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Salaried or Hourly? The Gaps in Family-Friendly Policies Begin to Close

More large companies like Starbucks and Walmart are starting to see the value in paid leave and other benefits for parents, including hourly workers, though big disparities remain.

By [Claire Cain Miller](#) Jan. 24, 2018

As the labor market tightens, employers have been competing for highly educated workers by trying to make it easier for them to do their jobs and also have families — benefits like [egg freezing](#) or reduced schedules for new parents. Now, some employers are beginning to address the same challenge for lower-wage workers, starting with paid family leave.

On Wednesday, Starbucks announced raises and stock grants for all employees in the United States, along with new benefits aimed specifically at workers with family caregiving responsibilities: paid time off to care for sick family members and paid paternity leave for hourly employees.

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It followed the [announcement](#) by Walmart this month that it was raising pay and adding family-friendly benefits. It gave full-time hourly workers the same paid

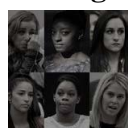
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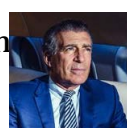
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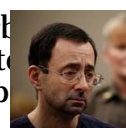
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McDonald's*	12	2	0	0
General Electric	12	6	0	0
Kroger	10*	2*	0-6*	0
PepsiCo	10	4	10	4
Target	8	2	8	2
AT&T	8	2	6-8*	0-2*
Cognizant Technology Solutions	7	0	7	0
Walgreens	6*	0	6*	0
Home Depot	6*	0	6*	0
Albertsons	6	0	6*	0
TJX	6*	0	6*	0
FedEx	6*	0	6*	0
UPS	6	0	0	0
Lowe's	0	0	0	0

* Detailed footnotes are printed at the bottom of this article.

It's a sign that the effects of low unemployment have reached companies that rely on low-wage workers. Both companies also credited tax cuts. "It brings the talent we're looking for, and industry-leading retention," said Reggie Borges, a Starbucks spokesman. The company had been planning to add benefits for a while, he said, but the corporate tax cuts "were an accelerator."

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By focusing on family-friendly benefits, companies are also catching up to the fact that family life has changed faster than workplace or public policies. In families of all income levels, it's more common for [both parents to work](#) or women to be [the breadwinners](#), and the lack of family-friendly benefits [has led to declining labor force participation](#) as people struggle to combine work and parenthood. Benefits like paid parental leave are a crucial factor for people, especially women, in continuing to work. Yet hourly workers, who generally have the most need for paid parental leave, have also been the least likely to get it. Only

recently have more companies begun to change that.

The United States is the only industrialized country not to mandate paid parental leave. Employers choose whether and how much to offer, and this varies greatly. Of the 20 largest employers, all but one, Lowe's, offer some form of paid parental leave. Eight of them give hourly employees less than salaried employees — in time, pay or both — including Starbucks and General Electric, according to a New York Times analysis.

That's why the recent parental leave announcements have been so significant. Other companies — including McDonald's, IBM and AT&T — have also recently expanded their parental leave benefits. Starbucks had not given paid time off to fathers and other hourly workers who became parents but did not give birth, unless they adopted. Now it will give them six weeks, for both part-time and full-time workers.



Supporters of Gov. Andrew Cuomo as he spoke to promote his paid family leave initiative at a rally in New York City in 2016. This month, New York became the fourth state to offer it.

Spencer Platt/Getty Images

Walmart had not given hourly workers who were nonbirth parents any paid leave and had given hourly birth mothers partial pay for six weeks for uncomplicated births. Now it will give the same parental leave to salaried employees and full-time hourly employees: 16 weeks for birth mothers and six weeks for other parents, fully paid.

"A corporate person having a child versus someone lower having a child, there's no difference — that child still needs its parents," said Paris Mendez, who loads trucks at a Walmart distribution center in Smyrna, Del. She has a two-month-old daughter, and because she gave birth before the new policy, she was paid half of her pay for six weeks, based on her average hours worked, and is now on unpaid leave.

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Meanwhile, Gayatri Agnew, a Walmart corporate employee who also has a baby daughter, had 10 weeks off and was paid her full salary while she was out. “One of the things that kept me up at night when I was on leave was knowing that our field associates couldn’t do the same,” said Ms. Agnew, who pushed for the policy as a senior director of Walmart’s foundation.

Of the 20 biggest employers who provide paid leave for birth mothers, 13 offer salaried employees additional bonding time beyond the six weeks for physical recovery, which is often covered by short-term disability. Eight provide bonding time for birth mothers who are paid hourly, and they are more likely to receive partial pay.

Twelve of the companies provide paid leave to salaried new parents who did not give birth, like fathers and adoptive, foster or same-sex parents. Eight provide it to nonbirth parents who are paid hourly.

Americans are not ambivalent about whether paid leave [helps workers](#). In a recent Pew Research Center [survey](#), 94 percent said it would help families, and two-thirds said it would help the economy. In addition to an economic issue, paid leave has become [a political one](#), and advocacy groups like Paid Leave for the United States and Organization United for Respect have been lobbying companies to offer it.

The need is most acute for hourly employees, who are [59 percent](#) of the American work force. They are least likely to be able to afford unpaid leave or newborn child care, and more likely to drop out of the labor force after giving birth.

A mother’s physical recovery from childbirth generally takes at least six weeks, doctors say, and there is an emotional adjustment period as well. Newborns demand frequent feedings, on an irregular schedule, and it is hard for mothers to breast-feed or rest if they return to work immediately. Most day-care providers do not offer newborn care, or it is very expensive.

In the Pew survey, 16 percent of people employed in the last two years said they needed to take leave but were unable to. They were more likely to be low earners, and also more likely to be women, black, Hispanic or without a college degree.

Research has found that mothers who take paid parental leave are more likely [to be working](#) a year later, and less likely [to receive public aid](#). It also improves mothers’ physical and mental health; the duration of breast-feeding; [babies’ health](#) and development; and [gender equity](#).

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When [fathers take such leave](#), research shows, they are more involved in their children's lives years later; their children are healthier; and mothers have increased earnings and better mental health.

Many of the large employers that give hourly employees paid leave do so through short-term disability. It is available only to birth mothers, and generally pays about 60 percent of wages for six weeks for a vaginal birth and eight weeks for a C-section.

Low-wage workers are much [less likely to have access](#) to short-term disability: [23 percent](#) of service workers have it, compared with 43 percent of office workers and 61 percent of managers. They are also more likely to contribute payment, instead of having employers pay for it: 42 percent of service workers are required to contribute, compared with 13 percent of managers and professionals.

Four states have short-term disability insurance programs, and [provide](#) paid family leave: New York, New Jersey, California and Rhode Island. Hawaii requires employers to offer short-term disability insurance. San Francisco [requires](#) companies to give employees in the city paid parental leave.

But at most places, it's up to employers. And while paid leave and other [family-friendly benefits](#) have become coveted perks for many white-collar employees, hourly workers could see more of them as companies compete to recruit and retain them, too.

When Ferrara Candy Company, which makes Lemonheads and Red Hots, began offering paid parental leave last year, it supplemented birth mothers' disability pay to cover 100 percent of their wages, and gave all other new parents two weeks off at full pay. New parents can also work a reduced schedule for two weeks after returning to work.

From the beginning, hourly employees were included. It was fair, said Mike Goldwasser, Ferrara's chief human resources officer, and the company suffered when new mothers [left the work force](#) after giving birth.

In the first year, 30 of its 2,300 employees used paid parental leave, and two-thirds were hourly workers in the candy factories. "We never thought about the distinction," he said. "Doing it for both was the right thing to do."

Some companies offer unpaid leave in addition to the paid leave listed here, or employees can use vacation or sick days. Some pay all or part of the birth mother's pay from short-term disability, which is typically six weeks, but it can be longer if the mother has a complicated delivery, and it can be paid for by employer or employee contributions. Parental leave is often available only to employees who have worked at the company a certain length of time and who work a certain number of hours a week. In some cases, hourly employees are represented by different unions whose agreements may vary. These are the American companies that are the 20 biggest global employers, as measured by the Fortune 500.

Wells Fargo and JP Morgan Chase: The longer leave is for primary parents, regardless of gender.

Amazon: Leave for birth mothers includes four weeks prepartum.

McDonald's: For salaried employees, adoptive primary parents receive additional leave. Hourly employees' leave depends on franchisee policies.

Walgreens, Home Depot and TJX: Birth mothers who are hourly employees receive less pay than salaried birth mothers during leave.

Kroger, AT&T and Albertsons: Hourly employees' leave depends on collective bargaining agreements.

FedEx: For workers at FedEx Express, the largest operating company. Other divisions' policies differ.

Correction: January 24, 2018

A picture caption with an earlier version of this article misstated the date of a rally in New York City for paid parental leave. It was in 2016, not last March.

Claire Cain Miller writes about gender, families and the future of work for The Upshot. She joined The Times in 2008, and previously covered the tech industry for Business Day. [@clairecm](#) [Facebook](#)

A version of this article appears in print on January 25, 2018, on Page B1 of the New York edition with the headline: Closing a Gap On Paid Leave For Parents. [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)



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