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## MANAGEMENT & CAREERS

# Companies Are Cutting Back on Maternity and Paternity Leave

Many employers dial down how much paid time off they give new moms and dads

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Updated Aug. 22, 2022 2:37 pm ET

Many employers are shrinking the number of paid weeks of maternity and paternity leave they will offer.

New data show that the share of employers offering paid maternity leave beyond what is required by law dropped to 35% this year, down from 53% in 2020, according to the Society for Human Resource Management, a trade association for HR professionals that surveyed 3,000 employers. Companies including Hulu and some small to midsize firms are trimming weeks off their benefits for new parents as some employers confront inflation, anticipate a recession and try to re-establish prepandemic norms.

Companies also downsized paternity-leave programs. The share of employers giving paid paternity time off fell to 27% in 2022, from 44% in 2020, the SHRM survey found.

The declines might stem from companies changing their leave policies back to what they were in 2019 after extending more parental benefits to workers during the pandemic, according to SHRM. Over the past 15 years, maternity and paternity leaves have mostly increased, with a drop during the 2008-09 recession, along the way. This year, nearly double the number of surveyed U.S. companies offered paid maternity leave when compared with 2007. During the pandemic, when many companies extended perks to working parents, that level was almost triple.

In the two years leading up to 2020 when the pandemic hit, many companies were contending with hiring shortages and rolled out enriched perks, including more time off, as a way to lure new talent. In the Covid-19 era, cognizant of the stresses that many working parents faced, many employers expanded benefits such as paid time off.

Now, some employers are shrinking the amount of paid leave they offer new parents to the legally required minimums, which can range from nothing to eight or 12 weeks, depending on the region. Eleven states, including California, Massachusetts and New York, have laws that require most employers to offer some paid leave to new parents; 39 states don't. Under U.S. federal law, qualifying workers can take up to 12 weeks of unpaid leave after the birth of a child.

Most employers are aware of how important parental leave is to recruiting and retaining employees. As some companies take leaves away, others are expanding benefits, widening the divide between workers who have parental support at work and those who don't. Leave benefits tied with retirement savings and planning benefits this year in employer-ranked importance, according to SHRM's survey, with 82% of employers deeming them "very important" or "extremely important." Only healthcare benefits, at 88%, ranked higher.

Devon Richey, a Texas-based viewer-experience agent with Hulu, the streaming service owned by Walt Disney Co., said parental leave has been on his mind as he and his wife weigh the costs of having a child. Hulu recently trimmed its fully paid parental-leave policy to eight weeks, down from 20. Depending on an employee's individual circumstances, including the state in which they live and their eligibility for short-term disability benefits, workers can still get up to 24 weeks of leave to care for the arrival of a child in a 12-month period, according to company policy.

With less paid paternity leave offered now, Mr. Richey said the couple would need to begin paying for full-time child care sooner.

"If my job is cutting back on my parental leave, how am I going to afford child care if I don't get paid more?" he said.

Child care, including nannies, preschools and nursery schools, is one of the greatest costs for most families in the U.S. A shortage of workers at daycare centers and summer camps has led to reductions and closures that often leave working parents scrambling or drive them out of the workforce entirely.

Employers in certain industries offer more paid leave than others. More than half—54%—of professional, scientific and technical employers offer paid maternity leave separate from what is required by law, up from 52% in 2020, according to data from SHRM. Roughly a third of employers in construction, utilities, agriculture and mining, and government and education offer paid maternity-leave benefits.

By comparison, nearly all employers surveyed, 99%, offer paid vacation, up from 98% in 2020, SHRM data show. Similarly, 96% offer paid sick leave, up from 95% over the same period. Two-thirds of employers, 67%, said they offer a bank of paid time off that covers both, up from 66% two years ago.

Some companies are expanding benefits to stand out. Ferring Pharmaceuticals, a biopharmaceutical company with more than 700 employees in the U.S., said this summer that it would expand paid parental leave to 26 weeks; previously, U.S. employees were eligible for eight weeks.

Rich Fuerstenberg, senior partner at consulting firm Mercer LLC, said he has seen many company-sponsored parental leaves steadily increase in recent years. In a recent Mercer survey of 451 employers with more than 500 workers, 70% said they planned to offer paid parental leave in 2023. He said that many companies, if faced with an economic downturn, would be more likely to cut other benefits first, such as 401(k) matches.

SHRM data show that ahead of the 2008 recession, 18% of companies surveyed offered paid maternity leave. By 2009, that share had dropped to 14%, with 7% of employers saying that they planned to reduce or eliminate paid maternity leave in the coming year.

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*Appeared in the August 23, 2022, print edition as 'Companies Cut Back On Parental Time Off'.*