

Hearing before the Senate Subcommittee on Social Security, Pensions and Family Policy:

“Examining the Importance of Paid Family Leave for American Working Families”

Testimony of Carolyn O’Boyle, Deloitte Services LP

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Chairman Cassidy, Ranking Member Brown, other members of the Subcommittee, good afternoon. Thank you for inviting me to testify at this hearing on the importance of paid family leave for American families. I appreciate the Subcommittee’s attention to such an important issue, as well as the opportunity to share with you Deloitte’s experiences with implementing our own industry-leading Paid Family Leave Program.

My name is Carolyn O’Boyle. I am a Managing Director in Deloitte’s Talent organization, serving as the Chief Operating Officer and the leader of the Talent Strategy & Innovation team. I have worked at Deloitte for 17 years, in both our Consulting practice and Talent organization, and in that latter capacity have had the privilege of working to enhance employee engagement by developing innovative experiences, processes, and policies for our people. And family leave is not just an abstract program for me, since I took advantage of our program when I had my son, Jack.

To understand why we created an inclusive and flexible family leave program, let me briefly share with you more about our organization and our workforce. In the Deloitte US firm, we employ over 90,000 professionals working across 20 industry sectors. Our people provide industry-leading audit & assurance, consulting, tax, risk and financial advisory services to clients.

Our people are our primary and greatest asset and, as such, their well-being is critical to our success. At Deloitte, we are committed to fostering what we call a “culture of courage” – one in which our strategy and investments best support the needs of our people. We care about them

and want them to be successful in both their professional and personal lives. We do this by creating an inclusive culture where everyone can feel valued and by giving them the support to focus on their unique needs.

Recognizing that our professionals have unique needs throughout their lives and careers, we are continually scanning the market – and surveying our people – to make sure our benefits are competitive and impactful. In 2015, we conducted a marketplace pulse survey on parental leave and found that 88% of the respondents would value a broader paid leave policy to include family care beyond parental leave. This, in addition to our focus on innovating our well-being related offerings, prompted our CEO, Cathy Engelbert, and her leadership team to address shifting caregiving dynamics and emerging flexibility needs.

Previously, parental leave at Deloitte provided up to 8 weeks of paid leave to eligible professionals welcoming a new child through birth or adoption as a primary caregiver or 3 weeks as a non-primary caregiver. However, with a workforce spanning 5 generations and the changing nature of caregiving in the U.S. today, we recognized that both men and women of all generations face challenges in supporting the well-being of their families. These challenges can manifest themselves in multiple forms, from lost productivity, to employee disengagement, to higher turnover. At Deloitte, we had observed that turnover for employees was significantly higher in the year following a leave. We also understood the stress that our people faced from trying to manage through these situations. We recognized that if our people were able to balance their caregiving needs with their professional lives, they would be more productive and we would reduce turnover, and support the culture we aspire to have – one where our people feel supported and have the resources to manage their personal lives and work, while building a meaningful career.

As a result, in September 2016, we introduced our expanded and holistic Paid Family Leave Program, the first of its kind in professional services, distinguished by several characteristics.

First, the program recognizes that caregiving goes beyond that of welcoming a new child. The program provides up to 16 weeks of paid leave to eligible U.S. employees – male and female – to support *a broader range of life events*—from the arrival of a new child, to caring for a spouse or domestic partner, parent, child, or sibling with a serious health condition. Second, the expanded program recognizes that both parents play an important role in caregiving and eliminates any disparity between primary and non-primary designations.

Our Paid Family Leave Program also provides our people with the flexibility to schedule the leave to meet the needs of their family. The 16 weeks can be taken all together or in any increments beyond the minimum of three days a week. Offering this kind of inclusive and flexible leave empowers our people to manage their work and personal lives to meet unique needs.

Before implementing the policy, we took an important step in our decision-making process by calculating and analyzing the costs and benefits of the new policy to our firm. First, we estimated the cost of replacement labor during a projected number of weeks needed to fill gaps for those on leave. Additionally, we considered the significant amount of benefits from leave programs that are qualitative in nature. We concluded the expanded Paid Family Leave Program would benefit our business and our future growth by helping us retain talent, reduce absenteeism, and positively impact employee engagement and productivity. What we did not expect, was the overwhelming response of gratefulness from our employees who simply appreciated the peace of mind in knowing they had the opportunity to take the time needed during life's challenging situations.

Since the policy's implementation, more than 5,000 Deloitte professionals have accessed the program, providing even greater insight into its benefits. We found our businesses were able to temporarily backfill many of the roles with other team members and our projected costs were significantly lower than we originally anticipated.

Our culture and team-based service delivery model allows us to flex when one of our professionals takes leave. We acknowledge, however, that there is no one-size-fits-all model that will work for all organizations. That said, we do believe caregiving programs like Deloitte's positively impact the broader economy. Statistics show that;

- Workers miss an average of 6.6 days of work per year tending to caregiving demands, costing the US economy approximately \$25 billion in lost productivity annually. ([Gallup](#))
- And, when workers are forced to exit the labor force to address caregiving needs they lose income (an average of \$324,000 in lifetime wages) and Social Security benefits. ([Metlife](#))

The impact that this program had on our people was evident immediately, as seen in some of the responses that our CEO Cathy Engelbert received to the announcement:

- *I don't have children but have aging parents and am very happy to see that included as an option for the future for me if needed. It means a lot.*
- *Specifically for me, as a gay man that anticipates growing a family through adoption, I am sincerely grateful to have the opportunity to have significant paid time off to bond with my child/children regardless of my gender, relationship status, birth/adoption of a child, etc.*
- *I actually cried when I read this. Thank you so very much for this new benefit. My siblings and I had to put our dad in assisted living last February. Prior to his admission, many hours were spent in emergency rooms, going to dr. appointments and comforting my mom, who was also unwell.*

Since its inception, Deloitte's Paid Family Leave Program has impacted the lives of thousands of professionals and their families. Like many of our professionals, Marcia falls into the "sandwich generation," providing care for her aging mother and her son. Marcia requested paid

family leave when her 17-year-old son Noah needed more intensive treatment for symptoms arising from his Asperger's syndrome and her elderly mother fell and broke her pelvis at the same time. As Marcia noted, "I was grateful to Deloitte for giving me the opportunity to support Noah through this program. Honestly, I don't know what I would have done if I didn't have access to the Paid Family Leave Program. It would have been incredibly stressful. If I'd tried to keep working through all that was going on, my clients wouldn't have had the best of me, that's for sure."

We also are seeing greater participation from men in the program. Our CEO received a thank you note from an employee, who wanted Cathy to know that because he was able to stay home for 16 weeks with their child, his wife was able to return to her medical practice:

- *My wife is currently pregnant, and has a demanding medical career. Asia will only be able to take a few weeks off after our baby girl is born, and we were worried about having enough time at home with our new baby before having to send her to daycare. The new Paid Family Leave Program is going to give me the opportunity to spend a great amount of quality time at home with our new baby. We are all so happy that we have been afforded this opportunity and it is going to make a meaningful impact in our family life.*

Similarly, one of our professionals told Cathy about his son who has Autism. This dad was challenged with managing his demanding work schedule:

- *[When] I told you the story of my son who has Autism and the challenges of balancing my commitment to client service with the need to take the time to fully implement his learning program at a critical time in his development, your recommendation was to be bold and lead by example to take the time to use the program if it suited me. I wanted to inform you that I have taken your advice. I have had good, supportive conversations*

with my leaders ... and good conversations with the client leads who were equally supportive of my needs. The Deloitte team has rallied around me to make sure I can truly disconnect for the short time I am going to be taking. I wanted to specifically thank you for your guidance, because I am sure I would not have had the courage to do this on my own.

About a month before Deloitte announced the expanded Paid Family Leave Program, managing director David's wife Theresa was diagnosed with Stage 4 lung cancer. David and Theresa realized their time was limited. David doesn't know what they would have done without the leave. Theresa needed full-time care, but they had just moved 1,200 miles away from home—the diagnosis came through the day after they sold their home in Washington state and moved to San Diego. "We had no one nearby," he says. "Having the leave gave me more time to investigate and arrange support options available through the community and hospitals. And it gave me the freedom to be there for my wife, take her to appointments, and when she was in the hospital, to stay by her side the entire time."

As these stories illustrate, this expanded leave program has had a profound impact on our people, and the realized benefits have far outstripped concerns about operational disruption from expanded leave. We have observed several interesting outcomes. First, for professionals taking advantage of the program for parental leave, women are taking slightly longer leaves than previously. For men, we are seeing both an uptick in participation and an increase in leave duration, but we have received feedback that our program positively contributes to the careers of women who don't work for us because we offer it for men as well. This reinforces the research on changing societal / generational norms that suggested men were looking for more partnership in early childcare. This outcome also supports broader inclusion goals that we have as an organization – since making it more acceptable and conducive for men to take time off removes a hurdle to women advancing into leadership roles. Second, the participation rate for

caregiver leave has remained relatively stable since this program was introduced, suggesting there is a stable group of employees facing these challenges at any point. Having the program in place allows us to more effectively plan and manage our workforce. Finally, as the participation numbers – and personal stories – suggest, implementing the new program was only one component of our success. Equally important has been a culture that empowers our people to take advantage of this benefit. Through strong leadership support, frequent public storytelling and role modelling behavior, our people have felt comfortable taking leave, secure in the belief that they would be supported and not face negative repercussions.

Every day our professionals are helping our clients solve their greatest challenges and making a positive impact in their communities. Our leaders understand that if we want our people to grow and develop in their careers, and provide our clients with exceptional service, we need to support them in all facets of their lives. To put it simply, we do not want our people to leave the workforce due to caregiving needs at home. It's our responsibility and commitment as an organization to our people to ensure that they don't have to make that choice between family and career.

Thank you again Chairman Cassidy and Ranking Member Brown for providing me with this opportunity to share information with the Subcommittee about Deloitte's Paid Family Leave Program. I look forward to answering any questions you or the other members may have about it at this time.