

SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

- a. Legislation Title:** AN ORDINANCE relating to City employment; amending Sections 4.20.055, 4.26.010, 4.27.010, 4.27.020, and 4.27.100 of the Seattle Municipal Code and adding a new Chapter 4.29 to the Seattle Municipal Code, consisting of Sections 4.29.010, 4.29.020, 4.29.030, 4.29.040, 4.29.050, 4.29.060, 4.29.070, 4.29.080, 4.29.090, and 4.29.100, all to provide additional Paid Parental Leave and a new Paid Family Care Leave benefit to eligible city employees; establishing other conditions of implementing the new leave benefits; and ratifying and confirming certain prior acts.
- b. Summary and background of the Legislation:**

In 2016, the Seattle Department of Human Resources and the Seattle Office of Civil Rights jointly prepared a Workforce Equity Strategic Plan at the request of the Mayor and City Council. The Plan recommended strategies for eliminating barriers to equity in the City’s workforce, including both demographic representation and full participation of all employees. This legislation relates to the implementation of some of the strategies recommended by the related Workforce Equity Action Plan related to paid parental and paid family care leave.

This legislation authorizes employees who have been employed by the City for at least six months to receive up to twelve weeks of paid leave upon the birth or placement of a child in their home for adoption, foster care, or legal guardianship (the current leave benefit is four weeks for birth or placement for adoption and foster care). Paid parental leave must be taken within 12 months of the child’s birth or placement, and employees may only use this benefit once per 12-month period. An eligible employee will receive eight weeks of new paid parental leave from the City regardless of his or her paid leave balances. Thereafter, the City will set aside one week of vacation and two weeks of the employee’s sick leave, and then supplement the employee’s remaining vacation and sick leave balances with additional paid parental leave so that total available paid parental, vacation and sick leave (not including the set aside leave) to care for a new child is equal to twelve weeks. The legislation will ensure that all employees, regardless of tenure or available leave, will have access to at least 12 weeks of paid leave to care for a new child during that child’s first year in their home, and to retain a limited amount of vacation and sick leave to cover qualifying absences.

This legislation also authorizes City employees who have been employed at least six months up to four weeks of paid leave to care for a family member with a serious health condition (both “family member” and “serious health condition” follow the definitions of the City’s family medical leave policy). Employees are eligible for four weeks of paid family care leave in a

rolling 12-month period. An employee must reduce his or her paid sick leave to two weeks and paid vacation leave to one week prior to taking paid family care leave. The use of paid family care leave shall count towards the employee's available family medical leave entitlement, such that an employee who has exhausted his or her family medical leave entitlement is not eligible to take paid family care leave. The legislation will provide City employees additional access to paid leave to care for ill family members, and to retain a limited amount of vacation and sick leave to cover qualifying absences.

For both leave benefits, employees may be required to submit documentation to certify the leave, and the City retains the right to recover the value of the leave should the employee not return to work. Employees may take the leave on a reduced schedule or intermittent basis upon mutual agreement by the City, or if the intermittent leave is medically necessary in the case of paid family care leave. Employees who use the benefit will have the same benefit and job protections as provided to employees who take family medical leave. The benefit will be pro-rated for part-time employees and will be available to benefits eligible temporary employees. New paid leave benefits apply to employees welcoming a new child on or after January 1, 2017, or employees with eligible absences to care for family members on or after January 1, 2017.

The legislation also revises language in Sections 4.20.055, 4.26.010, 4.27.020 and 4.27.100 of the Seattle Municipal Code to be consistent with the City of Seattle's Code revision standards, clarify and refine existing language to achieve the programmatic intent of Chapter 4.27, clarify how use of the City's unpaid family medical leave benefit under Chapter 4.26 and paid family care leave benefit under the new Chapter 4.29 interact, and include welcoming a new son or daughter via legal guardianship as a qualifying event for paid and unpaid leave under Chapters 4.26 and 4.27 of the Seattle Municipal Code.

This legislation's provisions for paid parental leave and paid family care leave apply to eligible non-represented employees, and employees represented by a union who agree to the provisions of this legislation. These provisions apply to Seattle Public Library (SPL) employees, subject to the approval of the SPL Board of Trustees and the conditions and administration of SPL's personnel system.

City departments, via the City's payroll system, shall track data related to employees who utilize the paid parental and paid family care leave provided in this ordinance. SDHR will submit an annual report to the Mayor and City Council containing employee gender, tenure with the city, hours of the benefit used, job title, and employing City department at the time the leave was used. The first report is due in the second quarter of 2018.

2. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? ___ Yes ___ X No**
- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

The annual cost of extending the paid parental leave benefit to up to twelve weeks is estimated to be an additional¹ \$2.6 million, of which \$1.5 million are General Fund costs. This is the estimated cost to backfill employees who are taking this leave type, although not all employees are expected to be backfilled during their time off. Every department's situation will be different; not all positions will need to be backfilled and departments will vary in their ability to absorb costs. The rate of utilization of the leave among City employees by age categories was estimated based on data from the first year of the paid parental leave four-week policy (May 2015 – May 2016). The rate of backfill of those employees was estimated based on responses by 678 managers to a survey on workplace benefits that was conducted in April of 2016 as part of the Workforce Equity Strategic Plan.

The annual cost of paid family care leave is estimated to be \$436,000, of which \$310,000 are General Fund costs. Again, this is the estimated cost to backfill some, but not all, employees who are taking this leave type. The rate of utilization of the leave among City employees by age categories was estimated based on data from the U.S. Department of Labor's 2012 national survey on need for leave under the Family Medical Leave Act (FMLA), with a total of 7.9% of benefited City employees expected to have a qualifying family health condition each year. An analysis of data from this survey also provided estimates of the duration of need for leave among employees who experience such an event. The rate of backfill of leave taking employees was estimated based on responses by 678 managers to a survey on workplace benefits that was conducted in April of 2016 as part of the Workforce Equity Strategic Plan.

An additional¹ \$1.5 million was appropriated in Finance General in the 2017 Adopted Budget for a total of \$2 million for paid parental and paid family care leave, inclusive of the existing four-week paid parental leave program. CBO will administer this funding and will work with departments to appropriately fund the costs associated with these benefits. This appropriation is approximately \$300,000 under what is estimated to be a full year of benefits for the enhanced paid parental and new paid family care leave benefits. Should this amount not be sufficient to cover the additional costs, the Executive will put together a supplemental proposal to submit for City Council approval.

- c. Is there financial cost or other impacts of *not* implementing the legislation?**
Findings of the Workforce Equity Strategic Plan suggest that increasing employee retention, engagement and morale through policies and programs that ensure a diverse and inclusive workforce can reduce costs for the City while improving the productivity of employees and the delivery of service to residents.

3. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
Yes, this change impacts all City departments.

¹ There was \$500,000 appropriated in the Finance General portion of the 2016 Adopted Budget to accommodate the existing 4-week paid parental leave benefit.

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

This legislation is based on the recommendations of the 2016 Workforce Equity Strategic Plan, the goal of which was to propose a strategy for promoting equal employment opportunity and career growth for all employees at the City of Seattle.

Access to paid leave to welcome a new child into the home ensures that employees of all backgrounds do not have to forego income during the period that extensive research has shown to be critical for child development. The City's family medical leave policy provides up to 90 calendar days of unpaid leave and employees can also use their accrued paid leave time for family and medical absences. However, not all employees have accrued leave and not all employees can afford to take unpaid time off. A 2015 study by Towers Watson found that while both men and women at the City took leave after the addition of a new child, women took over twice as much time off as men and took unpaid as well as paid time off averaging eight weeks of unpaid time off (prior to the implementation of the City's four-week paid parental leave policy).

Similarly, access to four weeks of paid family care leave will ensure that most employees will not have to forego income to care for a seriously ill family member.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

The additional leave created by this legislation is meant to help employees overcome some of the barriers that the Workforce Equity Strategic Plan identifies. SDHR will submit an annual report to the Mayor and City Council containing employee gender, tenure with the city, hours of the benefit used, job title, and employing City department at the time the leave was used. The first report is due in the second quarter of 2018. In addition, information on the approximate backfill cost to the City, by department, will be identified.

h. Other Issues: None.

List attachments/exhibits below: None.