



Legislation Text

File #: Res. 2018-128, **Version:** 1

City Council Meeting Date: December 4, 2018

To: Mayor and City Council
City Administrator Ben Martig

From: Communications & Human Resources Director Michelle Mahowald

Consider Resolution approving a Family and Parental Leave Policy.

Action Requested:

Staff recommends the Northfield City Council approve the attached Resolution Approving Paid Family and Parental Leave as a Council Administrative Policy for the City of Northfield, Minnesota. Note Council must designate which option they are approving.

Summary Report:

The City of Northfield currently provides leaves for maternity or paternity leaves due to birth or adoption of a child and to care for family members with a serious health condition under Family Medical Leave (federal law), Pregnancy and Parental Leave and care for relatives (state law), paid sick, vacation, and compensatory time off leaves that can be used for the other leaves, and related City policies. City staff has provided two Paid Family and Parental Leave Policy options to provide additional paid leave for such circumstances, which would run concurrently with both Family Medical Leave and Pregnancy and Parental Leave.

Providing Paid Family and Parental Leave may help attract and retain employees and may reduce employee turnover. Paid Family and Parental Leave supports Northfield's commitment to being a progressive employer of choice and we will be less likely to lose good employees.

In most cases, employees who are new parents have very little accrued leave available due to being younger and/or newer employees. New parents and caregivers using accrued leave significantly drains their sick and vacation banks, leaving little or no paid time available after they return to work.

Here is the additional process undertaken since the August 21, 2018 City Council Paid Parental Leave discussion:

- Paid Parental Leave informational meetings were conducted with all departments the week of August 27 -31, 2018.
- A survey, seeking feedback from employees about proposed Paid Parental Leave considerations, went out to all employees after the informational meetings. Survey results were shared at the September 26, 2018 Council Employment Policy Committee.
- At the September 26, 2018 Council Employment Policy Committee, Chair DeLong and Mayor Pownell

reviewed information included in the agenda packet and recommended City staff draft a paid family and parental leave policy. The updated policy covers birth, adoption, and foster placement and serious injury or serious illness of an immediate family member.

- At the November 13, 2018 City Council meeting, the Council considered a draft Paid Family and Parental Leave policy and directed staff to draft a second option for such policy.
- At the November 20, 2018 City Council meeting, two options and a recommendation to include up to 12 weeks, sixty consecutive workdays, of paid leave deemed medically necessary due to incapacity, treatment for such incapacity, or recovery from such incapacity due to pregnancy or childbirth after the employee's sick leave is exhausted.
- At the November 28, 2018 Council Employment Policy Committee, staff brought information related to short-term disability questions from AFLAC.
 - If the employee pays the premium, is the payment tax-free? **Yes - tax free**
 - If the employer pays the premium, is the payment taxed? **Yes, it would be taxed**
 - Can the employee buy 3 months of coverage (for a pregnancy related disability?) **The max we will pay for pregnancy is 4 weeks for normal delivery, 6 weeks for C-section regardless of how long the plan pays for each disability. The exception to this is if there is any additional "medically necessary" required time off from a doctor.**

AFLAC provided quotes for employer paid short-term disability coverage. Staff calculated a 14/14 elimination period (i.e., the elimination period is the period of time between the onset of a disability, and the time you are eligible for benefits.) of 14 days for accident and 14 days for sickness. The approximate cost of coverage is \$51,180 at current staffing levels.

After discussion, staff was directed to provide 2 administrative policy options for the December 4, 2018 City Council meeting.

Option #1 includes the following key elements:

- (1) All genders may use Paid Family and Parental Leave for birth, adoption, foster care, serious injury or serious illness of immediate family member.
- (2) Employees must work at least 14 hours per week or more to be eligible.
- (3) Regular part-time and full-time employees are eligible after 12 months of service working at least 14 hours per week.
- (4) Family and Parental Leave runs concurrently with FMLA and Pregnancy and Parental leave. Employees will complete standard FMLA forms, including certification of health care provider, for Paid Family and Parental Leave requests.
- (5) Paid Family and Parental Leave is 100% of the employee's normal base wage for up to 10 days, 8 hours per day, or up to 40 hours per week. Paid Family and Parental Leave time off can be taken anytime within a calendar year of the approved event with preapproval of time off by supervisor.
- (6) Children, parents, mother-in-law, and father-in-law are considered immediate family members for use of this policy.
- (7) Employees may request up to two Paid Family and Parental Leave separate events to Human Resources with proper documentation each calendar year.

- (8) The program does not apply to sperm or egg donors.
- (9) Voluntary Short Term Disability Insurance is available for employees (birth mothers) to purchase to help supplement maternity leave (4 weeks normal delivery; 6 weeks cesarean).

Option #2 includes the same key elements as Option #1, except employee can request that incapacity due to pregnancy, prenatal medical care, or childbirth and care for child after birth, adoption, or foster care placement is 100% of the employee's normal base wage for up to 30 days, 8 hours per day, or up to 40 hours per week for one event per year OR Paid Family and Parental Leave is 100% of the employee's normal base wage for up to 10 days, 8 hours per day, or up to 40 hours per week. Paid Family and Parental Leave time off can be taken anytime within a calendar year of the approved event with preapproval of time off by supervisor.

Staff has contacted affiliated family and parental leave attorneys and other municipalities with approved family and parental leave policies in:

- Washington D.C.
- Meclenburg County, N.C.
- City of Columbus Ohio
- City of Nashville TN
- City of Seattle WA
- City of Shoreline WA

Shoreline WA and City of Seattle responded. Responses were included in the Council Employment Policy Committee October 29, 2018 agenda packet and are included with this agenda item.

Clarification of questions discussed at the August 21, 2018 City Council Paid Parental Leave Discussion

1. Question: If the City approves Paid Family and Parental Leave, can an employee receive double pay for one payroll period? (i.e., 2 weeks City paid parental leave payments plus 2 weeks wages (including sick, vacation, and compensatory time) for the same 2-week period)?

Answer:

No. Either Paid Family and Parental Leave based on regular hours worked or use of accrued time will be paid to the employee.

2. Question: What is an employee obligated to pay for benefit premiums while out on FMLA or Pregnancy and Parenting Leave?

Answer:

The employee is required to pay the employee share of health and dental premiums as if they were not on leave. Employees are not required to pay the employer share of the monthly premiums. Employee is required to reimburse the City for any contributions the City made to premiums paid during the leave if the employee does not return to work during or after the leave time.

3. Question: What are the maximum Vacation and Sick Leave Accruals Generally?

Answer:

<u>Permanent Full-time Employees:</u>	<u>Max Vacation Accrual</u>	<u>Max Sick Accrual</u>
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(1)	Hired Before 2007	338 hours or 42.25 days at	2000 hours
(2)	Hired After 2007	15 years of continuous service	960 hours

4. Question: Who is eligible to accrue sick leave time and when can it be used?

Answer:

Permanent full-time employees accrue eight (8) hours of sick leave each month based on a 40-hour workweek. Sick leave is an allowed use for serious illness or serious injury of immediate family member. Most full-time employees carry sick leave balances. If sick leave balances are used, less sick leave severance is paid upon resignation or retirement. Most employees have an avenue to take paid leave for a family member.

5. Question: What happens if this policy is approved?

Answer:

If this Paid Family and Parental Leave policy is approved, staff expects many more requests for approval of paid family and parental leave with the additional time available without depleting sick and vacation banks due to serious injury or serious illness of immediate family member. Human Resources will track the number of requests, costs to backfill positions, and costs to cover time off. Staff proposes approval as an administrative policy for two years. City Council can also discuss and consider this benefit during the annual budget process or any time requested by staff or City Council.

Alternative Options:

- (1) Discuss policy language modification to cover less events (birth, adoption, foster care, serious injury and serious illness of immediate family member).
- (2) Alternate effective date of January 1, 2019 versus the November 1, 2018 effective date contained in the policy.

Financial Impacts:

As part of the 2019 budget process, staff calculated the cost of a 2-week leave using the average 2018 wage and benefits of employees between the ages of 20-45, of approximately \$4,200 per employee who uses the leave.

Option 1

City staff recommends \$23,000 for 2019 budget for costs associated with Paid Family and Parental Leave. \$23,000 will be placed in the Human Resources budget to cover costs related to time off and backfilling positions. This amount is already included in the current 2019 levy and budget that is being recommended at +4.4% increase from 2018 to 2019.

Option 2

City staff recommends \$62,700 for the 2019 budget to cover 100% of the employee's normal base wage for up to 30 days, 8 hours per day, or up to 40 hours per week for birth and adoption or foster care placement and for serious accident and serious illness of an immediate family member.

The effective date for 2018 is for November 1 so there are two months of paid leave that is eligible. We are not recommending any budget modification for the leave change but will monitor for the remainder of the year any financial impact.

Staff is suggesting to budget this additional estimate in the 2019 budget if Council supports Option 2. The impact would be an additional \$38,000 (to expand to 6 weeks from 2 weeks) which would equate to a +.4% tax levy increase. The total levy increase recommended would be at an increase of +4.8% from 2018 to 2019.

Tentative Timelines:

Staff recommends consideration of approval of Resolution placing Paid Family and Parental Leave policy with other administrative policies and require an annual assessment of the costs and operational impacts associated with the benefit before City Council potentially considers approval of the Paid Family and Parental Leave policy for the employee handbook.