

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

Legislation Title:

AN ORDINANCE relating to City employment; amending Seattle Municipal Code section 4.26.005, 4.26.010, 4.26.020, 4.26.040, 4.26.070, 4.27.010, 4.27.020, 4.27.050, 4.29.010, 4.29.030, 4.29.050, 4.29.070 to harmonize with the Washington State Paid Family and Medical Leave program and provide additional related enhancements to City employees for paid and unpaid leave benefits; and ratifying and confirming prior acts.

Summary and background of the Legislation:

Since 1993, the City has offered an unpaid family medical leave benefit that runs concurrent with required federal and State family medical leave. This benefit provides up to 90 days of protected leave for employees who have a serious health condition or need to care for their domestic partner or spouse, or the child or parent of the employee or their domestic partner or spouse with the same; for bonding with a new child in the home; and for military exigencies. Employees may receive 26 weeks of protected leave to care for a covered servicemember with a serious health condition. This leave provides job protections and certain retirement and health care benefits while the employee is out but is unpaid.

In April of 2015 and February of 2017, the City established paid parental leave and paid family care leave (PFCL) programs, respectively. The intent of paid parental was to provide City employees who became new parents via birth, adoption, or legal guardianship with up to 12 weeks of paid time off to use in the first year of being a family. The intent of paid family care leave was to provide City employees who had qualifying family members (parents, children, and spouses or domestic partners) with a serious health condition with up to four weeks of paid leave to care for their family members. Certain other eligibility criteria must also be met to qualify.

Under the rules established in 2015 and 2017, for both paid parental and paid family care leave, the amount of new leave the City provides an employee depends on the employee's available paid vacation and sick leave balances. For paid parental leave, the City provides an employee with eight weeks of leave regardless of their paid leave balances. Thereafter, the City sets aside one week of vacation and two weeks of the employee's sick leave, and then supplements 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. For paid family care leave,

an employee must draw down their vacation and sick leave balances to one and two weeks, respectively, in order to qualify for the four weeks of leave.

In June of 2017, the Washington State Legislature passed Senate Bill 5975 establishing a paid family and medical leave insurance program, which provides partial wage supplementation to eligible individuals who work in Washington State who qualify for the program. Premium collection was to begin in January of 2019 with benefits available to workers beginning January 1, 2020. The program will be offered through, administered by, and paid through the State's Employee Security Department. Some criteria differ from the current FMLA as noted below; where the State and federal programs differ, benefits are paid by the State but job protections for employees are not required of employers. Benefits for eligible employees under the new State law include:

- Up to twelve weeks per year of partially paid leave for bonding with a new child, a military related exigency, or to care for a family member with a serious medical condition ("family leave"); for an employee's own serious medical condition ("medical leave").
- Up to 16 weeks of such leave will be available to those who experience both a personal medical condition and a family event in a benefit year.
- The benefit paid will be determined using a progressive scale such that lower-paid workers will receive a larger share of their normal pay while on leave, compared to higher-paid workers.
- Under the new State law, employees are eligible to take family leave for several family members that are not covered by FMLA or current State FML: siblings, grandparents, and grandchildren of employees.
- The new law will cover all workers, including temporary and part-time workers, and the paid benefit is portable between employers.

The program began collecting premiums on January 1, 2019, with employers paying approximately 1/3 and employees paying approximately 2/3 of 0.4% of total gross pay up to the Social Security maximum taxable value (\$132,900 in 2019). The City and unions agreed that the City would pay these premiums at least through 2019.

In the summer of 2019, the City and certain unions bargained the impacts of the new law and agreed to the following provisions, which require changes to the Seattle Municipal Code:

- The City's (unpaid) family medical leave program and the State (unpaid) and federal (unpaid) family medical leave programs will run concurrently to provide job protection. These unpaid leaves will run concurrently with State Paid Family and Medical Leave.
- The City's unpaid family medical leave and paid family care leave benefit will be expanded to include the employee's siblings, grandparents, and grandchildren.
- Employees' leave benefits for paid parental leave and paid family care leave will no longer be dependent on vacation and sick leave balances (removal of "drawdown" criteria).

- The City will provide protected leave to employees who are eligible for State Paid Family and Medical Leave but not otherwise eligible for the City’s family medical leave program.

Unions also agreed that employees would pay their portion of the employee premium beginning December 25, 2019.

This legislation revises the Seattle Municipal Code 4.26 (Family Medical Leave), 4.27 (Paid Parental Leave) and 4.29 (Paid Family Care Leave) to incorporate the benefits bargained with City unions into its leave benefit package. The revisions to the Paid Parental Leave benefit – the elimination of the ‘draw down’ requirement of certain leave balances to maximize additional leave received – is retroactive to October 2, 2019. The revisions to all other benefits identified in this Ordinance are retroactive to January 1, 2020 for qualifying family and/or medical events that occur beginning January 1, 2020. This legislation applies to all non-represented employees and employees represented by a union who have agreed to the benefits. 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.

2. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes ___X___ No

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?

For 2020 and beyond, the City Budget Office expects increased costs due to increased need for backfilling of employees taking longer leaves associated with the additional weeks of leave provided by the City and the State’s new program. In 2020, the City Budget Office estimates additional annual costs of \$2.9 million from the changes outlined herein. The removal of “draw down” criteria for City paid parental and paid family care leave benefits is estimated to cost the City an additional \$2.6 million, and the expansion of family relationships eligible for the City’s unpaid family medical leave and paid family medical leave is estimated to cost an additional \$300,000. These estimates are based on models, but actual impacts may vary due to the unpredictable nature of employee behavior and the complexity of leave planning for any given employee and their family. This amount is not included in the 2020 Proposed Budget but is held in central reserves; the City Budget Office will re-evaluate potential appropriations as more evidence of employee behavior is revealed in 2020.

Category	2020 Estimated Annual Cost
Removal of “draw down” criteria	\$2,600,000
Expansion of eligible family relationships	\$300,000
Estimated Net Total	\$2,900,000

Is there financial cost or other impacts of *not* implementing the legislation?

No.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Yes, this legislation impacts leave benefits for all City departments, which will have operational, administrative and budgetary implications. Costs to administer these changes are likely marginal but will require staff time and orientation. Departments will likely incur additional labor costs for backfilling employees on leave.

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? What is the Language Access plan for any communications to the public?

N/A

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).

N/A

List attachments/exhibits below: None