



Town of Johnstown

TOWN COUNCIL AGENDA COMMUNICATIONS

AGENDA DATE: July 18, 2022

SUBJECT: Public Hearing – Resolution 2022-29 Declining Participation in the Colorado Paid Family Medical Leave Insurance Program

ACTION PROPOSED: Consider Resolution 2022-29

ATTACHMENTS:

1. Resolution 2022-29
2. Local Government Fact Sheet
3. 8-13.3-502 C.R.S., Paid Family & Medical Leave Insurance Act
4. 7 CCR 1007-2, Regulations...Local Government Participation

PRESENTED BY: Matt LeCerf, Town Manager

AGENDA ITEM DESCRIPTION:

The State of Colorado is in the process of adopting rules for the Paid Family Medical Leave Insurance (FAMLI) program that was approved by voters in 2020. Unless the Town votes to opt out of the program, the Town will be automatically enrolled in the program starting on January 1, 2023. The program will be administered by the Colorado Division of Family and Medical Leave Insurance. It provides job-protected leave and partial income replacement for employees who experience certain personal circumstances starting in 2024. The program is mandatory for private businesses. Local governments have the option to opt out of the program by a vote of the governing body with a public hearing.

On July 6, Town Staff was invited to receive a presentation on the FAMLI Act. Approximately 20 employees attended the presentation to learn about the program. Following the presentation, a survey was issued out to the employees asking about their opinions related to opting in or out of the program. The results of the survey are as described below:

41 participants (52% of employees)
63% want the Town to opt out (26)
27% have no opinion (11)
10% want the Town to opt in (4)

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Program Details

The following types of circumstances allow for leave under FAMLI:

- Their own serious health condition
- Serious health condition of a family member
- Care for a new child within the first year of birth or placement
- Arrangements for military deployments
- Domestic violence or sexual assault victims' safety and impact

Currently, the premiums for the program are set at 0.45% of gross wages for the employer and 0.45% of gross wages for the employee for a total premium of 0.9%. The statute gives the division the ability to set the premium rate to sustain the program. Based on the current State Statute, the current aggregate total for the premium could increase to 1.2% without a vote or additional legislation. The estimated annual cost to the Town is \$22,000. The total cost, including employee contributions, is estimated at \$44,000 annually.

Premiums are due starting in 2023 but the program does not provide any benefits to employees until 2024.

If the Town opts out of the program, nothing prevents individual employees from choosing to opt in to the program voluntarily. If an employee opts in, they pay only the employee rate and the State program covers the difference. The Town would not be liable for any premiums and the employee would receive the same benefits.

The Town needs to opt out every eight years to avoid automatic enrollment. The Town may opt in at any time. Opting in requires a minimum three-year participation period.

Current Benefits

Town employees currently enjoy short term disability leave that covers their own serious medical condition. The cost to the Town for this program is about \$17,000 annually. Employees do not pay any portion of these premiums.

After 12 months of employment, Town employees are also covered under unpaid, job-protected leave by the federal Family Medical Leave Act (FMLA) for all the reasons covered by FAMLI. Employees also have access to paid sick leave and parental leave in addition to accrued leave balances.

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LEGAL ADVICE:

The resolution was drafted by the Town Attorney in consultation with Staff.

FINANCIAL ADVICE:

Declining participation in the program allows the Town to not assume financial responsibility for the Colorado Paid Family Medical Leave Insurance Program.

RECOMMENDED ACTION: Approve Resolution 2022-29.

SUGGESTED MOTIONS:

For Approval: I move to approve Resolution No. 2022-29, a Resolution Declining Participation in the Colorado Paid Family Medical Leave Insurance Program.

For Denial: I move to deny Resolution No. 2022-29, a Resolution Declining Participation in the Colorado Paid Family Medical Leave Insurance Program.

Reviewed and Approved for Presentation,



Town Manager