



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: TOWN OF FRISCO EMPLOYEES
FROM: O'LYNDA FETTE, DIRECTOR OF HUMAN RESOURCES
DATE: SEPTEMBER 14, 2022
RE: FAMLI NOTICE OF PUBLIC HEARING, TOWN COUNCIL

Notice of a public hearing to consider whether Town of Frisco will participate in the Colorado Paid Family and Medical Leave Insurance Program.

The Town of Frisco Town Council will hold a public hearing at a regularly scheduled meeting to be held on Tuesday, September 27, 2022, located in the Town of Frisco Council Chambers, 1 Main Street, Frisco, Colorado for the purpose of considering whether Town of Frisco will or will not participate in the Colorado Paid Family and Medical Leave Insurance ("FAMLI") Program, for Town of Frisco employees.

All comments regarding whether the Town of Frisco should participate, or decline to participate in the FAMLI Program may be made at the public hearing in person, or may be made in writing prior to the public hearing by submitting comments to the Human Resources department at HR@TownofFrisco.com or P.O. Box 4001, Frisco, CO 80443. An employee may request the comment be anonymous, if preferred. Written comments received by 4PM on Tuesday, September 20, 2022 will be included in the September 27 Town Council meeting packet. Comments received after 4PM on September 20, 2022 and before noon on September 27, 2022th will be read during the September 27 Town Council meeting during the ordinance's public comment period.

For additional information or questions please contact O'Lynda Fette, Town of Frisco Human Resources Director at OlyndaF@TownofFrisco.com or 970-668-4572.

What is the Colorado Paid Family and Medical Leave Insurance ("FAMLI") Program In November 2020, Colorado voters approved Proposition 118, which paved the way for a state-run paid Family and Medical Leave Insurance (FAMLI) program. The new law, known as the "Paid Family and Medical Leave Insurance Act," (FAMLI Act) at C.R.S. §§ 8.13.3.401-424, provides for 12-16 weeks of paid family and medical leave funded through a payroll tax and paid by employers and employees in a 50/50 split. Although the program is not effective until January 2024, the Town must decide in 2022 whether to participate in the state-run program.

FAMLI Background, Impact, and Costs:

The State of Colorado Paid Family and Medical Leave Insurance (FAMLI) program provides employees from 12-16 weeks of paid leave to take care of themselves or a family member during life events such as injury, serious illness, or pregnancy. Participating employers and employees will both contribute to premiums for FAMLI. Participating employers would need to start collecting and remitting premiums January 1, 2023 and benefits would be available to employees starting January 1, 2024.

Premiums are equal to 0.9% of each employee's regular weekly wage up to the annual Social Security wage limit. Half of the 0.9% (or 0.45%) is to be paid by the employee, and the other half is to be paid by the employer. The employer is responsible for collecting employee premiums via payroll deduction, and for remitting all premiums to the State on a quarterly basis. For participating employers, premiums would be mandatory for all full-time, part-time, seasonal and temporary employees whether they ever utilize the benefit or not. Colorado employees become eligible to take paid leave after they have earned at least \$2,500 in wages within the State at any time in the four calendar quarters preceding the need for the leave.

Beyond 2024, the premium rate will be set each year by the FAMLI Division Director, at the Department of Labor and Employment, and will be based on a formula based on the funds balance and usage rates. The premium rate amount is statutorily capped at 1.2% of wages.

Benefits during a state-approved FAMLI leave will pay employees between 37% and 90% of their wages, capped at \$1,100 per week. Employees earning about \$1,500 per week will receive approximately 65% of their weekly wage, or \$977 per week while on FAMLI. A premium and benefits calculator can be found online at: <https://famli.colorado.gov/individuals-and-families/premium-and-benefits-calculator>. The chart below demonstrated the benefit available to employees based on their weekly wage (calculations are based on 40 hours per week and 52 weeks worked).

Table of FAMLI Wages and Benefits						
<i>Family or Employee's own Serious Health Condition</i>						
Annual Wage	Hourly Wage	FAMLI Weekly Benefit	Maximum Annual Benefit	Annual Premiums	Percent of Weekly Wage	
\$ 26,000.00	\$ 12.50	\$ 450.00	\$ 5,400.00	\$ (117.00)	90%	
\$ 35,360.00	\$ 17.00	\$ 566.60	\$ 6,799.20	\$ (159.12)	83%	
\$ 41,600.00	\$ 20.00	\$ 626.60	\$ 7,519.20	\$ (187.20)	78%	
\$ 52,000.00	\$ 25.00	\$ 726.60	\$ 8,719.20	\$ (234.00)	73%	
\$ 78,000.00	\$ 37.50	\$ 976.60	\$ 11,719.20	\$ (351.00)	65%	
\$ 104,000.00	\$ 50.00	\$ 1,100.00	\$ 13,200.00	\$ (468.00)	55%	
\$ 156,000.00	\$ 75.00	\$ 1,100.00	\$ 13,200.00	\$ (702.00)	37%	

FAMLI Premium Example:

- (annual income x .009) / 2 = employer share
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 - Full time, year round employee making \$28/hr., would pay \$262.08 annually in premiums | Employer Premiums would be \$262.08 annually.
 - Full time, year round employee making \$35/hr. would pay \$327.60 annually in premiums | Employer Premiums would be \$327.60 annually.
 - **Employees would pay premiums, regardless if they access the insurance or not.**

How does FAMLI apply to municipalities like Frisco?

While all municipalities are included in FAMLI by default, a municipality may opt out and avoid the employer portion of premiums by a vote of a governing body such as Town Council. The municipality must give prior notice of the vote in the same manner it notices other public business, must provide special notice to employees, and must provide an opportunity to submit comments before voting. Declination (opt out) by a municipality allows employees to individually opt in to the FAMLI program at their same employee only cost if they so desire. Employees may still individually opt-in to the program, and submit premiums to have FAMLI coverage, at no increased cost beyond the required premium.

State law requires participation in FAMLI unless the municipality's governing body (Town Council in Frisco's case) votes to opt out of the program by January 1, 2023.

Financial Cost to the Town and Employees

The Town's financial cost in the first year of the FMLI program of 0.45% of wages would be expected to be approximately \$43,000. In addition, employees would bear the same equivalent financial contribution of 0.45%. The program cost may increase up to 33% in 2025 to 1.2% of wages, split between the employer and employee. Future year financial impacts and cost increases are unknown at this time.

What Frisco currently provides compared to FMLI

The Town currently provides employees with the following leave benefits at no cost to the employee:

TOWN OF FRISCO	FAMLI
FMLA leave or 12 weeks for similar reasons as FAMLI program. May be paid if employee has sick, personal time and/or vacation or may be unpaid if they do not. Job protected for 12 weeks. FMLA is provided for all employees who are eligible for this leave if they have worked for the Town for at least 12 months, and at least 1,250 hours over the past 12 months.	Up to 12 - 16 weeks (480 - 640 hours) of partial rate of pay for leave required for a serious health condition of employee or family member, victims of sexual assault or domestic violence, care of a new child; including adopted and fostered children, arrangement for a family member's military deployment; FAMLI allows employees to care for siblings and grandparents, where FMLA does not
SHORT-TERM DISABILITY = 60% of weekly earnings up to a max of \$2,000/week (12 weeks paid); employees may supplement with accrued paid time off for remaining 40% of weekly earnings	
LONG-TERM DISABILITY = 60% of weekly earnings up to a max of \$8,000/month. Disability payments begin after a 90 day waiting period of a covered disability.	
Full-time year-round employees accrue SICK PAY at 3.69 hours per pay period (96 hours per year) paid when used at 100% of normal rate. Sick pay may be carried over year to year, with a max balance of 480 hours, or the equivalent of 12 weeks fully paid with the use of sick leave.	
Seasonal and temporary employees earn one hour of SICK LEAVE for every 30 hours worked	
Full time year-round employees earn VACATION PAY of 80 – 200 hours per year (depending on length of service)	
Part time year-round employees earn VACATION PAY at an accrual rate prorated equivalent to the percentage of hours worked	
Full-time year-round employees receive 32 hours of PERSONAL TIME OFF .	
COST TO THE EMPLOYEE	COST TO THE EMPLOYEE
ZERO cost to the employee for all benefits	0.45% of annual salary / weekly pay rate

If the Town of Frisco opts out, employees can opt-in to the state FAMLI program at a cost of 0.45% of their annual salary. Employees, who opt in, will be responsible for paying the premium directly to the state program. Employees who participate in the State program are obligated to contribute to the program for three years.

Staff Recommendation:

The Town of Frisco staff recommendation is to opt out of the state-run FAMLI program, and “Decline ALL Participation”.

Opting out of the state-run FAMLI program would allow the Town to avoid having to pay costly premiums to the State, save our employees from having to pay the state premiums (unless individually desired), while still providing our employees with the protection of a paid leave program to care for themselves or a family member in the event of a serious illness or injury. The FAMLI program is a “social insurance” and would look similar to unemployment insurance, where the employee would file a claim on their own with the State of Colorado for payment. The State of Colorado pays the employee (the claimant) a portion of their weekly wages directly through a debit card or direct deposit. With the plans the Town has in place, Human Resources is able to monitor and assist employees with short term disability, long term disability, FMLA and other leave options.

The statute does not require the Town to provide a substitute benefit if opting out, however, there are advantages to the Town offering the coverage and leave it does right now, including employee retention and attraction. Since a replacement plan is not mandated, the Town has more flexibility to continue and even to enhance the Town’s current benefit program to create a similar or more robust benefit program that would benefit the majority of employees. Over the next several months, Human Resources will research more family leave options and will provide an update in the spring of 2023. This will allow Town employees to evaluate fully insured options through a 3rd party insurance carrier, as well as private, fully-insured options through the Town.

If an employee desires participation in FAMLI, the option exists to opt-in to the program as an individual participant. Employees choosing to opt-in to the FAMLI program are obligated to contribute for a minimum of three years.

The State website is: <https://famli.colorado.gov/>

During the Tuesday, September 13 meeting, Town Council decided to follow the staff’s recommendation to hold a vote regarding declining participation in the FAMLI Insurance Program. This memo serves as the required notice to all Town employees prior to bringing a FAMLI opt out resolution to Town Council on Tuesday, September 27, 2022. All employees are invited to attend the public hearing on Tuesday, September 27, 2022 either in-person at Town Hall or online via Zoom.

Join Zoom Meeting

Tuesday, September 27, 2022 @ 7:05PM

<https://us06web.zoom.us/j/85951878436?pwd=YWx4bzV3RUl5Ykcyb2w1WkpXRDFwZz09>

Meeting ID: 859 5187 8436

Passcode: 91261

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A vote to opt out of the program must be held at least every 8 years.

After the vote on September 27th, Town employees will be notified of the Council’s decision.