

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2016	2017	2018	2019	2020
Capital Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating Costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
External Revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Program Income (County)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
In-Kind Match (County)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET FISCAL IMPACT		<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>

ADDITIONAL FTE
POSITIONS (Cumulative)

Is Item Included in Current Budget? Yes, No,

Budget Account No: Fund _____ Department _____ Unit _____ Object _____

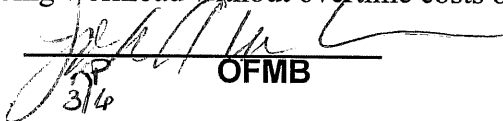
B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review:

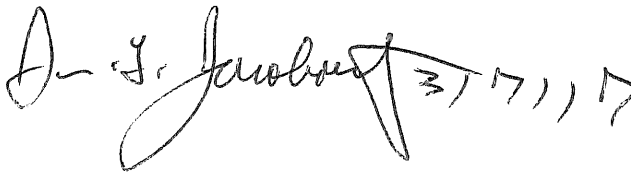
III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Development & Control Comments:

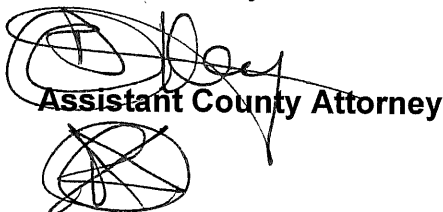
The fiscal impact of this policy is indeterminable at this time and is dependent on the actual number of instances. For a position earning \$40,000 a year, the fiscal impact to cover the position, using over-time, would be approximately \$8000 per instance. However, this cost would likely be offset by existing employees absorbing workload without overtime costs or by using less expensive temporary employees.


OFMB
3/4

Contract Dev. and Control
3/7/17 FW


3/17/17

B. Legal Sufficiency:


Assistant County Attorney

C. Other Department Review

March 14, 2017

County Administration Report to:

Palm Beach County Board of County Commissioners

Paid Parental Leave

Current Status:

Local government agencies in the State of Florida and around the country have begun adopting paid parental leave policies (PPL) in recent months. Employers that responded to a recent survey conducted by staff are listed in the benchmark summary below. Miami-Dade County offers a PPL benefit and Hillsborough County is exploring the idea, but Florida cities are currently adopting the benefit at a more rapid pace than counties and school districts. The Trump administration lists “paid family leave for new parents” as a policy proposal, and a small number of states, including California, Rhode Island, and New Jersey, mandate a PPL benefit with a reduced weekly payment to eligible workers, funded through payroll deductions. Nationwide, 13% of all private sector employers offered PPL in 2016, with higher percentages for large corporations.

A review of the PPL policies summarized below indicates the most common benefit duration being offered is six weeks. Employees must have worked for the organization at least one year, and leave must run concurrent with FMLA. In addition to the birth of a child, leave is also provided for the adoption of a child or placement of a foster child. Some of the agencies offer 100% of a full time employee’s (FTE) base salary for the duration of the leave, while others offer a reduced percentage of salary per two-week segment of leave. A shorter leave period for a non-primary care-taker of the child is also noted.

Parental Leave Benchmark Summary of Public Entities Currently Offering	
Public Entity	Policy Highlights
City of Atlanta, GA # FTEs – 9,410	Policy inception - 10/1/15. 6 weeks for primary caretaker, 2 for secondary. Leave concurrent with FMLA, 6 weeks non-intermittent. Paid at 100% of wages. Anticipated ann. cost: \$1.4M.
City of Boston, MA #FTEs-17,163	Policy inception - 4/7/15. 6 weeks’ duration. Leave concurrent with FMLA, 6 weeks, continuous or intermittent, by day or by week, must be taken during first year, both parents may take leave if both work for employer. First 2 weeks paid at 100% of wages, second two weeks paid at 75%, third two weeks paid at 50%. Cost noted as “nominal.” Non-union only.
City of Doral # FTEs – 401	Policy inception - 8/10/16. 4 weeks’ duration. Leave concurrent with FMLA, continuous or intermittent, by day or by week, must be taken during first year, both parents may take leave if both work for employer. 100% of wages. Costs to be reviewed after one year.
City of Miami Beach # FTEs – 2,152	Policy inception - 11/2/16. 6 weeks’ duration. Leave concurrent with FMLA, 6 weeks, continuous or intermittent, must be taken during first year. First 2 weeks paid at 100% of wages, second two weeks paid at 75%, third two weeks paid at 50%. Costs undeterminable.
City of St. Petersburg # FTEs – 2,870	Policy inception - 1/1/15. 6 weeks’ duration. Leave concurrent with FMLA, continuous or intermittent, must be taken during first 6 weeks. 100% of wages. No negative fiscal impact.
City of Tampa # FTEs - 4,396	Policy inception - 2/10/17. 8 weeks for primary caretaker, 2 for secondary. Leave concurrent with FMLA, 8 weeks continuous (non-intermittent). Paid at 100% of wages. \$290K/year.
City/West Palm Beach # FTEs – 1,598	Policy inception - 10/24/16. 6 weeks’ duration. Leave concurrent with FMLA, continuous or intermittent, by day or by week, must be taken during the six weeks. 100% of wages. Estimated annual cost: \$200,000/year.
Miami-Dade County # FTEs – 26,801	Policy inception - 2/2/16. 6 weeks’ duration. Leave concurrent with FMLA, 6 weeks, continuous or intermittent, by day or by week, must be taken during first year, both parents may take leave if both work for employer. First 2 weeks paid at 100% of wages, second two weeks paid at 75%, third two weeks paid at 50%. Costs “difficult to determine at this time.”
Village of Wellington # FTEs - 314	Policy inception - 10/1/16. 6 weeks’ duration. Leave concurrent with FMLA, continuous (not intermittent), must be taken during first 12 weeks, both parents may take leave if both work for employer. 100% of wages. Estimated annual cost: \$30K/year.

Palm Beach County Board of County Commissioners:

Although the Board of County Commissioners does not currently offer PPL, it does offer a generous package of paid sick and vacation leave benefits to its employees. Extended leave benefits vary across the County and are determined by Collective Bargaining Agreements and the Merit Rules (see table below).

County Leave Policies Currently In Force

Employee Group	Extended Leave	
	Any Illness	Parental
General Employees	FMLA for qualified illness, personal leave of absence, with or without pay, depending on sick and vacation balance, up to 6 months	Covered under FMLA. Pay is subject to accrued sick and vacation time.*
CWA	8 days per year (64 hours max), then "85%/65%" benefits for employee's illness up to 1040 hours (6.5 months).	Covered under FMLA, and sick leave and/or sick pool can be used for family member - 85%/65% leave can be used for employee's FMLA only.
Fire Rescue IAFF	Employees granted extended leave must use the full sick allotment given as of November 1st, then 85% of compensation through 3 months from date of injury/illness, then after 3 months and through 12 months 65%. EE may be granted benevolent leave to supplement full pay for the full eighteen months if not the EE will be out of pay once all leave balances are depleted. Employees have up to 18 months to return to work.	Maternity/paternity leave defined as 3 months, however F/R staff confirms employees typically granted extended leave (100%/85%/65%, RTW by 18th month of leave)
Palm Tran ATU	FMLA for qualified illness with or without pay, depending on sick and vacation balance Extended sick/disability up to 9 months (non-paid)	Specified maternity leave for EE's pregnancy or spouse. May not extend beyond 3 months after the date of birth or termination of pregnancy or when physician certifies employee can no longer work. Sick pay hours must first be used** before maternity leave of absence is granted.

*The average accrued leave balance for general non-bargaining employees in the 40 & under age bracket (which is the most likely population to use a PPL benefit and was the population considered in this analysis) is 212.65 hours (sick and vacation combined).

** The average accrued leave balance for Palm Tran employees in the 40 & under age bracket is 151.83 hours (sick and vacation combined).

Newly hired non-bargaining general employees begin accruing sick and vacation leave immediately and earn 104 hours of each in their first year (208 hours total). Palm Tran employees earn 98.8 hours of sick leave and 80.6 hours of vacation in their first year (179.4 hours total).

Non-IAFF employees are also offered voluntary short term disability benefits on a pre-tax basis to supplement their income during periods of extended leave. Since its inception in 2011, the policy has covered 75 births with an average per-leave duration of 45 – 50 days (6-7 weeks).

FMLA data shows the average number of leave hours taken for the birth, adoption, or placement of a foster child for non-bargaining employees is 240.56, (just over 6 weeks).

Policy Considerations:

If the Board were to direct staff to implement a PPL benefit, the following items must be considered:

Duration of the benefit: The length of time allowed for PPL varies widely across the country, but is relatively similar among local government agencies in Florida. Policies typically require full time employees to have worked a minimum of one year in order to be eligible for the benefit. The typical duration is 6 weeks, with some entities offering less time if the employee is the secondary care giver. Policies vary with regard to whether the leave is to be taken on a consecutive or intermittent basis. Compensation is offered at 100% of an employee's base salary, or at 100% of an employee's base salary for the first two weeks only, followed by a reduced percentage in the weeks following. All policies in Florida require the leave to run concurrently with FMLA.

Bargaining & Non-Bargaining Employees: If directed to offer the benefit, staff would recommend the PPL policy first be offered to non-bargaining employees only. The IAFF and CWA bargaining contracts currently contain provisions for paid extended leave at fixed percentages of salary. The ATU offers a separate "maternity leave" benefit that provides for a period of up to three months of unpaid leave, which may extend beyond FMLA and be supplemented by accrued sick and vacation leave. Any change in benefits for bargaining employees must be made through the collective bargaining process.

Cost:

The cost of offering paid parental leave benefits is difficult to predict and staff would recommend tracking the actual costs associated with the policy (if adopted) and reporting them annually for a period of time in order to determine the true cost of the benefit. In an attempt to make a ballpark estimate, staff calculated the average weekly salary and benefit cost for general (non-IAFF) full time employees aged 40 and below, and multiplied this figure by the average number of parental leave incidences per year according to FMLA data.

Illustrating this calculation:

Average weekly salary and benefit cost for non-bargaining employees: \$1,303
x Average number of births, adoptions, foster children placed per year: 25

Estimated annual direct cost of paid parental leave at 100%/75%/50% base salaries (non-bargaining employees only, assuming 100% weeks 1&2, 75% weeks 3&4, and 50% thereafter):

Four Weeks	Six Weeks	Eight Weeks
\$114,013	\$146,588	\$179,162

Estimated annual direct cost of paid parental leave at 100% base salaries (non-bargaining employees only):

Four Weeks	Six Weeks	Eight Weeks
\$130,300	\$195,450	\$260,600

Other associated costs/soft costs to consider:

- The costs of overtime and temporary personnel to cover a parent on leave (this would vary by department)
- A potential decrease in productivity as other team members would be required to cover for parents on leave
- The "deferring" of sick and vacation time that would have been used for this purpose, but now will be used in addition to this benefit, potentially causing further decrease in productivity associated with the absence of the employee
- Vacation pay-out liability for parents who do not return to work after taking leave
- The projection above shows direct costs only for non-bargaining employees based on past birth rates. This cost will increase as the County's aging workforce is replaced with younger workers, and unions negotiate PPL.