

# TOWN OF FRISCO

## COLORADO PAID FAMILY LEAVE

SEPTEMBER 13, 2022



Benefits



# AGENDA

- 1 What is FAMLI?
- 2 Options for Government Employers
- 3 What are Others Doing?
- 4 Expected Costs
- 5 Town Recommendations

## IMA FAMLI Subject Matter Expert



**LAURA EARLEY**

Account Executive

# WHAT IS FAMLI?

- + A state-run paid insurance program approved by voters in 2020
- + Provides workers 12 weeks of paid leave to take care of themselves or a family member during life events like injury, serious illness, or pregnancy
  - + Benefit calculation is cumbersome
- + Participating employers will contribute to premiums for FAMLI beginning January 1, 2023
  - + Employers may share premiums with employees
- + FAMLI will start providing benefits to employees beginning January 1, 2024

## COLORADO PAID FAMILY LEAVE PAY CALCULATION:

50% of the second 50% of the  
Colorado Average Weekly Wage

— AVERAGE WEEKLY WAGE —

90% of the first 50% of the  
Colorado Average Weekly Wage

**MAXIMUM BENEFIT:**  
**\$1,100 / Week**

# OPTIONS FOR LOCAL GOVERNMENT EMPLOYERS

1. Participate in FAMLI
2. Opt out of FAMLI (Employer Participation)
3. Opt out of FAMLI in full



# OPTION #1 – PARTICIPATE IN FAMLI

- + No vote is required
- + The Town could share responsibility for funding the program with our employees, up to a maximum of 50% of the premium
- + FAMLI premiums are set to 0.9% of the employee's wage; up to 50% of the cost can be shared with employees at the Town's discretion
  - + 0.45% paid by the Town and 0.45% paid by the employee
  - + Tax is calculated on wages up to the Social Security Wage Base
- + The Town must register in the FAMLI system to create an account and continue participation for 3 years
- + The Town would begin deducting FAMLI premiums from its employees on January 1, 2023 (if it is decided to cost share)
  - + Benefits for employees not available until January 1, 2024
- + **NOT RECOMMENDED** by Town Staff

## PAYROLL REQUIREMENTS:

New Payroll Deduction Codes must be established for the EE and ER deductions

Quarterly remittance of premium is required

## OPTION #2 – DECLINE EMPLOYER PARTICIPATION

- + Town Council ***must vote*** to decline paying the employer premium
- + **Employees could still elect to voluntarily participate in the program on their own**, and it would be their responsibility to pay taxes directly to the State
- + With this option, the **Town would assist employees** by deducting and remitting the employee share of the premium (0.45% of wages) and corresponding wage data to the Division every quarter
  - + Puts the administrative burden on HR and Payroll
  - + Not required to do so, but we recommend against this, as it would be a further incentive for employees to participate in the State program
- + **NOT RECOMMENDED** by Town Staff

## OPTION #3 – OPT OUT OF PARTICIPATION

- + Town Council ***must vote*** to decline all participation
- + The Town **must register in the FAMLl system** to notify the FAMLl Division of their vote to decline participation, and the Town must notify employees within 30 days of the decision to Opt Out
- + Employees still have the option of **self-selecting FAMLl coverage** if the Town votes to opt out
  - + Employees who voluntarily want to participate will register in the FAMLl system and will be responsible for self reporting their wage data and remitting a quarterly premium into the system
- + The Town is not required to have an equivalent paid leave plan in place, but we do
- + The vote to opt out of FAMLl must be revisited every eight years
- + **RECOMMENDED** by Town Staff

# 2022 SURVEY

- As of July, Employer's Council is reporting that a majority of Cities/Towns are opting out or considering opting out

## Family and Medical Leave Insurance (FAMLI) Plan - By Type of Government

	City/Town	County	Fire District	Library District	Parks & Recreation District	Utility District	Other
<i>Number of Orgns. Responding:</i>	54	19	7	14	4	19	8
1.00 Is your organization planning to <b>opt out or opt in</b> of FAMLI Leave, with notice by July 1, 2022, as allowed by the Colorado Revised Statutes 8-13.3-522?							
1.00 We have yet to gather information or make any decision	28%	47%	71%	50%	25%	68%	50%
2.00 We are leaning towards opting out	54%	21%	29%	43%	25%	26%	38%
3.00 We are leaning towards opting in	2%	--	--	--	25%	5%	--
4.00 We will be opting out	17%	32%	--	7%	25%	--	13%
5.00 We will be opting in	--	--	--	--	--	--	--



# COLORADO MUNICIPAL LEAGUE

- + **79 Municipalities reported:**

- + 2 Opted in

- + Crestone

- + Littleton

- + 0 Leaning to opt in

- + 21 Leaning to opt out

- + Breckenridge

- + Silverthorne

- + Avon

- + 43 opted out

- + Eagle

- + Aspen

- + Telluride

- + Winter Park

- + 13 not yet discussed/undecided



COLORADO  
MUNICIPAL  
LEAGUE

# IMA CLIENT DATA

- + **City of Black Hawk** – Opting Out; they believe their current benefits will suffice
- + **Town of Frisco** – Opting out but considering a plan that provides a benefit equal to or greater than the Colorado plan; may also offer a 'buy-up' option for a greater income replacement level
- + **City of Golden** – Opting out; they believe their current benefits will suffice
- + **City of Greenwood Village** – Opting out; they believe their current benefits will suffice
- + **City of Lafayette** – Opting out but creating a plan that provides a benefit equal to or greater than the Colorado plan; may also offer a 'buy-up' option for a greater income replacement level
- + **City of Louisville** – Opting out but creating a plan that provides a benefit equal to or greater than the Colorado plan
- + **City of Loveland** – Opting out but adding additional benefits to their current plan to be equal to or better than the State plan
- + **Town of Silverthorne** - Opting out but creating a plan that provides a benefit equal to or greater than the CO plan; may also offer a 'buy-up' option for a greater income replacement level
- + **City of Wheat Ridge** – Opting out; they believe their current benefits will suffice

## City and County of Denver Opting Out

Proposing an 8-week (320 hour) leave for employees who qualify for FMLA, if they decline coverage in FAMLI.

320 was chosen purposefully: 70% of City employees will receive less than 70% of their weekly pay replaced by FAMLI at the \$1,100/week benefit.

8 weeks is 67% of a 12-week leave, but most employees will also use STD (70% of pay) if they take time out to care for themselves.

When combined with the STD, the 320-hour bank will cover more than 90% of the 12-week FMLA for care for self.

Care for a family member is where the City has a disparity (where FAMLI may be a better benefit), so they may propose providing a 10-week bank there (i.e., an 8-week leave with a 2-week extension for certain populations).

# COSTS

- + Employers are responsible for funding the program and may split the cost with employees
- + No more than 50% of the cost may be assigned to employees at any time
- + Premiums are set to 0.9% of the employee's wage, up to the Social Security Wage Limit, with 0.45% paid by the employer and 0.45% paid by the employee
  - + The 0.9% premium is fixed for 2023 and 2024; to be evaluated thereafter
  - + Maximum tax rate is 1.2% of wages
- + 0.45% in year one is estimated to be \$43,000

# PAID FAMILY LEAVE PROPOSAL

- + The Town of Frisco is not required to provide Colorado Paid Family Leave benefits
- + The Town would like to recognize the desire to attract and retain talent, and understanding that non-government employers are required to comply with this policy, we want to provide an equivalent benefit
- + The Town of Frisco is considering the implementation of a Paid Family Leave benefit administered through a third-party administrator.
  - + The considered benefit would be equivalent to the State of Colorado Plan and the Town would pay for the cost of this coverage (includes administration of the plan as well as the wages to be paid under the plan)
- + The Town of Frisco is also evaluating a "Buy-Up Option" that would provide a greater level of income replacement to higher-wage earners.
- + Employees may coordinate their FAMLI benefits with STD benefit to receive no more than 100% of their pay when on leave for their own personal medical condition

# TOWN OF FRISCO'S CURRENT LEAVE OPTIONS

## Full-time, year-round (FTYR)

- + *Sick Time Policy*
  - + Year-round, full-time (FTYR) accrue 3.69 hours per pay period
  - + 95.94 hours in year one (can roll to a max of 480 hours)
- + *Personal Time Off (PTO)* – up to 32 hours per year
- + *Vacation* – see chart
  - + 80 hours in year one
- + *Holidays* – 8 paid days at 8 hours
- + *Short-term Disability (STD)*
  - + 60% of weekly earnings, up to a maximum of \$2,000/Week
  - + 1 week elimination period with 13-week duration (12 paid weeks)
- + *Long Term Disability (LTD)*
  - + 60% of monthly earnings, up to \$8,000 per month

Vacation Full-time, year-round	Hours earned per pay period
Year 1	3.08
Year 2	3.39
Year 3	3.70
Year 4	4.00
Year 5	4.31
Year 6	4.62
Year 7	4.93
Year 8	5.32
Year 9	5.54
Year 10	5.85
Year 11	6.15
Year 12	6.45
Year 13	6.77
Year 14	7.08
Year 15	7.39
Year 16	7.70



# TOWN OF FRISCO'S CURRENT LEAVE OPTIONS

## Part-time, year-round (PTYR), Seasonal and Temporary Staff

- + *Sick Time Policy*
  - + Year-round, part-time (PTYR) accrue at rate equivalent to their percentage of work hours
  - + Seasonal and temporary staff receive 1 hour for every 30 hours worked
- + *PTYR - Vacation*
  - + Year-round, part-time (PTYR) accrue a prorated rate equivalent to their percentage of work hours
- + *Holidays* – 8 paid days at 4 hours
- + Seasonal and temporary staff do not receive paid Vacation or Holiday pay

# TOWN OF FRISCO'S CURRENT BENEFIT COMPARISON

	TOF Full-time Staff	FAMLI
Pay / Benefit level	<ul style="list-style-type: none"> <li>• 100% of wages while on sick, PTO, or vacation</li> <li>• 8 holidays/64 hrs per year</li> <li>• Sick cap 480/60 days (95.94/year)</li> <li>• 60% of weekly wages from STD (max \$2K/week)</li> </ul>	<ul style="list-style-type: none"> <li>• 37% to 90% of wages</li> <li>• Max of \$1,100 per week</li> </ul>
Waiting period	<ul style="list-style-type: none"> <li>• No wait on sick/PTO/vacation</li> <li>• 7 day waiting period on short-term disability</li> </ul>	<ul style="list-style-type: none"> <li>• After earning \$2,500 in wages Colorado within the last 4 quarters</li> </ul>
Maternity time (FMLA and STD)	<ul style="list-style-type: none"> <li>• 12 week leave, paid accrued sick, PTO or vacation</li> <li>• 6-9 weeks paid on short-term disability</li> </ul>	12-16 weeks paid as above
Paternity time (FMLA)	<ul style="list-style-type: none"> <li>• 12 week leave, paid accrued sick, PTO or vacation</li> </ul>	12 weeks paid as above

# TOWN OF FRISCO'S CURRENT BENEFIT COMPARISON

	TOF PTYR	FAMLI
Pay / Benefit level	<ul style="list-style-type: none"> <li>• 100% of wages while on sick, vacation</li> <li>• 8 holidays/32 hrs per year</li> <li>• Sick cap 480/60 days (based on FTYR accrual max)</li> </ul>	<ul style="list-style-type: none"> <li>• 37% to 90% of wages</li> <li>• Max of \$1,100 per week</li> </ul>
Waiting Period	No wait on sick, vacation or holiday	<ul style="list-style-type: none"> <li>• After earning \$2,500 in wages Colorado within the last 4 quarters</li> </ul>

	Seasonal, Temporary	FAMLI
Pay / Benefit level	<ul style="list-style-type: none"> <li>• 100% of wages while on sick</li> </ul>	<ul style="list-style-type: none"> <li>• 37% to 90% of wages</li> <li>• Max of \$1,100 per week</li> </ul>
Waiting Period	No wait on sick	<ul style="list-style-type: none"> <li>• After earning \$2,500 in wages Colorado within the last 4 quarters</li> </ul>

# TABLE OF FAMLI & DISABILITY WEEKLY WAGES

Table of FAMLI Wages and Benefits								
Family or Employee's own Serious Health Condition								
Annual Wage		Weekly Premiums	Weekly Wage	Hourly Wage	FAMLI Weekly Benefit	Maximum Annual Benefit	Annual Premiums	Percent of Weekly Wage
\$	26,000.00	\$ (2.25)	\$ 500.00	\$ 12.50	\$ 450.00	\$ 5,400.00	\$ (117.00)	90%
\$	41,600.00	\$ (3.60)	\$ 800.00	\$ 20.00	\$ 626.60	\$ 7,519.20	\$ (187.20)	78%
\$	52,000.00	\$ (4.50)	\$ 1,000.00	\$ 25.00	\$ 726.60	\$ 8,719.20	\$ (234.00)	73%
\$	78,000.00	\$ (6.75)	\$ 1,500.00	\$ 37.50	\$ 976.60	\$ 11,719.20	\$ (351.00)	65%
\$	104,000.00	\$ (9.00)	\$ 2,000.00	\$ 50.00	\$ 1,100.00	\$ 13,200.00	\$ (468.00)	55%
\$	156,000.00	\$ (13.50)	\$ 3,000.00	\$ 75.00	\$ 1,100.00	\$ 13,200.00	\$ (702.00)	37%
TOF Short Term Disability Benefit								
Only for employee related disability								
Annual Wage		Weekly Premiums	Weekly Wage	Hourly Wage	FAMLI Weekly Benefit*	Maximum Annual Benefit	Annual Premiums	Percent of Weekly Wage
\$	26,000.00	\$ -	\$ 500.00	\$ 12.50	\$ 300.00	\$ 3,600.00	\$ -	60%
\$	41,600.00	\$ -	\$ 800.00	\$ 20.00	\$ 480.00	\$ 5,760.00	\$ -	60%
\$	52,000.00	\$ -	\$ 1,000.00	\$ 25.00	\$ 600.00	\$ 7,200.00	\$ -	60%
\$	78,000.00	\$ -	\$ 1,500.00	\$ 37.50	\$ 900.00	\$ 10,800.00	\$ -	60%
\$	104,000.00	\$ -	\$ 2,000.00	\$ 50.00	\$ 1,200.00	\$ 14,400.00	\$ -	60%
\$	156,000.00	\$ -	\$ 3,000.00	\$ 75.00	\$ 1,800.00	\$ 21,600.00	\$ -	60%

# VOTING TIMELINES

- + In order to decline participation in the FAMLI program, Town Council must vote to do so before January 1, 2023
- + The Town must follow their standard protocol (14+ days) to notify the public of a measure up for vote, similar to any other public notice for any other reason
- + The Town must then notify the FAMLI Division of their vote to decline participation before January 1, 2023
- + The Town must notify employees of their decision on FAMLI participation within 30 days after the deciding vote
- + The decision to decline is good for eight years from the date of the vote to decline participation
- + The local government must hold another vote if it wishes to continue opting out beyond eight years



# STAFF RECOMMENDATIONS

## **“Opt Out” of FAML I and consider TOF benefit changes to align with FMLA benefits**

- + Town’s leave benefits exceed FAML I benefits for Full Time employees
- + FAML I requires all employees to pay taxes, yet most will not receive the benefit
- + Full Time employees receive equivalent/better benefits without extra cost of FAML I
- + Employees can still choose participation instead of mandate for all

## **Next steps**

- + Staff is requesting Council feedback prior to vote
- + HR sending out memo and survey to staff, requesting feedback
- + Vote – Resolution to opt-out by end of year (planned for October 11 meeting)
- + Resolution to notify FAML I Division of Town’s intent to decline participation
- + Review benefits for alignment with FAML I and make recommendations for adjustments where appropriate, for example considerations may be:
  - + Part-time and seasonal paid leave enhancements or
  - + Consider providing Short-Term Disability for part-time staff or
  - + Consider Paid Family Leave policy for 2024 in addition to Short-Term Disability which is only available for employee’s own illness or injury
- + Notify employees of the decision on FAML I participation within 30-days after the deciding vote



## More Than Just Insurance

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