access to coaches and vital parental support, and Spring Health, which focuses on mental health more broadly.

Pregnancy loss

The silence around miscarriage and pregnancy loss doesn't mean it isn't happening. In fact, one in four pregnancies end in miscarriage.





"I've suffered from two miscarriages in my life. I was silent through the first one. The second one, I had to leave a meeting early and be rushed to the hospital because of blood loss," shared Samara Hernandez, Founding Partner at Chingona Ventures.

"It's physical, but it's also very mentally challenging.

I was very open with my team. But generally, people don't talk about it — there's not enough support around that."

Drawing from her own experiences, Simmone Taitt builds resources to help companies and individuals navigate these places where there is insufficient support with her company <u>Poppy Seed Health</u>. Taitt's company has resources specifically designed for people who have experienced pregnancy loss.

In addition to starting an open dialogue, it's worth considering including miscarriage leave as part of your larger paid leave policy. Bobbie's miscarriage leave policy offers three weeks of paid leave to support employees who have experienced miscarriage, with additional time off near their due date. The mom-founded and led company also established an internal support group specifically for employees that have experienced pregnancy loss.

A number of companies like <u>Reddit</u>, <u>Goldman Sachs</u> and <u>The Pill Club</u> now include pregnancy loss as part of their paid leave policies, and a number of companies <u>have</u> <u>extended their bereavement leave</u> policies to include pregnancy loss.



Breastfeeding Support

For breastfeeding parents who are back at work, pumping can present all sorts of logistical challenges. With a few cultural shifts and practical tweaks, you and your company can ease the way. It can be as simple as normalizing Zoom meetings with the camera off or making sure your insurance reimburses for top-of-the-line pumps. For employees going into the office, you and your company can make sure there is time to pump, a place to pump, and somewhere to store the milk after it's been pumped. It's also a nice touch to have a hospital-grade pump on site or to arrange discounts with next-gen pump companies like Willow or Babyation. Breastfeeding folks will bring their own bottles and tubing, but won't be forced to schlep theirs around. And when travel is part of the job, companies can invest in offering services like MilkStork and that ships breastmilk domestically and internationally.



Conclusion

What your parental leave policy ends up looking like will depend on where you are, who you are, and what you do. There is no such thing as the perfect parental leave policy, and whatever you design or inherit will inevitably adapt, expand, and evolve. Our hope is that we have provided you with new ideas, resources, and frameworks you can adapt that fits your own company's needs.

As you get started, check out how other companies have designed their paid leave policies through <u>The Skimm's #ShowUsYourLeave</u> database of companies leading the way in designing paid family leave.

Paid parental leave is critical to the health and wellness of families, and the lack of open discussions on the topic to date have been wildly insufficient. The more transparency we bring to the topic, the more normal and necessary it will become. Let's keep the conversation going.