

Colorado's Family and Medical Leave Insurance (FAMLI)

What is FAMLI?

- In 2020, Colorado voters approved Proposition 118 which paved the way for a state-run Paid Family and Medical Leave Insurance (FAMLI)
- FAMLI provides covered employees with 12 weeks of paid leave to take care of themselves or a family member during life events like injury, serious illness, or pregnancy.
- FAMLI also provides job protection for employees who are employed for at least 180 days before the protected leave occurs.
- FAMLI is a separate program from paid sick leave.
- FAMLI is also a separate program from the Family and Medical Leave Act (FMLA).
- FAMLI is not mandatory for local governments. A municipality can opt out of the program.

FAMLI Premiums

- FAMLI will basically work in the same way and on the same schedule as the Unemployment Insurance system (funded by premiums). The employer and the employee are both responsible for funding the program.
- Premiums will be collected (employee and employer portions) beginning January 1, 2023 and benefits will be available beginning January 1, 2024.
- Premiums are set at 0.9% of the employee's wage with 0.45% paid by the employer and 0.45% paid by the employee.
- The initial 0.9% premium is fixed through 2024.
- The FAMLI premium rate is statutorily capped at 1.20%.

FAMLI and Municipalities

- FAMLI is not mandatory for local governments.
- A municipality can opt out and avoid the employer portion of premiums by a vote of the governing body (City Council).
- Vote of City Council can occur anytime before January 1, 2023.
- If City Council does not opt out of FAMLI, every City employee will have deductions made from their pay for this program beginning in 2023, regardless of whether they believe participating is the right choice from their family, given the cost and other time off benefits provided by the City.
- The FAMLI program is not optional if the City becomes a covered employer.
- Employees must also be notified, in writing, of the decision within 30 days of the vote.

FAMLI and Municipalities

- If the City opts out of the program, employees can individually participate in the FAMLI program if they so choose. Staff is recommending they should enroll directly with the State. Under this scenario:
 - Employees would receive full benefits from FAMLI at the same premium for the employee (0.45%) regardless of whether the City becomes a covered employer.
- The City must notify the FAMLI Division of their vote to decline participation.
- If the City does not opt out now, the City must wait three years to decline participation.
- Declination must be renewed every 8 years or the municipality is automatically added back into FAMLI.
- If the City wishes to opt in at a later date, the City can do so by an affirmative vote “of a quorum of the governing body” at the beginning of the annual local budgeting cycle.

FAMLI Timeline



Fiscal and Other Impacts of FAMLI

- The cost of the FAMLI program will increase the City's budget by at least 0.45% of its employees' wages annually and potentially more. The City can save over \$30,000 annually – and growing – by declining participation.
- FAMLI also includes additional administrative work for finance and human resources staff and raises City liability concerns.
- Employees who want the paid benefits of FAMLI can participate individually without greater personal cost and without imposing a cost on the City and other employees who do not want to participate.
- Employees may benefit from the City opting out because the City would have no financial responsibility for 50% of the premium. The City could choose to use that savings to benefit employees directly, such as using that money towards wages to help keep up with wage increases.

Considerations and Staff Recommendation

- Ongoing increasing costs are one of several reasons staff recommends City Council opt out of FAMLI
- The City already offers competitive paid leave: 10 paid Holidays, 1 Discretionary Day, at least 2 weeks of vacation and 12 sick days – the latter two which accrue over time.
- CML surveyed municipalities regarding their intentions under FAMLI. Of 45 jurisdictions responding, only three said they were considering becoming covered; 24 were considering opting out and 18 were undecided as of mid-April. If Council opts out, the City would be following suit with a majority of municipalities.
- If Council opts out, staff recommends also declining to withhold/remit employee premiums for those who elect coverage, to lessen the City's potential financial liabilities and administrative requirements.
- As required prior to the vote, all employees were given notice, in writing and by e-mail, on June 13, 2022, about the vote and the opportunity to provide comment, if desired, at the June 20, 2022 Council Meeting. In addition, employees were informed they may also provide written comments to City Council prior to the meeting, which will be considered part of the public comment.
- Staff is recommending that City Council vote to opt out of the program for the reasons stated above

What's Next?

- Staff is recommending that City Council vote to opt out of the FAMLI Program by approving Resolution 2022-15.
- If City Council approves Resolution 2022-15 to opt out of the FAMLI Program, Human Resources will:
 - Notify employees, in writing, within 30 days of the vote.
 - Ensure all written notices, etc. are prepared and disrupted as required.
 - Notify the FAMLI Division of the City's decision to decline participation in the FAMLI program.
 - Questions?