



## MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

**TO: MAYOR AND TOWN COUNCIL MEMBERS**  
**FROM: LESLIE EDWARDS AND O'LYNDA FETTE**  
**RE: PRESENTATION ON COLORADO FAMLI PAID LEAVE PROGRAM**  
**DATE: SEPTEMBER 13, 2022**

### **Summary**

In November 2020, Colorado voters approved Proposition 118, which paved the way for a state-run paid Family and Medical Leave Insurance (FAMLI) program. Although the program is not effective until January 2023, the Town must decide in 2022 whether to participate in the state-run program.

### **Background:**

The State of Colorado Paid Family and Medical Leave Insurance (FAMLI) program provides employees up to 12 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 will start collecting and remitting premiums January 1, 2023 and benefits will be available to employees starting January 1, 2024.

Premiums are equal to 0.9% of each employee's regular weekly wage. 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.

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>

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. 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 by a municipality allows employees to individually opt in to the FAMLI program at their same employee only cost if they so desire. The state has not yet clarified if the benefits for employees that choose to individually opt-in will be reduced or remain as described above.

State law requires participation in FAMLI unless the municipality's governing body votes to opt out of the program by December 31, 2022. There are various employee notification requirements that the Town must observe, depending on whether we opt-in or opt-out.

Local Government FAMLI: <https://famli.colorado.gov/employers/local-governments>  
FAQ's for Local Governments: <https://famli.colorado.gov/employers/local-governments/faqs-for-local-governments>

### **Benefit Comparison**

The presentation will provide a couple of examples on how the Town's benefits compare to the FMLI program benefits, as they are known today. In most cases, the Town's benefits are of greater value to the employee than the state's FMLI program when comparing benefits for full-time employees. Additional details on the state's benefit program will continue to be outlined over the coming months and Town staff will continue to monitor these announcements.

The Town's leave programs for part-time and seasonal employees are less than the state FMLI program in several areas. Our part-time and seasonal workforce have minimal paid leave and are not currently eligible for short-term disability.

The statute does not require the Town to provide a substitute benefit if opting out, however, there are advantages to the Town doing so in regards to employee retention and attraction. Since a replacement plan is not mandated, the Town has more flexibility to create a similar benefit if so desired.

<b>TOWN OF FRISCO</b>	<b>FAMLI</b>
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	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
FMLA leave or 12 weeks for the <b>same</b> reasons as FAMLI program. May be paid if employee has accrued sick, personal, and/or vacation time or may be unpaid if they have not. Job protected for 12 weeks	
Full-time year-round employees earn vacation time of 80 – 200 hours per year (depending on length of service)	
Full-time year-round employees receive 32 hours of personal time	
Part-time year-round employees earn vacation time at an accrual rate prorated equivalent to the percentage of hours worked	
Seasonal and temporary employees earn one hour of sick leave for every 30 hours worked	
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	
<b>COST TO EMPLOYEE</b>	<b>COST TO EMPLOYEE</b>
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 FMLI program at a cost of 0.45% of their annual salary. Employees, who opt in, will be responsible for paying the premium to the state program.

**Financial Information:**

The Town's financial burden in the first year of the FAMLl program of 0.45% of wages is 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 impacts are unknown at this time.

Additionally, the Town currently pays an average of approximately \$7,500 annually in short-term disability wages when employees need leave beyond their accrued paid time off. This short-term disability coverage currently provides 60% of weekly wages for employees on disability for up to 90 days (12-weeks).

**Alignment with Strategic Plan:** The Town is committed to providing quality core services through attraction and retention of high performing personnel to deliver exceptional service to the Public by: being an "Employer of Choice"; maintain positive employee/employer relations; offer competitive compensation and benefits

**Staff Recommendation:**

Because the Town's participation in the FAMLl program would not benefit all employees, and those eligible can still participate on their own, the staff recommendation is to opt-out of the state-run FAMLl program and consider further analysis of Town benefits where adjustments could be made to better align with the FAMLl program benefits. With the cost of living continuing to rise, we do not want to subject all employees to an additional fee for a benefit they will not utilize. Employees who wish to participate can do so at their choosing.

Opting out of the state-run FAMLl program would allow us to avoid having to pay costly premiums to the State and save our employees from having to pay the state premiums (unless individually desired). We will still provide our full-time 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 funding that would be saved from opting out could be used for a purpose that would benefit all employees.

**Approved By:**

Tom Fisher, Town Manager  
Leslie Edwards, Finance Director  
Diane McBride, Assistant Town Manager

**Attachments:**

Colorado Municipal League Knowledge newsletter – April 2022  
FAMLl – Local Government Guide – August 2022  
FAMLl Presentation Slide Deck