

U.S. Senate Committee on Health, Education, Labor & Pensions (HELP)
Subcommittee on Children & Families
“Paid Family Leave: the Benefits for Businesses & Working Families”
430 Dirksen Senate Office Building
Wednesday, July 30, 2014

Written Testimony of Maryella Gockel, Flexibility Leader, Ernst & Young LLP

Thank you, Chairman Hagan and Ranking Member Enzi, for inviting me to testify today about the benefits of paid family leave on behalf of my firm. My name is Maryella Gockel. I serve as the Flexibility Leader at Ernst & Young LLP, the US member firm of EY, and as the Americas Flexibility Leader within our global organization. In this role, I am focused on fostering a sustainable, inclusive, and flexible culture that enables all EY professionals to achieve their potential and make a difference, wherever they come from and whatever their characteristics.

I have been with the organization for nearly 34 years. During that time, EY and its member firms have been the recipient of numerous awards and accolades for our inclusive and flexible culture. Most recently, this includes 16 consecutive years on *FORTUNE*'s “100 Best Companies to Work For” list and recognition as one of the Great Place to Work[®] Institute's Top 25 “World's Best Multinational Workplaces” in 2012. Ernst & Young LLP has also achieved 17 years on the *Working Mother* “100 Best Companies” list, the last eight years as a Top 10 employer. We value these awards because they are a signal to the marketplace that we are a great employer, enabling us to recruit and retain the best talent.

Personally, for my work at the firm, I received the Families and Work Institute's Work Life Legacy Award in 2008, and the Ted Childs Life Work Excellence Award in 2012. As such, I am honored to be here today to talk about Ernst & Young LLP's policies on paid family leave in the US.

To succeed today, every business strives to recruit the best, retain the best, and help them achieve their very best. This is why EY has chosen to pursue a business model that promotes diversity, inclusiveness, and flexibility. In today's global economy, EY has determined that we can only succeed if we embrace people from every background and every experience — and that includes working parents, among so many others.

First, I'll start with a few basic facts about our organization. EY is a global leader in assurance, tax, transaction and advisory services. We have about 190,000 people in member firms with offices in roughly 150 countries. I am confident that workplace flexibility is critical to our people around the world, yet we also know there is no such thing as a “one size fits all” approach to embedding it within our organization.

To tell you a little bit about my own personal journey, I joined the US firm in 1980 as a client service professional in our New York City office after earning my M.B.A. in accounting from Rutgers Graduate School of Management. In 1985, I transferred to our New Jersey office because it was closer to home. I believed the move would make it easier to have both a career and a family.

My son arrived in 1988. He is adopted from Korea. At the time, Ernst & Young LLP did not offer paid leave for adoptive parents. We only had disability leave for birth mothers, something that was very common at the time. However, my managing partner and I arranged for me to take six weeks off.

I came back on a reduced work schedule, something my managing partner and I created and what is now well known as a Flexible Work Arrangement (or “FWA”).

Fast forward three years, and my adopted daughter arrived in 1991. The firm still did not offer paid parental leave, and, again, I took time off. This time, I took four months. My managing partner said, “I don’t care what you do, I don’t care where you work, just please don’t leave the firm.”

I did not leave. I continued on my FWA, typically, either not working on Wednesdays, or working more flexible hours during the week. My kids grew up in the Metropark, New Jersey office, and I was the role model for many women who came after me — those who believed they could have a career, a family, and a great life outside of work. But this was not a full-scale solution for the firm. It was ad hoc, geography-based, and really just a Band-Aid approach. Each person had to negotiate for what he or she needed. Some, like me, were lucky and got what we needed to be a great mom and a great professional. We were able to thrive. Others did not, and chose to leave the firm. In the mid-1990s, women within our US firm were leaving at a rate 10 to 15 percent higher than men. This was creating a real “brain drain,” and motivated us to focus on an organization-wide model.

I am proud to say that, today, we have nearly closed the retention-gender gap, and our EY leadership drove this change.

Our Chairman at the time believed diverse and inclusive teams created better solutions for our clients. He was an early proponent of what is now our continued focus on diversity and inclusiveness, which includes flexible working. As a result of this tone at the top, EY began working to make sure everyone could thrive both personally and professionally in our culture.

Because our early focus was on retaining women, we started our flexibility journey by formalizing FWAs. These were typically arrangements that included reduced schedules. This meant women like myself worked less than a full schedule when compared to their peers. Primarily, this met the needs of our women, who were making the transition to becoming a working mom and who wanted to spend more time with their child or children. We promoted our first female partner on a reduced schedule FWA in 1993. Using these types of FWAs over the years, we have promoted hundreds to Partners, Principals, Executive Directors and Directors, the highest ranks in the firm.

In 2001, the Chairman of the new global EY organization continued the focus on women’s leadership and wanted to build on our initial successes from the mid-90s. He had experienced firsthand the success we built around FWAs in the New York metropolitan area. As a result, he asked me to become our Director of Work Life Integration in the US. My role was to help our people and the US firm become more flexible. A component of this new role was to help engender a shift in our firm’s culture, which required designing new programmatic solutions to help facilitate change.

As you can imagine, advances in technology were essential to expanding our flexibility efforts, and with those technology solutions came a focus on offering flexibility for all. We no longer had to rely on reduced schedule FWAs primarily focused on women. Instead, technology was beginning to enable all of our people to work anytime from places other than the office. But our new parents still needed a more formal program to transition them from a singular focus on their career to a dual focus on both their career and family. In response, one of the single biggest policy changes we created was implementing a paid parental leave program, for women and men, in 2002.

Ernst & Young LLP was the first of the Big 4 professional services firms to adopt a fully-paid parental leave program. In 2002, we had no idea how it might work and if men would use the paid parental leave. But we knew we had to try because we were still losing women at a faster rate than men, and exit interviews told us that “work-life balance” was a big factor.

So what do a bunch of accountants do? We asked our actuaries! The actuaries estimated that the firm could expect about 1,000 births each year among our US professionals, nearly equally divided between men and women. Those estimates were correct. In the first year of the program, 950 people took the two weeks of paid parental leave we offered. Nearly everyone who was eligible for the leave took it, including the men!

This proved to us that our efforts to change our culture through flexibility initiatives were working. If men and women were taking advantage of a program initially focused on women, then we had made progress. Several years later we decided to enhance our parental leave policy, again becoming the first Big 4 firm to do so, and increased time off for primary caregivers to 6 fully-paid weeks off following the birth or adoption of a child.

For birth mothers, this means 12 weeks of fully-paid time off following the birth. This includes 6 weeks of disability plus 6 weeks of parental leave. If their doctor suggests it, birth mothers are also eligible for (typically) 2 weeks off before the birth. And for men and adoptive parents, because they are not deemed “disabled” due to a pregnancy, they get 6 weeks of fully-paid parental leave, if they are the primary caregiver. Non-primary caregivers get 2 weeks of parental leave after the baby arrives.

Ernst & Young LLP defines a primary caregiver as the person who has full-time caregiving responsibility for the child. That can be the father or the mother.

Some of our dads who act as primary caregivers take 2 weeks off right after their child arrives and use the remaining 4 weeks of their 6-week leave after their spouse or partner returns to work or school. Since we implemented paid parental leave in 2002, nearly all of our eligible Ernst & Young LLP men have utilized it. In a given calendar year at our firm, about 500 to 600 working dads in the US take paid parental leave. We have found that men who take parental leave become real advocates for the women and great role models for the men on their teams because they know firsthand how challenging it is to be home with a baby.

Nearly all of our women who utilize this benefit take their 12 weeks off consecutively. Some also take additional vacation time and/or unpaid time off afforded by the Family and Medical Leave Act (FMLA) to expand their leave. Ernst & Young LLP provides access to 16 weeks of FMLA time, which is four more weeks than the 12 required by FMLA. We also run FMLA and disability-related time off consecutively, not concurrently. A new birth mother typically gets to use 6 weeks of disability leave before the FMLA time off even begins. Simply stated, birth mothers have 22 weeks of job guaranteed time off after the birth (6 weeks of paid disability plus 16 weeks of FML, with 6 of the latter being paid under our parental leave policy).

Today the conversation is no longer about if men are going to take paternity leave; it’s about how long they will take, and when. Too often, men are an afterthought in conversations about working parents and workplace flexibility. EY’s experience and research have shown our organization’s leaders that we not only have to shift our thinking and our benefit offerings, but we also need to shift our communications to be more inclusive of men.

This is why, when EY piloted a new program called Career and Family Transitions in 2012, we offered executive coaching to help support new moms and dads who are welcoming a new baby through birth or adoption. To date, our coaches have worked with about 400 parents. A quarter of them have been dads.

In our continuous effort to promote an environment that helps everyone succeed personally and professionally, EY recently sponsored new research on paternity leave. We wanted to better understand men's perspectives on paternity leave as their demands at home and at work continue to evolve.

The study, conducted by the Boston College Center for Work & Family, was the subject of the White House Forum on Fathers held in early June 2014. The men who participated in the study were from a variety of industries and organizations. Participants expressed their belief that today 2 weeks of paid leave for men is the socially acceptable amount of time off. However, 74% of surveyed fathers suggested that 2 to 4 weeks was a more appropriate amount of paid paternity leave, highlighting that perhaps fathers would like more time, but may feel pressure to conform to societal norms.

Among the findings that stood out to us was the fact that millennials (also known as Gen Y) are particularly interested in utilizing paid paternity leave benefits. Fathers from the millennial generation felt most strongly that it is important for employers to provide paid paternity or paid parental leave. In fact, 93% said it was extremely, very or somewhat important. This is really significant to us since more than 60% of EY's workforce is Gen Y.

Anecdotally, there are many stories about how paternity leave positively impacts our working parents' levels of loyalty and satisfaction. Since we are an accounting firm, we prefer to measure and use more formal metrics that suggest flexibility offerings benefit our organization.

For example, EY periodically conducts a Global People Survey (GPS) of its 190,000 people to measure their "engagement," which the survey defines as their perceived satisfaction with the organization, pride, commitment, and willingness to share that EY is a great place to work. When people are engaged they take more ownership in the work they do, give extra effort when needed, and strive for higher levels of performance. When we foster an engaging experience through flexibility, teamwork, and empowerment, we retain more people — and retention contributes to better business results, including higher revenue growth.

In 2013 we included questions regarding childcare responsibilities for our US professionals for the first time. I'm proud to report that we found the US firm's working parents express the highest levels of engagement among all of EY's professionals.

It may seem counterintuitive for an organization to encourage its people to take more time away from work and to spend business resources on family programming. Yet for EY, encouraging our men and women to take paid parental leave, utilize day-to-day flexibility, or go on an FWA to help manage their busy lives, has been smart business.

This is confirmed by an external study that EY conducted of men and women, from various generations and organizations. It found that nearly one in five (18%) employees ranked flexibility first overall in non-cash, non-benefits perks. It was a learning experience for me personally to see that Gen X men (40%) were the most likely to leave a job if flexibility was not offered compared to Gen X women (37%), and Gen Y men (36%) were more likely to leave compared to Gen Y women (30%).

EY must focus on our future, and that means focusing on meeting the workplace expectations of our Gen Y professionals. This includes their career goals, how they work, the technology they use, and how they will manage their busy lives now and in the future. For EY, offering flexibility is not just the right thing to do, it is also cost effective. It costs us 1.5 to 2 times a mid-level employee's salary to hire and train his or her replacement, and that turnover can be disruptive.

Changing a corporate culture cannot come from a one-off initiative, and it does not change an organization overnight. At EY, we started with the tone at the top. Successive Chairmen recognized that flexibility was important, and they “modeled” the behavior they wanted to see our partners and employees embrace. Continuing that legacy, our current Global Chairman and CEO just spoke at the White House Summit on Working Families on the topic of flexibility.

Change cannot just come from the top down. There must be grassroots support and buy-in across the organization. We have learned that the best way to do this is to be transparent and communicate not only what we are doing, but why.

Flexibility, parental leave, and the other programs I’ve mentioned are not silver bullets, and they may not be appropriate for every organization. But for EY, these initiatives lead to better experiences for our people. As a result, our people deliver the exceptional service our clients expect, and this creates better business results for EY. For us, it is about our people. We know our people have choices. By creating a culture that supports them and helps them succeed, both personally and professionally, EY gains a competitive advantage in the marketplace. This is what allows us to attract and retain the top talent we need to serve our clients in the high-quality way they expect.