

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

| | | | |
|----------------------|------------------------------------------------|-----------------------------------------|---------------------------------|
| AGENDA TITLE: | Discussion of Paid Parental Leave | | |
| DEPARTMENT: | Human Resources | | |
| PRESENTED BY: | Paula Itaoka, Human Resources Director | | |
| ACTION: | <input type="checkbox"/> Ordinance | <input type="checkbox"/> Resolution | <input type="checkbox"/> Motion |
| | <input checked="" type="checkbox"/> Discussion | <input type="checkbox"/> Public Hearing | |

PROBLEM/ISSUE STATEMENT:

Council discussed Paid Parental Leave as a potential City policy most recently on December 5, 2016. Such leave would ensure that employees could take up to 12 weeks of paid leave when welcoming a new family member through birth, adoption, or foster care placement. The City Council requested that staff return with a draft policy, mirrored by that piloted by King County who has since decided to continue the program. The draft policy is presented in Attachment A.

An equitable policy alternative for all regular employees, rather than solely parents, may be one that offers supplemental paid family leave to attend to family matters of parallel importance. Although Council's request was focused on Paid Parental Leave, staff has provided an alternative within this staff report that would broaden the benefit for family matters of parallel importance. The alternative draft policy option is presented in Attachment B.

If the Council is interested in providing paid parental leave, staff suggests meeting that interest while simultaneously addressing other equally important family leave needs; thereby ensuring employees enjoy an equal benefit regardless of their parenting status. If any supplemental paid leave policy is adopted, staff suggests a review of that policy in two years.

To adopt a new policy, council needs to amend the Employee Handbook.

RESOURCE/FINANCIAL IMPACT:

Supplemental paid parental/family leave only increases costs if the City needs to backfill an employee's absence to get work done. Assuming 3 to 5 employees might access this benefit for the full 12 weeks and backfill labor is necessary, the cost could range from \$50,000 to \$100,000 a year. If positions are not backfilled, then work load would need to be adjusted to accommodate the absence of an employee.

RECOMMENDATION

No formal action is required at this time. Staff recommends that Council discuss the various aspects of paid parental leave and/or paid family leave. Council should also determine if there are any further questions or information that staff should bring back for Council consideration regarding these proposed programs.

Approved By: City Manager ***DT*** City Attorney ***MK***

BACKGROUND

At the Council's Strategic Planning Workshop in February 2016, Councilmembers asked staff to return with information on paid parental leave for City employees. At the December 5 meeting, Council discussed this and other external workforce regulations. Councils' direction was to bring forward a draft Paid Parental Leave Policy mirrored on the King County pilot program. Materials from the December 5 meeting can be found on the City's website:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2016/staffreport120516-9c.pdf>.

As proposed, Paid Parental Leave would be different from, but run concurrently with, all state and federal laws that provide family leave, such as the federal Family and Medical Leave Act (FMLA), the Washington State Family Leave Act and Family Care Act.

DISCUSSION

If the City were to enact this program for its regular employees, some assumptions would have to be made to calculate the value of leave provided. These assumptions begin with understanding our workforce demographics and existing paid time off benefits; estimating an average hourly rate for wages and benefits; and making an informed guestimate regarding how many employees might access the paid parental leave benefit.

Demographics and Existing Paid Time Off Benefits

46% of our workforce has been with us for less than 5 years and 40% of our workforce has been with us for over 10 years. The size of a person's leave balance is a function of the weeks accrued, used and carried over each year. Sick leave accrues at 2.4 weeks a year and is limited to a balance of 26 weeks. Vacation accrual is tied to length of service, beginning at 2.4 weeks and topping out at 4.6 weeks a year. Vacation is limited to a balance of two years accrual plus current year accruals.

The following displays our current employee length of service and leave accruals.

| Completed Years of Service | No. of Employees | % of the Workforce | Total Weeks Accrued per Year (vacation + sick leave) | Actual Lowest Accrual Balance in weeks | Actual Highest Accrual Balance in weeks | Average Accrual Balance in weeks |
|----------------------------|------------------|--------------------|------------------------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------|
| 0 | 24 | 16% | 4.8 | 0.09 | 4.8 | 1.8 |
| 1 | 17 | 12% | 5 | 0.0 | 9.0 | 4.4 |
| 2 | 14 | 10% | 5.2 | 0.6 | 9.8 | 4.9 |
| 3 | 7 | 5% | 5.4 | 1.8 | 13.2 | 7.2 |
| 4 | 5 | 3% | 5.6 | 2.9 | 7.2 | 5.0 |
| 5 - 7 | 6 | 4% | 5.8 | 8.2 | 12.3 | 10.1 |
| 8 - 9 | 15 | 10% | 6 | 0.6 | 15.1 | 7.4 |
| 10 -11 | 14 | 10% | 6.2 | 2.1 | 29.8 | 12.7 |
| 12 - 14 | 8 | 5% | 6.4 | 2.3 | 17.9 | 8.7 |
| 15 or more | 36 | 25% | 7 | 0.09 | 35.25 | 14.7 |

Estimated Value and/or Cost of Paid Parental Leave

The variables in these assumptions include an average hourly value of \$41.65 for wages and benefits, two to five employees using the program and the actual difference between an employee's accrued leave and the maximum of 12 weeks of paid leave. Initial estimates of value range from about \$50,000 to \$100,000 a year depending on these variables.

It is important to note that the value of the leave is not necessarily the cost of the leave. For budgeting purposes, staff is assumed to work a full year and thus there might be no actual increase in cost because of paid parental leave. In other words, in this context, the City will incur the same costs whether the employee is on paid leave status or in the office.

Also important, employees might be out on leave longer if supplemental paid leave were available than if such a program were unavailable as is currently the case. If employees are out of the office for a longer period of time, timelines might have to be delayed, workload spread among other employees or backfilled with temporary workers. Some of this may depend on the specific job held by the employee or the assigned work of the employee.

For example, it would be doubtful that the City could continue operations of the pool without backfilling a life-guard for patron and regulatory safety reasons. On the other hand, there could be another position in which the work could be delayed for three months until the employee returns without direct threat of interrupting day-to-day city operations.

Backfilling would have true additional costs in the form of additional pay for an existing employee or hiring a temporary or contract worker. The City could expect to incur additional costs at a similar rate to that of the employee on leave.

Finally, it's important to provide reasonable limits on the benefit to control potential cost or delayed work. Staff considered how frequently the City could extend supplemental paid leave and still be able to ameliorate the effect of a prolonged absence. Since the City's workforce is only 146 employees, absorbing the work resulting from a three month absence is more of a challenge than it is for larger organizations, such as King County. Staff considered limiting the benefit to 12 weeks in a two or three year period and is recommending a three year period. This means the benefit would be limited to a maximum of twelve weeks of supplemental paid leave over a three year period for qualifying events.

Attachment A is a draft policy for Supplemental Paid Parental Leave

ALTERNATIVE

An equitable policy alternative for all regular employees, rather than solely parents, may be one that offers supplemental paid leave to attend to family matters of parallel importance.

At some point, nearly every City employee will need to take time away from work to attend to the needs of their family, not only for bonding with a new child, but potentially providing care to an immediate family member, or dealing with a serious personal or family illness, or with the exigencies of an impending military leave. Federal and state laws do much to address these needs, generally providing up to 12 weeks of leave. However, these public policies do not provide paid leave. As discussed previously in this staff report, the City of Shoreline, like many employers, provides paid leave in the form of vacation and sick leave accrual. However, our demographics show that while some employees have ample vacation and sick leave to pay for a family leave; many do not. Those who don't have enough paid leave must choose between their compensation and the needs of their family.

A policy option for Supplemental Paid Family Leave could fill the gap when a regular employee has insufficient sick and/or vacation leave to cover a 12 week approved family leave of absence and, could create equity for employees who are not necessarily new parents. This policy option could mirror the reasons for taking leave found within the Federal Family and Medical Leave Act (FMLA). The City's policies comply with the FMLA and provide un-supplemented leave for up to 12 weeks for the following reasons:

- To care for an employee's child after birth or placement for adoption or foster care. Leave to care for a child after birth or placement for adoption or foster care must be concluded within 12 months of the birth or placement.

Example: An employee becomes a parent and a new child is welcomed into the family.

- To care for an employee's spouse, child or parent who has a serious health condition. A serious health condition means an illness, injury, impairment, or physical or mental condition that involves a period of incapacity

Example: A doctor has medically certified that an employee's spouse is incapacitated due to an illness and is incapable of self-care, requiring assistance with activities of daily living for seven weeks.

- To care for a spouse, son, daughter, parent or next of kin who has a serious health condition as a result of military service 'military family care'.

Example: A doctor has medically certified that an employee's next of kin is incapacitated due to a war injury and is incapable of self-care, requiring assistance with activities of daily living during 12 weeks recuperation.

- For qualifying exigencies (as defined by the FMLA) when a spouse, parent, son or daughter serving in the military is on, called to, or notified of impending call to covered active duty.

Example: An employee's spouse has been called to active military duty and many urgent things need to happen in a short amount of time, such as day care arrangements, financial and legal arrangements. The employee says they only need about two weeks to accomplish everything.

- If a serious health condition makes an employee unable to perform the functions of his or her job.

Example: A doctor has medically certified that an employee is unable to perform their job until they recover from a recent serious surgery. The recuperation is expected to last four weeks.

Staff would recommend that an Alternative Supplemental Leave policy be substantially mirrored on the suggested policy for Supplemental Paid Parental Leave and if adopted, be reviewed in two years.

Attachment B is a draft policy for Supplemental Paid Family Leave.

FINANCIAL IMPACT

Supplemental paid parental/family leave only increases cost if the City needs to backfill an employee's absence to get the work done. Assuming 3 to 5 employees might access this benefit for the full 12 weeks and backfill labor is necessary, the cost could range from \$50,000 to \$100,000 a year. If positions are not backfilled, then work load would need to be adjusted to accommodate the absence of an employee.

RECOMMENDATION

No formal action is required at this time. Staff recommends that Council discuss the various aspects of paid parental leave and/or paid family leave. Council should also determine if there are any further questions or information that staff should bring back for Council consideration regarding these proposed programs.

ATTACHMENTS

Attachment A: Draft Supplemental Paid Parental Leave Policy

Attachment B: Draft Alternative Supplemental Paid Family Leave Policy

ATTACHMENT A - Draft Policy – Supplemental Paid Parental Leave

VI BENEFITS - *New Section titled Supplemental Paid Parental Leave*

Supplemental Paid Parental Leave provides new parents the opportunity to bond with their children by supplementing an employee's accrued paid leaves. The employee will receive the equivalent of his or her full pay for up to a total of twelve weeks, when combined with the employee's accrued leave (except for two weeks of their accrued leave), to parent a new child through birth, adoption or foster care placement.

Eligibility

Supplemental Paid Parental Leave is available to all leave-eligible employees who have:

1. Worked for the City continuously for at least 12 months and for at least 1,250 hours over the previous 12 months; and
2. Have become a parent through birth, adoption, or foster care placement ("qualifying event"); and
3. Lack enough accrued leave to pay for a 12 week leave of absence.

Benefit Amount

An employee's Supplemental Paid Parental Leave benefit is calculated when an employee's accrued leave balances are down to two weeks or less. Accrued leave balances for purposes of this policy include vacation, sick leave, personal holiday, compensatory time and management leave.

The employee will receive the equivalent of his or her full salary for up to a total of twelve weeks, when combined with the employee's accrued leave (except for two weeks of their accrued leave). Regular part time employees will receive this benefit on a pro-rata basis relative to their normal work week. For example:

- If at the time of the qualifying event, the employee has five weeks of accrued leave:
 - Three weeks of accrued leave, plus any accruals added to the balance while on leave, would be applied towards the twelve weeks of Paid Parental Leave.
 - Then, when the employee's accrued leave balance is down to two weeks, the City would provide the employee additional Supplemental Paid Parental leave, for a total of twelve weeks of Paid Parental Leave.

If both parents work for the City and meet the eligibility requirements, the total Supplemental Paid Parental leave available to the couple is 12 weeks. The City may grant leave to only one parent at time.

The employee must use all but two weeks of their accrued leave before using Supplemental Paid Parental leave.

Supplemental Paid Parental Leave may not be cashed out under any circumstance.

Benefit Period, Frequency, and Concurrency

Supplemental Paid Parental Leave must begin and be completed within twelve months of the qualifying event.

An employee may use Supplemental Paid Parental Leave on an intermittent or part-time basis, as long as it is consistent with the department's operational needs, and is approved in writing by the employee's director prior to the leave.

Supplemental Paid Parental Leave will run concurrently with the City's family and medical leave, and federal and state family and medical leave laws, to the fullest extent permitted by law. Supplemental Paid Parental Leave is limited to a maximum of 12 weeks every three years and is calculated on a rolling thirty six month period.

Job Protection and Health Benefits

Supplemental Paid Parental Leave is protected leave. Barring required budget cuts or layoffs, an employee's job cannot be eliminated while the employee is on Supplemental Paid Parental leave. Further, no retaliatory action may be taken against an employee for participating or planning to participate in the program.

The employee will continue to receive health benefits according to the underwriting rules of the relevant health plans and shall continue to accrue vacation and sick leave according to City policy during the period of Supplemental Paid Parental Leave.

Procedure for Requesting Paid Parental Leave

1. Provide notice – In all but a small minority of cases, employees will have advance notice of the need for Supplemental Paid Parental Leave. Except in the rare circumstance when the need for leave is unexpected, at least thirty days' notice must be given to the Human Resources department and the Immediate Supervisor. In the rare case when the need for leave is not foreseeable, employees must provide notice as soon as possible.
2. Discuss your anticipated leave duration and schedule with the Human Resources department and your Immediate Supervisor. If you plan to take intermittent or part-time leave, this must be approved in writing prior to the leave.
3. Complete the Supplemental Paid Parental Leave Request Form.
4. Submit the Supplemental Paid Parental Leave Request Form, along with acceptable documentation of the birth, adoption or foster care placement. If you have been approved for a qualifying FMLA leave, that approval will serve as documentation for your application for Paid Supplemental Parental Leave.

Time Recording

Record your time using the time card codes provided by Payroll.

ATTACHMENT B – Alternative Draft Policy – Supplemental Paid Family Leave

VI BENEFITS - *New Section titled Supplemental Paid Family Leave*

Supplemental Paid Family Leave provides employees an increased ability to attend to family matters by supplementing an employee's accrued paid leaves. The employee will receive the equivalent of his or her full pay for up to a total of twelve weeks, when combined with the employee's accrued leave (except for two weeks of their accrued leave), to pay for a qualified family leave.

Eligibility

Supplemental Paid Family Leave is available to all leave-eligible employees who have:

1. Worked for the City continuously for at least 12 months and for at least 1,250 hours over the previous 12 months; and
2. Have a qualifying event under FMLA or under the Victims of Domestic Violence policy; and
3. Lack enough accrued leave to pay for a 12 week leave of absence.

Benefit Amount

An employee's Supplemental Paid Family leave benefit is calculated when an employee's accrued leave balances are down to two weeks or less. Accrued leave balances for purposes of this policy include vacation, sick leave, personal holiday, compensatory time and management leave.

The employee will receive the equivalent of his or her full salary for up to a total of twelve weeks, when combined with the employee's accrued leave (except for two weeks of their accrued leave). Regular part time employees will receive this benefit on a pro-rata basis relative to their normal work week. For example:

- If at the time of the qualifying event, the employee has five weeks of accrued leave:
 - Three weeks of accrued leave, plus any accruals added to the balance while on leave, would be applied towards the twelve weeks of Paid Family Leave.
 - Then, when the employee's balance of accrued leave is down to two weeks, the City would provide the employee Supplemental Paid Family leave, for a total of twelve weeks of Paid Family Leave.

If the qualifying event is the birth, adoption or foster care placement of a child and both parents work for the City and meet the eligibility requirements, the total Supplemental Paid Family leave available to the couple is 12 weeks. The City may grant leave to only one parent at time.

The employee must use all but two weeks of their accrued leave before using Supplemental Paid Family leave.

Supplemental Paid Family Leave may not be cashed out under any circumstance.

Benefit Period, Frequency, and Concurrency

Supplemental Paid Family Leave must begin and be completed within twelve months of the qualifying event.

An employee may use Supplemental Paid Family Leave on an intermittent or part-time basis, as long as it is consistent with the department's operational needs, and is approved in writing by the employee's director prior to the leave.

Supplemental Paid Family Leave will run concurrently with the City's family and medical leave, and federal and state family and medical leave laws, to the fullest extent permitted by law. Supplemental Paid Family Leave is limited to a maximum of 12 weeks in every three years and is calculated on a rolling thirty six month period.

Job Protection and Health Benefits

Supplemental Paid Family Leave is protected leave. Barring required budget cuts or layoffs, an employee's job cannot be eliminated while the employee is on Supplemental Paid Family leave. Further, no retaliatory action may be taken against an employee for participating or planning to participate in the program.

The employee will continue to receive health benefits according to the underwriting rules of the relevant health plans and shall continue to accrue vacation and sick leave according to City policy during the period of Supplemental Paid Family Leave.

Procedure for Requesting Paid Family Leave

5. Provide notice – Unless a leave is unexpected, at least thirty days' notice must be given to the Human Resources department and the Immediate Supervisor. In the case when the need for leave is not foreseeable, employees must provide notice as soon as possible.
6. Discuss your anticipated leave duration and schedule with the Human Resources department and your Immediate Supervisor. If you plan to take intermittent or part-time leave, this must be approved in writing prior to the leave.
7. Complete the Supplemental Paid Family Leave Request Form.
8. Submit the Supplemental Paid Family Leave Request Form, along with acceptable documentation of the qualifying event. If you have been approved for a qualifying FMLA leave, that approval will serve as documentation for your application for Paid Supplemental Family Leave.

Time Recording

Record your time using the time card codes provided by Payroll.