



# Paid Leave Survey

Conducted by the Montana Department of Labor and Industry on behalf of the  
Montana Equal Pay for Equal Work Taskforce

Research paid for with a grant from the U.S. Department of Labor

By Barbara Wagner, Chief Economist,  
Montana Department of Labor and Industry  
[bwagner@mt.gov](mailto:bwagner@mt.gov), 406-444-5474

Questions can be directed to  
Annie Glover, Director of Public Health and Economic Security Initiatives  
Montana Department of Labor and Industry  
[aglover@mt.gov](mailto:aglover@mt.gov), 406-444-1654

Using competitive grant funding from the U.S. Department of Labor, the Montana Department of Labor and Industry conducted a business survey of 2,303 Montana firms regarding the provision of paid parental and family leave. Research indicates that providing better parental leave would help address the gender pay gap and increase women's labor force participation rates, helping to address Montana's worker shortage. The grant application and research were conducted under the guidance of the Governor's Equal Pay for Equal Work Taskforce.

Roughly 45% of Montana businesses provided some type of paid leave to workers that could be used for paid parental leave, but this leave was usually provided as general paid time off and is often restricted to full-time employees only. Only 5% of Montana businesses provided paid family or parental leave to all of their employees.



## Executive Summary

Montana is expecting a worker shortage in the upcoming years due to a large number of expected retirements by the baby boomer generation without enough younger workers for replacements.<sup>i</sup> Research has suggested that increasing the provision of paid family leave in the U.S. would increase the labor force participation rates for females, thus alleviating Montana's worker shortage.<sup>ii</sup> Finding ways to encourage the labor force participation of women is also a goal of the Governor's Equal Pay for Equal Work Taskforce. With these goals in mind, the Montana Department of Labor and Industry successfully applied for a grant from the U.S. Department of Labor to explore public opinion about a potential state-subsidized paid family leave program. This report presents the results of one portion of the grant research regarding the opinion of business owners about a state-subsidized paid leave program.

Roughly 2,300 Montana firms were asked about their current provision of paid and unpaid leave that could be used for parental or family leave (including sick, vacation, or other paid time off that could be utilized by employees needing leave). Roughly 64% of respondents were from the for-profit private sector, with about 16% from the non-profit sector and 20% representing a local government, school, or library. Response rates were higher for the non-profit, government, and schools. There were two tribally-owned business that responded to the survey, which is insufficient response for cross-tabulations.

Roughly 45% of businesses covering 68% of employment responded that they provided some type of paid leave to their employees. However, the paid leave was rarely provided as paid parental or maternity leave, and instead usually provided as paid vacation, sick, or PTO. Further, even among the minority of businesses that provide leave, many businesses did not provide paid leave to all of their employees. Employers were less likely to provide paid leave to part-time or temporary workers. Only 5% of Montana businesses provided paid family or parental leave to all of their employees.

Montana businesses value a family-friendly work environment and believe that providing adequate leave is the right thing to do. Businesses generally have good opinions about paid parental leave, reporting that paid leave has a positive impact on employee retention and worker productivity, and that employees do not require costly retraining when returning to work after leave. However, businesses do not feel that these benefits are significant enough to overcome the costs of providing leave, as most businesses disagree that paid parental leave positively impacts profitability. When asked why paid parental or family leave was not provided to employees, employers overwhelmingly responded that leave was too expensive. Future research to quantify the cost-savings incurred by the business when providing leave, such as lower worker turnover and increased productivity, is needed to provide better cost-benefit analysis. Future research on how the percentage female workforce influences business opinion on paid leave is also recommended. Businesses with higher provision of paid leave had higher shares of females in their workforce, but the relationship was not significant when comparing means. Additional research using more advanced techniques to include industry and business type may result in statistically significant relationships.

## Table of Contents

Executive Summary.....	2
Methodology and Response Rates.....	4
Sampling Methodology.....	4
Survey Instrument .....	5
Definitions Used .....	5
Data Collection .....	6
Post-Stratification .....	7
Non-response Bias .....	7
Data Cleaning.....	8
Survey Results.....	9
Business Characteristics .....	9
Provision of Paid Leave, Parental Leave, and Family Leave .....	9
Reasons to Offer (or Not Offer) Leave.....	12
Business Perspectives on Paid Family Leave .....	14
Conclusion .....	15
Appendix A: Data Cleaning.....	16
Appendix B: Survey Instrument.....	18

## Methodology and Response Rates

### Sampling Methodology

The target population for the survey included Montana private and local government employers with payroll employment of 1.5 employees or more that report employment information to the Department of Labor and Industry (DLI) as a part of the administration of the unemployment insurance program. Employers that do not report to the unemployment insurance program, which includes some railroad, agricultural, and independent contractors, were not included in the target population. Although state and most federal government employers report to DLI, these employers were excluded because of the public availability of benefit information, the difficulties of reaching the appropriate person within government institutions with the knowledge to respond to the survey, and because state/federal employees responding to the survey are unlikely to have influence over the benefits provided (those decisions are made by elected officials). The target population also excluded employers of less than 1.5 average employees within the year because many businesses with employment below this level are business owners paying themselves as employees, and are more appropriately considered self-employed instead of payroll employment. These very small businesses also have a high rate of business closure, thus making mailing less cost-effective. The target population excluded workers in private households (families who hire nannies, cooks, and maids and pay them like payroll workers), which is typical in most business surveys of this type.

The survey targeted firms, not establishments. Establishments are single locations of each businesses, with each location considered a separate entity. For example, each individual Verizon store would be considered separate establishments, with multiple establishments per city. In contrast, firm refers to the overarching business, which may have multiple locations, but are organized under one business name. For example, all Verizon stores would be counted as one firm. The decision to sample firms instead of establishments was made to reduce sample size (thus allowing for greater stratification) and because decisions on the provision of leave is usually made at the firm level, with the same benefits available to all workers in the corporation (contingent on their full-time status and position).

Accounting for the above exclusions, the target population included 24,096 firms with 391,876 payroll employees during the year from 2013 3<sup>rd</sup> quarter to 2014 2<sup>nd</sup> quarter. This timeframe was used because it was the most recent administrative data

**Figure 1: NAICS codes included in Each Industry Strata**

Number	Industry	Two-Digit NAICS Codes	Total Number of Firms
1	Mining and Utilities	21,22	466
2	Construction	23	2,980
3	Manufacturing	31,33	1,004
4	Trade and Transportation	42,44,45,48	4,707
5	Financial Activities	52,53	1,604
6	Business Services	54,55,56	3,499
7	Education	61	623
8	Health Care	62	2,240
9	Leisure Activities	71,72	3,628
10	Government (local)	92	220
11	Other	11,51,81,99	3,125

available, although the timeframe shifts to 2014 second quarter to 2015 1<sup>st</sup> quarter for post-stratification. The population was stratified by both business size and industry with a total of 33 strata. Business size was measured by reported annual average employment reported to DLI, divided into three groupings – 1.5 to 9 employees, 10 to 49 employees, and 50 or more employees. Industry was grouped into 11 industry groupings, illustrated in Figure 1.

The sampling design aimed to report at the 90% confidence interval with a +/- 5% error range with the assumption that 12% of firms offer some kind of paid leave policy. The 12% assumption is based on the National Compensation Survey published by the Bureau of Labor Statistics from March 2013. The sample design assumed a response rate of 50%. These assumptions resulted in a sample size of 2,303 Montana employers.

### Survey Instrument

Questions from similar surveys conducted in other states on the topic of paid parental leave were reviewed and compiled, then questions were selected from the other surveys by a panel of researchers based on the needs and requirements of the research grant. Although the research grant was awarded to the Montana Department of Labor and Industry, the Governor's Equal Pay for Equal Work Taskforce provided the policy guidance on the priority of research questions. In particular, the Taskforce wished to differentiate between the provision of leave beyond that required by law, and the provision of leave required by the Family and Medical Leave Act.

After the Taskforce reviewed and approved the survey content, researchers worked with human resource managers in state government and in the private sector to ensure questions were clear and easily answered by respondents. Finally, the survey was reviewed by Dr. Jessi Smith at Montana State University and a team of economists in state agencies to identify any bias or methodological flaws in the question design. The resulting survey instrument is attached in the Appendix.

### Definitions Used:

The survey instrument provided the following definitions for different types of paid leave:

- Paid Time Off (PTO) Including vacation, sick, or other personal leave provided to all workers and can be used to care for children or sick family members, but can also be used for other purposes.
- Maternity or Paternity Leave is provided to parents after the birth or adoption of a child. Maternity or paternity leave is in addition to vacation, sick, or PTO leave. Some employers provide maternity leave in the form of pregnancy-related short-term disability leave for mothers recovering from child birth.
- Family Leave allows time off work to care for family members, such as aging parents or a sick spouse, or to care for a child. Family leave is in addition to vacation, sick, or PTO leave. These leave plans are generally offered to all employees, regardless of their parental status.

## Data Collection

The survey was conducted via mail, with non-respondents receiving a follow-up mail survey one month after first contact. There were 77 employers without a valid mail address, and an additional 11 businesses were excluded because they were wholly-owned subsidiaries of another business in the sample. The final number of mailed surveys equaled 2,215.

The first mailing was sent to respondents the week of January 15<sup>th</sup>. Although the mailing date coincided with the start of the legislative session and President Obama’s State of the Union speech (which mentioned paid maternity leave), these political events did not seem to impact survey response. Respondents could return the survey in a postage-paid envelope or by responding online through a SurveyMonkey collection tool. Paper responses were data entered by DLI staff using an Excel userform with controls designed to reduce data entry errors.

<b>Figure 2: Paid Leave Survey Completion Rate and Outcomes</b>		
<b>Outcome</b>	<b>Frequency</b>	<b>Percent</b>
Not Mailed - Combination Business	10	0.4%
Not reached - No Valid Address	76	3.3%
Out of Business	50	2.2%
Refused	16	0.7%
Responded - No Employees/ Owner Only	19	0.8%
Valid Complete	949	41.2%
Unknown	1,184	51.4%
Total in Sample	2,304	100.0%

Roughly 30% of those survey’s replied to the first mailing. The second mailing, including about 1,500 employers, was sent February 23<sup>rd</sup>. Data collection closed on March 31 with 949 valid completions to the survey (42.8%). The contact rate of businesses that returned the survey (including the 16 businesses who refused and removing those outside the frame) was 45%. The completion rate was slightly below expectations, but not unusual for a four-page survey. Outcomes are shown in detail in Figure 2.

Completions and the response rate by survey strata are shown in Figure 3. The lowest response rates occurred in the construction, trade and transportation, and leisure activities sectors. Response rates were also higher for larger businesses than smaller businesses. The industries and size classes with lower response rates also are known to have lower provision of vacation and sick leave according to national statistics.<sup>iii</sup> Higher response rates from industries and size groups more likely to provide leave suggests nonresponse bias (meaning that businesses without paid maternity/paternity/family leave were less likely to respond). Nonresponse bias was significant in tests prior to post-stratification, but not after, as described in the nonresponse section.

**Figure 3: Sample per Strata and Completion Rate**

Industry Group (NAICS Codes)	Total Sample				Completions				Response Rate			
	1.5 to 9	10 to 49	over 50	Total	1.5 to 9	10 to 49	over 50	Total	1.5 to 9	10 to 49	over 50	Total
Mining and Utilities (21,22)	58	92	34	184	25	42	10	77	43%	46%	29%	42%
Construction (23)	99	73	47	219	23	27	19	69	23%	37%	40%	32%
Manufacturing (31)	47	83	77	207	19	44	37	100	40%	53%	48%	48%
Trade and Transportation (42,44,48)	46	63	117	226	15	22	36	73	33%	35%	31%	32%
Financial Activities (52,53)	78	75	58	211	28	29	26	83	36%	39%	45%	39%
Business Services (54,55,56)	73	59	88	220	25	20	42	87	34%	34%	48%	40%
Education (61)	15	49	132	196	7	34	80	121	47%	69%	61%	62%
Health Care (62)	33	45	144	222	11	19	72	102	33%	42%	50%	46%
Leisure Activities (71-72)	47	100	73	220	15	41	20	76	32%	41%	27%	35%
Government (92)	22	63	67	152	11	33	37	81	50%	52%	55%	53%
Other (11,51,81,99)	91	69	57	217	20	36	24	80	22%	52%	42%	37%
<b>Total</b>	<b>609</b>	<b>771</b>	<b>894</b>	<b>2,274</b>	<b>199</b>	<b>347</b>	<b>403</b>	<b>949</b>	<b>33%</b>	<b>45%</b>	<b>45%</b>	<b>42%</b>

Note: Post-stratification employment levels used for group identification.

### Post-Stratification

Even though the sampling was conducted using employment levels from 2013Q3 – 2014Q2, businesses completed the survey in the 1<sup>st</sup> quarter of 2015 about their paid leave policies currently in place. To accommodate for the differences in timing from the sampling and the reference period, the survey data was post-stratified using data from the four quarters ending in 2015 first quarter. In addition to more closely aligning the reference period with the employment used for weighting, post-stratification reduces the impact of non-response bias and reduces survey error. Survey error is reduced in post-stratification by using known business and employment counts to create survey weights. This process also naturally adjusts for businesses that have gone out of business between the sampling timeframe and the reference period.

The weights used in survey analysis (post-stratification weights) are calculated using employment data from the four quarters ending 2015Q1 with the same population exclusions discussed in the sampling section (greater than 1.5 annual employment, size and industry strata, exclusion of federal and state agencies). The totals for the post-stratification include 24,755 employers covering 403,914 employees.

### Non-response bias

Non-response bias was examined by comparing industry response rates by strata to known levels of benefit provision nationally. The National Compensation Survey of the Bureau of Labor Statistics provides estimates on the percentage of employees with access to paid leave by industry and size of business (as measured by employment). This national data was compared to the industry response rates to evaluate whether businesses providing paid leave were more likely to respond to the survey. Correlation between industry response and national estimates of family leave was fairly low at .33, but correlation between industry response and estimates of personal leave was fairly high at .78.<sup>iv</sup>

Although the high correlation between response rates and national estimates of the provision of personal leave suggest nonresponse bias may exist for some parameters, post-stratification should naturally adjust for nonresponse bias if the errors are missing at random. Nonresponse bias was tested for by comparing the distribution of responses for question 7 between respondents to the first mailing and respondents to the second mailing, with bias found at the 95% level prior to post-stratification, but not after.

By ownership of business, 64% of respondents were from the for-profit private sector, with about 16% from the non-profit sector and 20% representing a local government, school, or library. These percentages are not significantly different than the employment percentages in the Montana economy, suggesting little response bias by ownership sector. For-profit private sector weights are slightly higher than other groups due to lower response rates.

### **Data Cleaning**

Data cleaning primarily took the form of re-formatting responses for easier analysis and the coding of open-ended questions into existing and new categories. However, some imputation and changing of responses was required for certain questions. The major questions requiring imputation are mentioned in this section, but full details for all questions can be found in Appendix A.

Administrative records were used to validate the responses to the business type and FMLA questions. For changes to questions 7 through 13, the business had to respond differently twice for an answer to be changed. For example, if a respondent said that paid leave was provided to their full-time employees and their part-time employees (two responses), the question 7 response could be moved to the paid leave category. However, if one response suggested that paid leave was provided, but the other response suggested it wasn't, both were left unchanged. Some of the questions in the rest of the survey asked for only one response or only two responses. All responses were retained for these questions.

## Survey Results

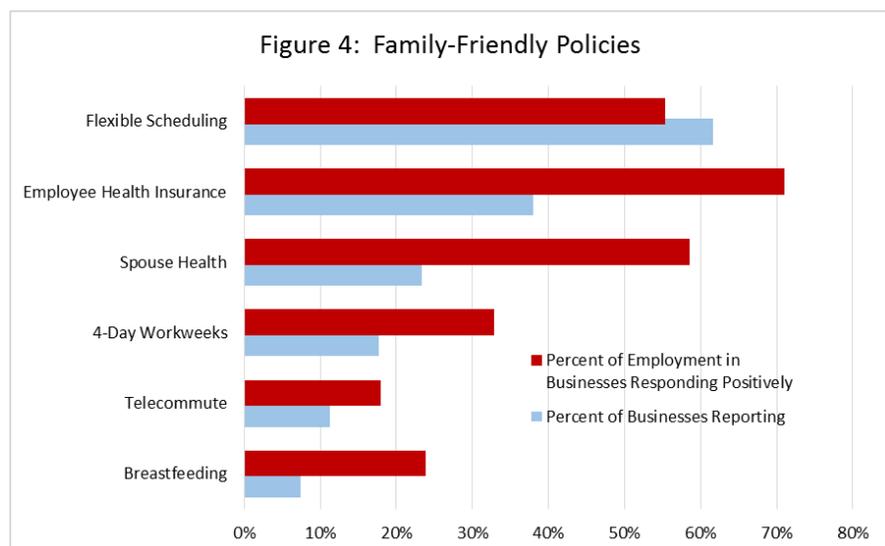
### Business Characteristics:

The first several questions on the survey were about the business characteristics of the respondent. 64% of respondents were from the for-profit private sector, with about 16% from the non-profit sector and 20% representing a local government, school, or library. There was higher response rates for the non-profit, government, and schools and library categories, than for businesses, meaning that the share in the weighted sample is less than their representation in the response. There were two tribally-owned business that responded to the survey, but there was insufficient response for cross-tabulations for this category. The large majority of respondents did not have a union presence at the firm (80% of response, 96% weighted response, 81% of employment).

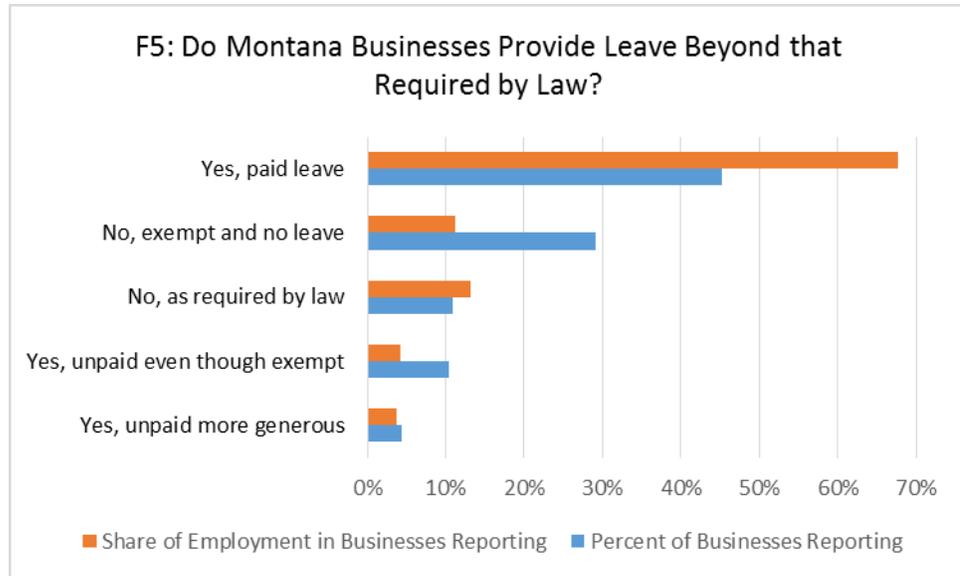
The remainder of the report will provide weighted response totals only. The survey also asked about the percentage of women working in the business. Overall, responding businesses had 47.6% female workers, but there were large deviations by industry, as expected. The gender reported by industry was consistent with other available statistics, with health care and education employers having the highest percentage female workers, and mining, construction, and manufacturing having the highest male percentage.

### Provision of Paid Leave, including Paid Parental and Family Leave

Businesses were asked about the provision of certain “family-friendly” policies in the workplace. Flexible scheduling and health insurance are the most common policies listed, with few reporting the provision of childcare or a breastfeeding room. The provision of childcare was reported too infrequently to develop a statistically valid estimate. Employers reporting a union presence at their firm were more likely to provide health insurance for both employee and spouse, but less likely to provide flexible scheduling. Union status was not significantly associated with any other benefit provision. Larger businesses (over 50) were significantly more likely than small businesses (1 to 9 employees) to have breastfeeding rooms, 4-day workweeks, and healthcare. Small businesses (1 to 9 employees) were more likely to allow telecommuting and flexible scheduling. Medium sized businesses fell between the two other size classes in the provision of family-friendly policies. The business services industry (which includes many information

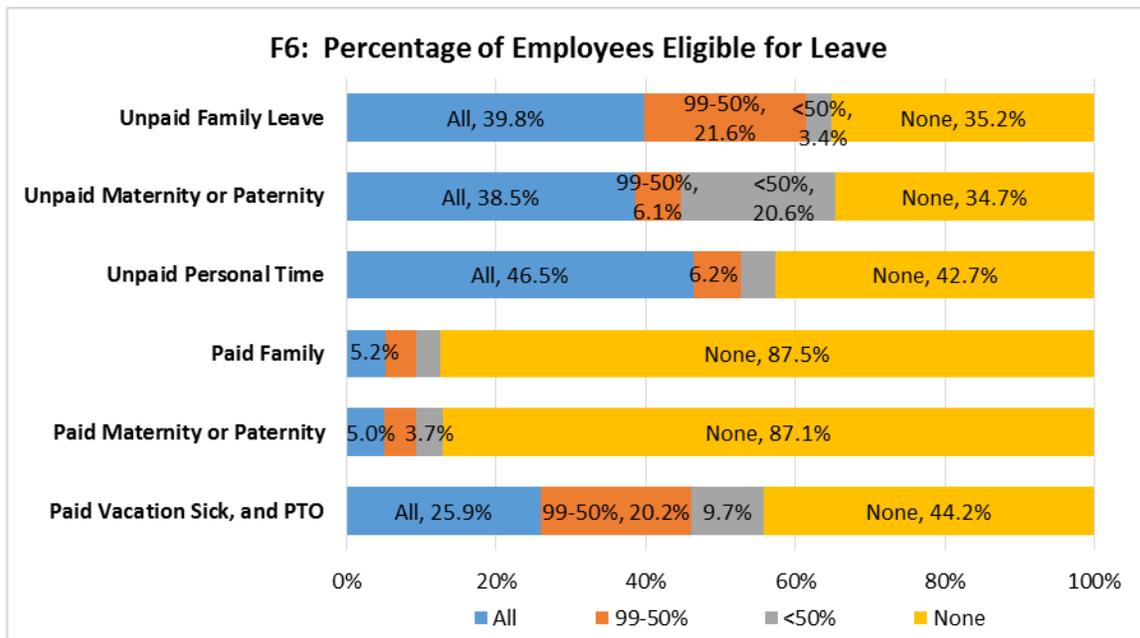


technology firms) was the most likely industry to report telecommuting. Education and health care were the most likely industry to report health insurance provision to employees. Leisure services firms reported the lowest level of benefit provision for all policies except flexible scheduling.



Businesses were then asked to categorize themselves into five general categories depending on their provision of parental and family leave and their legal requirements to do so under the Family and Medical Leave Act. Roughly 45% of businesses covering 68% of employment responded that they provided some type of paid leave to their employees. Combining categories, 60% of businesses provide leave beyond that required by law. (See Figure 5.)

However, leave was rarely provided as paid parental or maternity leave, and instead usually provided as either paid personal leave or unpaid leave. Businesses were asked what percentage of their workforce (including temporary and part-time workers) are eligible for leave. Only about 5% of businesses responded that all of their employees were eligible for paid family, maternity, or paternity leave. Over



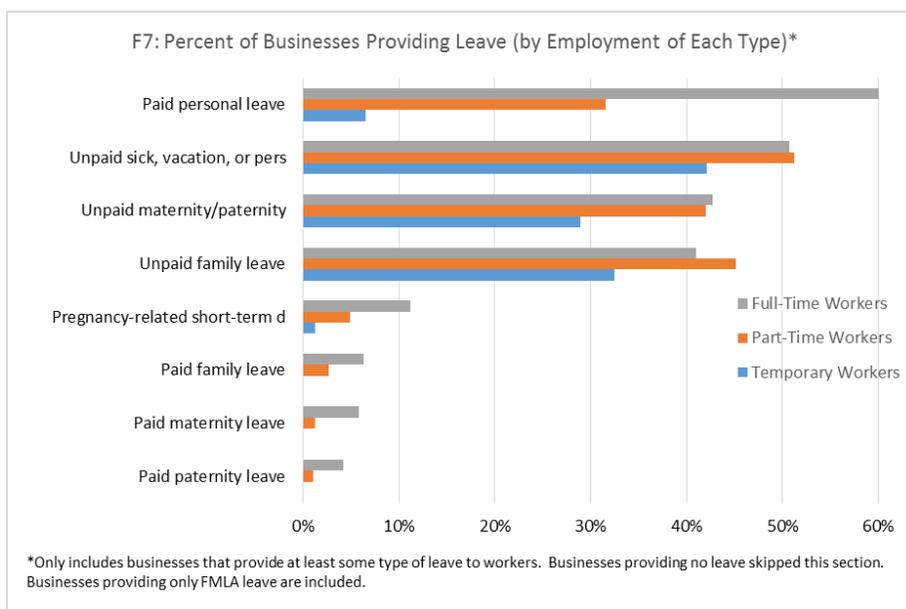
87% of businesses do not provide paid family, maternity, or paternity leave to any of their employees. However, most businesses provided unpaid leave for family, maternity, or paternity reasons, with about 38% to 40% of businesses providing such leave to all employees. The most common type of unpaid leave available was unpaid personal time.

The business responses illustrated in Figure 6 suggest that very few Montana workers have access to paid family, maternity, or paternity leave. In write-in comments, some businesses suggested that they opted to provide more paid vacation or general paid time off to all employees, rather than paid family, maternity, or paternity to a more limited set of workers with certain family situations. However, the responses illustrated in Figure 6 suggest that the use of paid vacation time as paid family leave is also not available to many Montana workers. Only 26% of businesses responded that all workers received paid personal leave, with roughly 30% of businesses only providing paid leave to part of their workforce.

As expected, full-time workers are more likely to be offered paid leave than part-time or temporary workers. Figure 7 illustrates what types of leave were provided by each type of worker. The chart data only includes businesses that said they provided some type of leave to workers because the businesses that reported no leave did not complete questions regarding employment type. The share of businesses providing leave would be smaller if these businesses were included, as none of the businesses provided any kind of leave.

Among businesses reporting that they provided leave, 70% of employers of full-time workers provided paid personal leave (including sick, vacation, or other paid time off) to their full-time workforce. Paid leave provision was much less common for part-time or temporary workers only, with only about 32% of employers of part-time workers and 7% of firms hiring temporary workers providing paid personal leave.

The provision of unpaid leave was more equal across employment types, with roughly 50% of employers of part-time and full-time reporting that leave was provided. Although the estimate for unpaid personal leave and unpaid family leave was higher for part-time workers than full-time workers, these estimates



are not statistically different. However, temporary workers have benefit provision that is statistically lower than the other two employment types.

Consistent with previous results, paid leave specifically for maternity, paternity, or family leave was much less common than unpaid leave or paid personal leave for

all types of workers. Around 6% of employers of full-time workers offered paid family or maternity/paternity leave to their full-time workforce. Part-time workers were significantly lower than full-time workers for the provision of paid family/maternity/paternity leave. The estimates for temporary workers were not statistically significant. However, among employers offering paid leave specifically for maternity/paternity leave, the majority (88%) reported that wages are not prorated and that workers would be receiving a similar paycheck than if they were working. For the 12% of employers who offered paid maternity/paternity leave with prorated wages, the prorated wage rate generally fell within 50% to 66% of usual earnings.

The questionnaire also asked if managers receive more benefits than non-management workers. Roughly 28% of businesses that provided leave reported that managers receive greater benefits, with flexible scheduling reported as the most-commonly reported expansion of benefits for managers.

Employers offer different types of benefit packages to full-time workers and managers than other types of workers, but they also use longevity to determine whether or not a worker is eligible for leave. Among businesses that offered paid leave to employees, 77% required a probation period before employees were eligible for leave. The most common length of probation was six months, followed by three months as the second-most commonly reported probation length. The longest probation reported was three years and the shortest was one month.

The share of businesses providing pregnancy-related short-term disability insurance fell between the provision of paid family leave and unpaid leave, with roughly 11% of businesses hiring full-time workers offering that benefit to their full-time workers. Temporary workers were not offered leave in enough companies for a statistically reliable estimate. The provision of pregnancy-related short-term disability insurance was more common in larger businesses than smaller businesses, with 25% of larger businesses who provided some type of maternity or paternity leave providing disability insurance as a part of that package (compared to only 3% of businesses with 1 to 9 employees and 13% of businesses with 10 to 49 employees). The provision of pregnancy-related disability insurance remains fairly rare among Montana businesses.

Businesses that provided leave, either paid or unpaid, were most likely to cover the work of absent employees by hiring temporary workers or by increasing overtime. Employers also responded that workers swapped shifts to cover leave, although this option may not be possible for workers who require extended leaves. Employers were most likely to communicate work policies to workers through employee orientation, followed by employees approaching management about leave.

### **Reasons to Offer (or Not Offer) Leave**

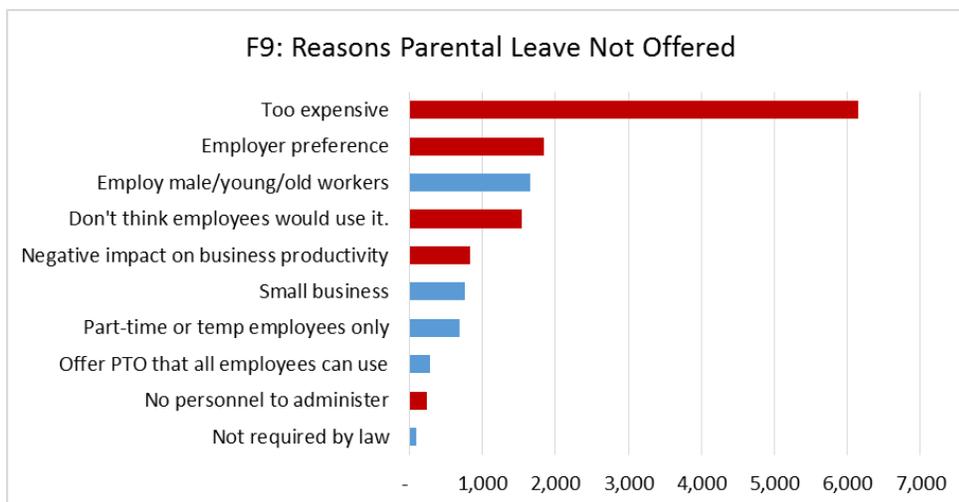
If they offered maternity/paternity or family leave, businesses were asked for their top two reasons why the leave was offered. The largest categories were “a family-friendly work environment is important” and “it is the right thing to do” (see Figure 8). Neither of these top responses mention any sort of business needs, but appeal to the morality and social responsibility of the business.

Businesses that did not provide leave were also asked why the business did not provide parental or family leave. The most common reason given was “too expensive,” but there was a large number of write-in responses to this question. Because taking the time to write in a comment is more effort than checking a box, write-in comments are assumed to indicate fairly strong feelings about the response. Write in comments were categorized to capture the sentiments of businesses.



Figure 9 illustrates the top reasons that businesses did not provide parental or family leave, with the provided responses in red and the write-in response categories in blue. Too expensive was the most commonly selected response, followed by employer’s preference. Both of these options were provided on the survey. The top write-in response category included comments about how the business only employed male, young, or old workers who would not use parental leave. This category is quite similar to the provided category of “Don’t think employees would use it,” but because a sizeable number of businesses opted to write in this response instead of selecting the provided category, it was included as a separate sentiment. The question clearly referenced paternity and family leave, which is used by workers of all demographics, but the large number of responses referencing males and older workers reflected the business sentiment that only women of child-bearing age would be interested in parental or family leave.

The write-in responses included in the “employ male/young/old workers” category also commonly



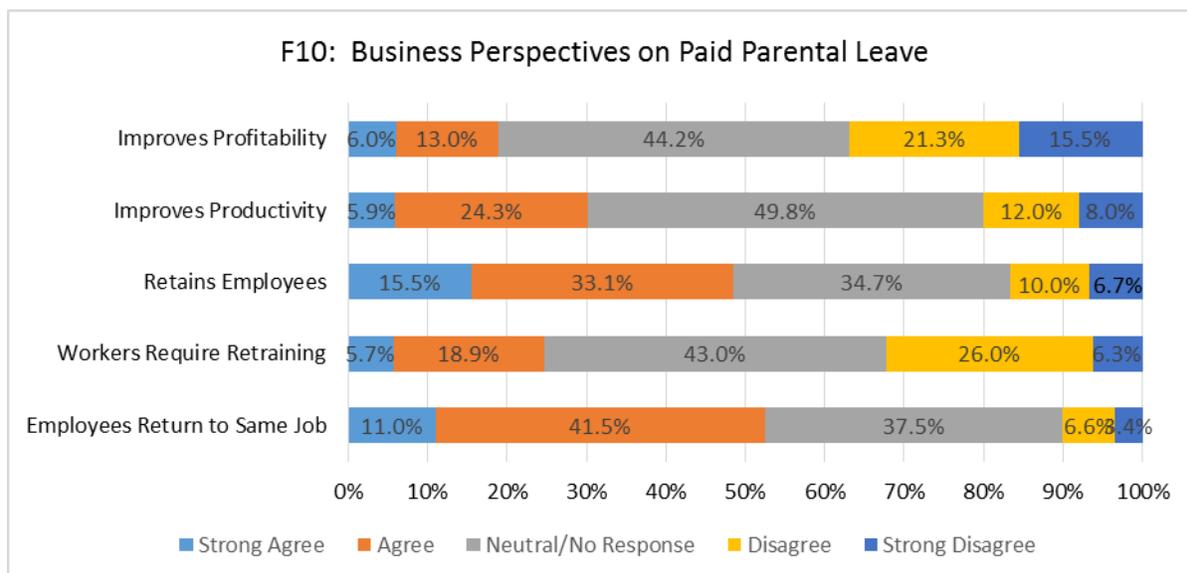
mentioned a desire to provide leave to all employees, not just those in the specific situations that would require family or parental leave, which was also mentioned by businesses in the category of “offer PTO that all

employees can use.” This sentiment was continued throughout the survey in other write-in comments, suggesting that businesses would be more supportive of the more inclusive family leave, rather than just parental leave. When asked about who should be eligible for paid parental or family leave, over 56% of respondents said that the program should be available for all workers needing extended family leave, not just mothers or fathers. However, small businesses of 1 to 9 employees were more supportive than large businesses of over 50 employees of restricting the program to just working mothers (significant at the 90% confidence level). Certain industries were also more likely to want to restrict the program benefits to just working mothers. Businesses in the construction industry were also more likely to respond that only mothers should receive parental leave benefits (significant at the 95% level).

Although businesses generally expressed a desire to provide benefits to all employees, new parents often require more leave than the typical two to three weeks of paid personal need, and the provision of paid leave to all employees may not meet the intensity of need for time off to care for a new child. Addressing the conflict between the desire to be fair to all employees and the intensity of need after the birth or adoption of a child may be a critical part of efforts to build business support for a state-sponsored paid leave program.

### Business Perspectives on Paid Parental Leave

Employers generally had a positive opinion of paid parental leave, agreeing that paid parental leave retains employees, and more employers agree than disagree that paid parental leave improves productivity. Employers also have little concerns about retraining costs of returning employees, agreeing that most employees return to the same job, and disagreeing that workers require after a leave of three months or more. Figure 10 illustrates the business perspectives on paid parental leave. Business most strongly agreed that employees return to the same job duties as before, and that paid parental leave helps retain employees.



However, even though employers generally agree about improved productivity, low retraining costs, and improved worker retention, these opinions do not translate into improved profitability of the business. This result suggests that the costs of providing paid parental leave outweighs the monetary benefits of improved productivity and worker retention. However, it could also be that the costs of parental leave are paid upfront and all at once, while the benefits of improved productivity and employee retention are experienced over time, making the direct comparison on business profitability difficult. More research into the monetary benefits of improved productivity or worker retention may help future discussion on paid parental leave policies.

## Conclusion

In summary, few Montana businesses provide paid family or parental leave, although paid personal leave and unpaid leave is available to many more workers. Businesses believe that providing leave is the right thing to do, improves productivity, retains workers, and does not require large retraining costs. However, they do not provide leave because they feel like it is too expensive, and the costs outweigh the benefits resulting in negative business profitability. Given a lack of information about the cost of turnover compared to the costs of benefit provision, and the accumulation of these costs over time, it is difficult for researchers and business to adequately compare the costs and benefits of leave from a business perspective. Further research to quantify the benefits of lower turnover, improved morale, and higher productivity from leave may help businesses make more informed choices about benefit provision.

Further research is also recommended to understand the complex relationship between the share of females working for the business and leave provision. Across most benefits, the share of females working for the business was higher for business providing high levels of leave than businesses providing medium levels of leave. However, the relationship was rarely statistically significant, and the percentage female is also high among businesses providing very little to no leave. The relationship between the share of females working for the business and the provision of parental leave is likely more complex than what can be analyzed by a simple comparison of means, and further research could explore this relationship more thoroughly.

Businesses also expressed concerns about providing benefits to all employees, rather than just those who have or adopt children. While the desire to be fair to all employees is both understandable and admirable, it does reflect the common misperception that family leave is only needed by working parents. This misperception may change as the population ages and more workers are challenged by caring for aging parents or loved ones. The sentiment to be fair to all workers also does not acknowledge the intensity of need when having or adopting a new child. New parents often need more time after birth than the two to three weeks typically provided for paid personal need.

## Appendix A: Data Cleaning and Imputation Details

- Question 2 asked employers to self-identify their type of business. The responses to this question were checked against UI administrative records, which indicate whether a business is in the private sector or categorized as local government. Conflicts between the question response and administrative record were investigated on an individual basis using the business name to determine the appropriate category. There can be some ambiguity about ownerships if local governments contract out services to private entities. For example, county governments are certainly publicly owned, but weed districts and housing authorities may be operated by private contractors. If there was doubt in the proper business type, the original response was retained. The business type was changed for a total of 11 businesses for this reason. Businesses who did not respond to Question 2 were imputed based on their business type on the UI administrative records. Imputation impacted nine businesses, for a total of 20 changes for this question.
- Question 3 asked employers to specify the percentage of workers who were male versus female. Some employers entered the actual employment counts, so these values were converted to a percentage.
- Question 5 asked if there was a union presence in the firm. Those left blank were placed in the Don't know/refused response.
- Question 6 asked businesses whether they were exempt from the FMLA. We anticipated some confusion to this question, and allowed for a "Don't know/ refused" response. For government organizations and businesses that had over 50 employees (and therefore were not exempt from the FMLA), the Don't Know response was changed to No. For those leaving the question blank, the response was marked No for those with 50 or more employees, Yes for those with less than five employees, and don't know for the remainder. Overall, these two changes reduced the number of missing responses by 25 responses, increased percentage that were not exempt up by roughly 4.5%, and decreased the percentage that were exempt by an equal amount. The number in the Don't Know category remained roughly the same.
- Question 7 required fairly significant cleaning because businesses could accurately respond to multiple categories. Businesses were cleaned to be in only one category based on their responses in Questions 8 through 17. The respondent needed to have two indications to overturn their response to Question 7. For example, if the response to Question 7 was that they did not provide paid leave, but responded that full-time employees were provided paid leave, and suggested paid leave hours in Question 13, the response was changed to Yes, provide paid leave.
- If respondents said they did not provide any type of paid leave, or provided only that required by law, they were instructed to skip to the next section. Responses for questions 8 and 10 were imputed as no leave or FMLA leave if they continued and answered whether or not they hired each type of worker. Question 12 was filled out for all businesses responding No Leave or No, According for Law so that Question 12 could be reported as representing all businesses, not just those providing leave. Questions 14 through 17 were also imputed to represent all businesses.
- Questions 8 through 10 that were left blank were imputed using the responses to questions 11 through 17 if there were at least two indications that the company provided leave benefits. It was

assumed that all businesses that provide FMLA leave provide unpaid maternity/paternity/family leave for full-time employees.

- Question 12 that were in the Not Offered category were set to blank if they indicated that workers were offered that type of leave in questions 7 through 10.
- Question 13 asked employers for the maximum hours of paid and unpaid leave available for a worker to take in certain circumstances. The survey asked for the response to be in hours, but some employers responded in terms of weeks or days. The data cleaning assumed that if the response was more than zero and less than 40, but not a multiple of eight, the employer incorrectly reported days instead of hours. The cleaned response converted the days to hours. For example, 10 was assumed to mean 10 days instead of 10 hours. Suspicious responses of greater than 40 were not adjusted. For both of these questions, both the original response and the cleaned response have been retained in the dataset so that alternative cleaning methodologies can be used in future analysis. Future surveys may wish to collect this information in a different manner to reduce ambiguity.
- Questions 14 through 17 were used to impute other data, particularly for questions 7 through 10. Businesses were placed into the “Do not provide leave” category if they responded no to question 7, or made other indications to that effect in questions 1 through 12.
- Question 16 had a response asking for the percentage of prorated wages for parents on maternity/paternity leave, if applicable. If the respondent said that 100% of the wages were paid, the response was moved to the first category of getting paid wages just as though they were working.

---

<sup>i</sup> Wagner et al, 2015. “State of Montana Labor Day Report to the Governor 2015”. Montana Department of Labor and Industry. Available online at <http://www.lmi.mt.gov/media/98012/ldr-15.pdf?=&Labor%20Day%20Report%202015>.

<sup>ii</sup> Gault, B., Hartmann, H., Hegewisch, A., Milli, J., & Reichlin, L. March 2014. Paid Parental Leave in the United States: What the Data Tell Us About Access, Usage, and Economic and Health Benefits. Institute for Women’s Policy Research, p.8 – 16.

<sup>iii</sup> National Compensation Survey, Bureau of Labor Statistics.

<sup>iv</sup> Correlation between business size and response was also fairly high (.6 for family leave and .7 for personal leave), but there are only three size classes (six data points) used in the comparison.