

Discussion

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee

FROM: Justina J. Ferber, Legislative Analyst *J. Ferber*
Amanda Mihill, Legislative Attorney *A. Mihill*

SUBJECT: **Discussion** – Family Leave Policies – County Government

The following persons will be present for the briefing:

Shawn Stokes, Director, Office of Human Resources (OHR)
Stuart Weisberg, Labor Relations Advisor, OHR

Committee Meeting July 21, 2016

A general background briefing on Family Leave Policies was held by the GO Committee on February 11, 2016. Copies of the February packet are available online at http://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2016/160211/20160211_GO2.pdf.

On July 21, 2016, the GO Committee received a briefing on the Family Leave Policies for County government employees. Committee members discussed the County government's family leave policies and generally agreed (3-0) that there should be a category of paid leave for the birth and/or adoption of a child. Committee members were also interested in extending this leave to care of a family member, but requested additional information about the development and cost of this part of the program. They also agreed that there should be paid leave for new employees in the parental leave category. Committee members requested additional information to be discussed at a meeting in the fall:

1. Results of the Federal Grant study (OLO is the Grant Manager) on Sick and Safe Leave related to family leave and temporary disability for all those who work in the County. (The Council received a preliminary briefing on September 20 about the study which will be finalized in November. PowerPoint slides from the Council Presentation are at ©5 to ©25.)

2. What other entities provide in the “borrowed leave” category e.g. Fairfax County and Federal government. (Information from OHR TBD)
3. Options and projected costs of a County government family leave program that includes caring for a family member. (Information from OHR at ©29 and ©31)

Councilmember Navarro Family Leave Proposal

On August 29, 2016, Committee Chair Navarro submitted a proposal to GO Committee members for paid Family Leave for County Employees, see ©27. She noted that “In developing a paid family leave policy it is essential that we recognize the large amount of accrued leave hours our employees already have accumulated. We also need to consider the fiscal impact of a paid family leave program and understand how similar programs have worked in other jurisdictions.”

The following outlines her thoughts and suggested parameters for how the GO Committee can move forward with a fair policy:

1. The County should offer all employees six (6) weeks of paid family leave for the birth or adoption of a child. The policy should apply to both parents equally.
2. As recommended by OHR, the program should:
 - a. Be part of the current eighteen(18) week parental leave program;
 - b. Have an eligibility requirement of six (6) months of continuous County employment;
 - c. Be requested at least thirty (30) days before the birth or adoption of a child;
 - d. Be used within twelve (12) weeks of the birth or adoption.
3. The County should amend its sick leave policy to allow for an employee to use up to six (6) weeks of accrued sick leave as family sick leave to care for an immediate family member. Currently, the County only allows fifteen (15) days for this purpose.
4. OHR should provide the GO Committee with an annual report detailing the use and cost of these new family leave policies.

Councilmember Navarro’s hope is that the GO Committee’s bold action on this issue for County employees will set the example for the private sector.

OHR Response to Questions

OHR’s response to Committee questions is attached at ©29 and ©31. The response was received after the packet deadline which did not allow time for Council staff analysis. Additional materials from OHR will be distributed as an addendum.

The following information was provided at the July 21 meeting.

Background

The GO Committee received a briefing on the general issue of family leave policies in February 2016. The Committee requested OHR to provide additional information on County government policies for County employees and suggestions for enhancing family leave.

Committee members were advised that Montgomery County employees have the ability to use accrued annual and sick leave for a new child or family member care. However, if leave has not been earned by the employee then they must use FMLA or request leave through the “sick leave donor program” or in the case of some union employees, submit a request to a “Leave Bank”. A supplementary family leave policy could provide paid leave specifically for a new child or sick family member as an additional benefit to County employees.

The packet of materials from the February GO Committee briefing is available online at http://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2016/160211/20160211_GO2.pdf.

Information Provided by OHR

In response to the Committee’s request, OHR provided the attached materials (©1-4). Director Stokes’ statement on ©1-2 highlighted the following:

- County employees receive a wide range of leave, including annual leave, sick leave, personal leave days, and holiday leave.
- County employees may use up to 12 weeks of FMLA leave each year (using their own leave or leave without pay).
- County employees may use up to 18 weeks of parental leave in a 2-year period (using their own leave or leave without pay).
- OHR took a “leave snapshot” that showed that the average County employee has over 106 days (855 hours) of accrued leave available for use; employees under age 50 have on average 89 days (713) of accrued leave.
- A paid parental leave program would benefit only part of the workforce. Expanding the program to include caring for a family member with a serious health condition would be more equitable, but could raise the cost of the program “exponentially”.

Director Stoke’s statement provides some recommended parameters for a County paid parental leave program:

- The program should be part of the current 18 weeks of parental leave allows.
- The program should have an eligibility requirement of 6 months of continuous County employment.
- Paid parental leave should be requested at least 30 days before the birth or adoption of a child.

Council staff note: exceptions to this 30-day timeline may be necessary if unexpected medical (or other) circumstances arise.

- Paid parental leave should be used within 12 weeks of the birth or adoption.
- Estimated costs for a paid parental leave are on ©4. Of course the more weeks of paid leave that is provided, the higher the cost. Providing 1 week of paid leave is anticipated to cost \$381,683-\$479,224 whereas providing 6 weeks of paid leave is anticipated to cost \$2,040,096-\$2,625,347.

Council staff questions: How did OHR calculate the costs of the Parental Leave Program? What are the estimated costs for a Paid Family Leave Program?

Staff Comments for July 21 Meeting

The following questions may be useful to guide today’s discussion:

- Should the County adopt a family leave program for County employees? Does the County have sufficient leave opportunities for employees?
- What events should qualify for paid leave? Birth or adoption of a child? Caring for other family members?
- How many weeks is appropriate for a paid leave program? 1 week? 6 weeks? More than 6 weeks?
- Is 6 months of County employment an appropriate eligibility threshold?

This packet contains:

July 14, 2016 Materials from OHR	© 1
February 11, 2016, GO Packet online (Some copies will be available at the meeting)	
PowerPoint Slides – Grant Funded Study of Paid Family and Medical Leave	5
Councilmember Navarro Family Leave Proposal	27
OHR Director Testimony to the GO Committee’s 10/13/16	29
OHR Family Leave Costing Assumptions	31

**TESTIMONY ON BEHALF OF OFFICE OF HUMAN RESOURCES DIRECTOR
SHAWN Y. STOKES**

Family Leave Policies for County Government

Before the Government Operations & Fiscal Policy Committee

July 14, 2016

Good morning Council Members, it is a pleasure for me to appear before this committee to continue our dialogue on Family Leave Policies for County Government Employees.

First, let me say that that Montgomery County provides a wide range of leave options for its employees. Every year, employees earn between 15 and 26 days of annual leave (depending on years of service), 15 days of sick leave, 3 personal leave days, and 9 days of holiday leave. The County allows employees to use up to 15 days (120 hours) of accrued sick leave each year as family sick leave to care for an immediate family member. County employees may use up to 12 weeks (480 hours) of Family and Medical Leave Act (FMLA) leave each year to care for the employee's spouse or domestic partner, minor child, adult son or daughter incapable of self-care or parent with a serious health condition, or because of the employee's own serious health condition. FMLA leave may also be used for active duty military family leave and for injured service member family leave. Accrued annual leave, accrued sick leave or leave without pay can be used as FMLA leave. The County provides up to 18 weeks (720 hours) of parental leave during a 24-month period for employees (both moms and dads) to use to bond with a newborn or newly adopted child. 18 weeks of parental leave is among the highest of any jurisdiction in the nation. An employee may use any combination of accrued sick leave, annual leave, compensatory time, or leave without pay as parental leave. Beginning October 1, 2016, under the Earned Sick and Safe Leave Act, County Government employees will be able to use accrued sick leave as safe leave, where the absence from work is due to domestic violence, sexual assault, or stalking committed against the employee or the employee's family member.

Second, OHR took a leave snap shot on May 27, 2016 and it showed that the average Montgomery County employee has over 106 days (855 hours) of accrued leave (this includes annual, sick, compensatory, Paid Time Off, and personal leave) available to the employee. The County has approximately 5,300 employees under age 50 and this group has on average 89 days (713 hours) of accrued leave. Those employees who have exhausted all their leave (as of May 27th, 35 employees had zero leave balances and 262 employees had fewer than 40 hours of accrued leave) may receive sick leave donations from the MCGEO sick leave bank (up to 640 hours per year) or the sick leave donor

program for unrepresented employees (up to 1040 hours per year).

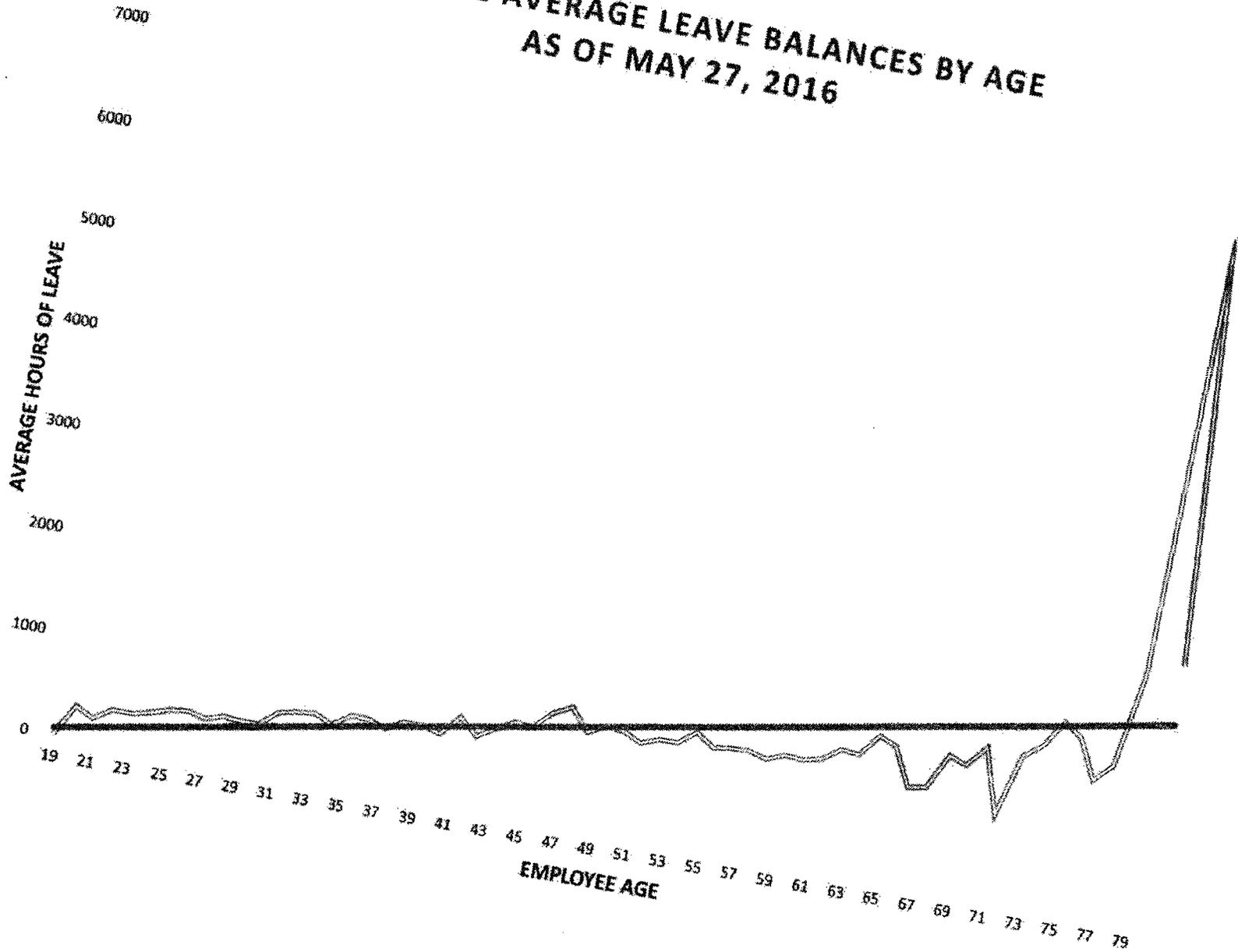
Third, we have examined and put together the parameters for a Paid Parental Leave Program as this committee requested. We recommend an eligibility requirement of 6 months of continuous County employment. This is consistent with the eligibility requirement for parental leave and for sick leave donations. We also recommend that the Paid Parental Leave Program be part of the current 18 weeks of parental leave but be paid separately from whatever accumulated leave the employee would've used otherwise. Paid Parental Leave would then have to be requested at least 30 days prior to the birth or adoption of a child. The existing request form requires documentation verifying the baby's anticipated date of birth and the employee's name (such as a hospital birth record or birth certificate) or proof that a petition for adoption has been filed with the court. The Paid Parental Leave would have to be used within 12 weeks of the qualifying event.

The attached chart estimates the cost for the County Government to implement a Paid Parental Leave Program for its employees. The estimated cost ranges from \$381,683 to \$479,224 for a one week (5 day) paid leave program to from \$2,040,096 to \$2,625,347 for a six week (30 day) paid leave program. A two week (10 day) Paid Parental Leave Program, like Fairfax County has, would cost between \$713,365 and \$908,449 during the initial year. These projected costs include an estimated one time ERP/MCtime charge of \$50,000 to make changes in the Oracle system. The estimated costs in the out years would be less.

Finally, a Paid Parental Leave Program, whether it be for one, two or three weeks, would potentially benefit only half of the County workforce, those under 50 years of age. We project that it will benefit a little over 200 employees annually. Many County employees are part of the sandwich generation. They need to care for their aging parents as well as provide for their children. A Paid Family Leave Program which would provide paid leave to either bond with a newborn or newly adopted child or care for a family member with a serious health condition would be more equitable. However, it would also raise the cost of the program exponentially.

Thank you and I am pleased to engage in a dialogue with you on these issues.

EMPLOYEE AVERAGE LEAVE BALANCES BY AGE AS OF MAY 27, 2016



Parental Leave Scenarios - Assumes a Six Month Employment Requirement

# Weeks	ERP/MCtime Estimate	Components		Usage Estimate: Birth/Adoption ²	Estimated Cost			
		Opportunity Cost	OT Backfill Cost		Initial Year		Outyears	
		Min ¹	Max ¹		Min	Max	Min	Max
1	\$50,000	\$8,475,464	\$10,967,946	3.9%	\$381,683	\$479,224	\$331,683	\$429,224
2	\$50,000	\$16,950,928	\$21,935,892	3.9%	\$713,365	\$908,449	\$663,365	\$858,449
3	\$50,000	\$25,426,391	\$32,903,838	3.9%	\$1,045,048	\$1,337,673	\$995,048	\$1,287,673
4	\$50,000	\$33,901,855	\$43,871,783	3.9%	\$1,376,730	\$1,766,898	\$1,326,730	\$1,716,898
5	\$50,000	\$42,377,319	\$54,839,729	3.9%	\$1,708,413	\$2,196,122	\$1,658,413	\$2,146,122
6	\$50,000	\$50,852,783	\$65,807,675	3.9%	\$2,040,096	\$2,625,347	\$1,990,096	\$2,575,347

¹ Total cost for employees under 50 years of age.

² The average number of employees in 2014, 2015, 2016 (projected) using FMLA for the birth or adoption of a child (138), with a .5 factor added to account for employees not using FMLA, for a total of 207 employees, divided by the total number of County employees under 50 years of age (5,281, as of 6.13.16).

Please note that the ERP/MCtime estimate is a placeholder.

MEMORANDUM

September 16, 2016

TO: County Council

FROM: Amanda Mihill, Legislative Attorney *A. Mihill*

SUBJECT: **Progress Report – Grant Funded Study of Paid Family and Medical Leave**

Presenters:

Sara Jane Glynn, Director of Women's Economic Policy
Center for American Progress

Jeffrey Hayes, Ph.D., Study Director
Institute for Women's Policy Research

At this session, the Council will receive an overview on the characteristics and components of paid family and medical leave and an update on the study that is being undertaken to model options for a paid family and medical leave program for Montgomery County. This leave program would apply to all covered workers in Montgomery County, not just County Government employees. This briefing is in anticipation of the completion of the study, it will not present cost estimates which are still being finalized.

Background

At the request of the Council, the Office of Legislative Oversight (OLO) applied to the Department of Labor for a grant to conduct a study that would model the costs for potential structures for a paid family and medical leave program, provide a cost-benefit analysis, and discuss implementation issues for the different structures. The grant was awarded and OLO subcontracted with the Center for American Progress and the Institute for Women's Policy Research to complete this report.

The grant application highlighted Montgomery County's population of 1,030,500 and 462,728 people employed in the County. It described the Council's efforts regarding universal paid sick leave, the minimum wage, and the County match to the Earned Income Tax Credit. In addition to estimating cost based on structures used in other jurisdictions, because Montgomery County does not have a Disability Insurance Fund, the study will look at legal and administrative issues that must be addressed in an implementation action plan.

Improving Work Life in Montgomery County, MD

COSTS AND BENEFITS OF PAID FAMILY AND MEDICAL LEAVE

TUESDAY, SEPTEMBER 20, 2016

Jeffrey Hayes, PhD
Program Director, Job Quality & Income Security
Institute for Women's Policy Research
hayes@iwpr.org



Components of the Cost Analysis

- IWPR will report provide:
 - estimates on the number and types of workers in the county who are likely to gain access to paid leave by comparing estimates of those currently not covered by employer-provided benefits to the benefit coverage under a proposed policy.
 - the distributional impacts of a proposal by several social and economic characteristics on the number of leaves taken for different reasons, the characteristics of the leaves, and the level of benefits received.

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FML2 Simulation Model

FML Simulation Model developed in mid-2000s by IWPR with Randy Albelda and Alan Clayton Matthews, economists from Massachusetts.

FML2 Simulation Model updated in 2014-2016

- ACM using DOL/Women's Bureau grant to MA
- IWPR & ACM with DOL/OCE support through IMPAQ International



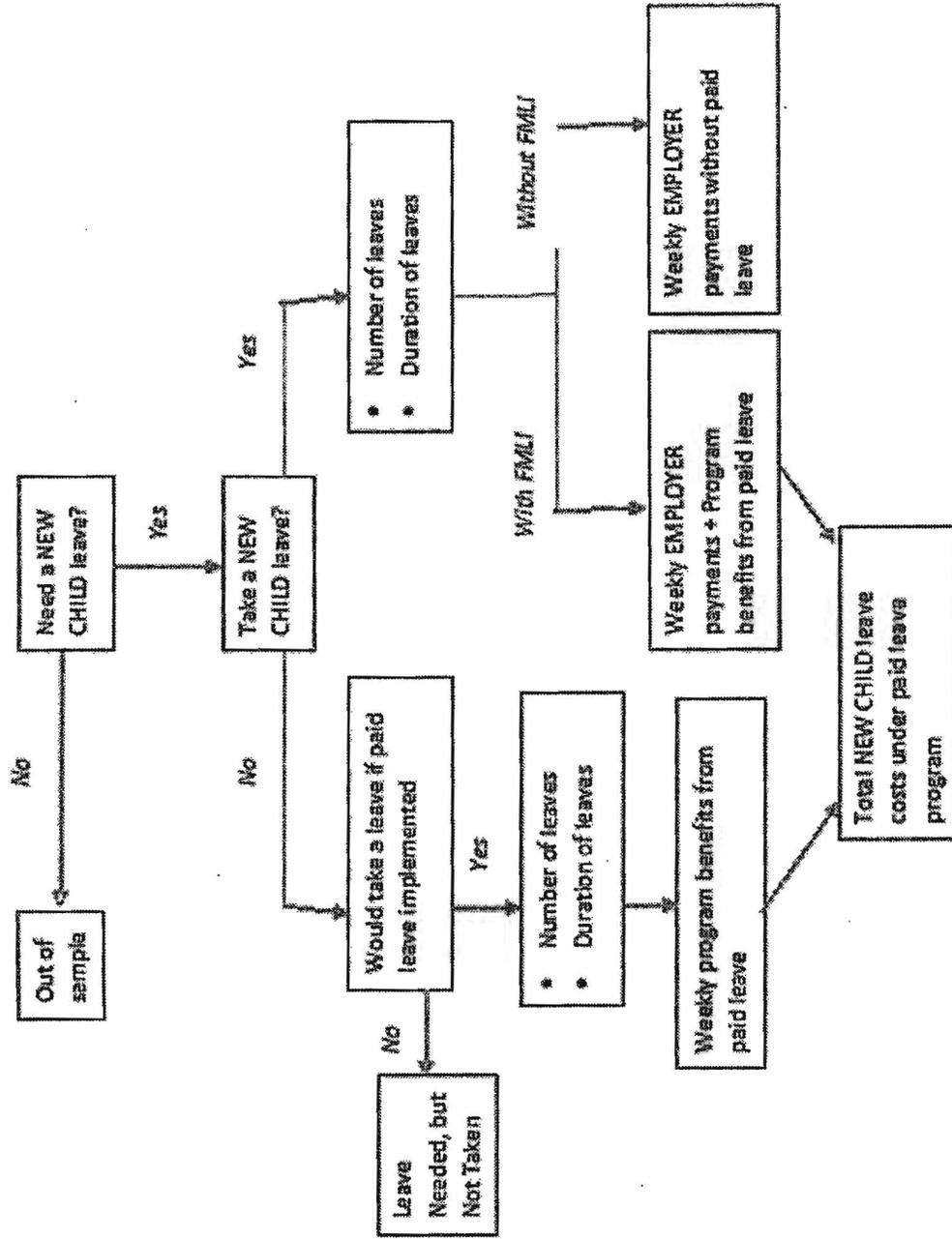
How the Simulation Model Works

- Behavioral parameters are set using research from the 2012 FMLA and other sources including existing state programs.
- Parameters of the generosity of each program to be simulated are entered to reflect the policy designs (benefit level, eligibility).
- The simulation model runs all workers in the ACS through each program model and produces a simulated outcome file for each program model.

Simplified Example of Simulation Model for New Child Bonding Leaves

Figure shows the flow of worker leave taking decisions within the simulation model

Worker behaviors or leave characteristics are modeled using the FMLA 2012 data.



Refinements made in model in 2016

- Variants for nation/state of residence OR state of work.
- Option for flexible specification of progressive benefit computation.
- Improvements in calculating cost of leaves on an annual basis.
- Option for employers' behavioral changes – program use and topping up benefits to full pay.

Examples of Program Models

EXISTING STATE POLICIES

Expansions of existing disability programs (TDI)

- California (2002 and 2016)
- New Jersey (2008)
- Rhode Island (2013)

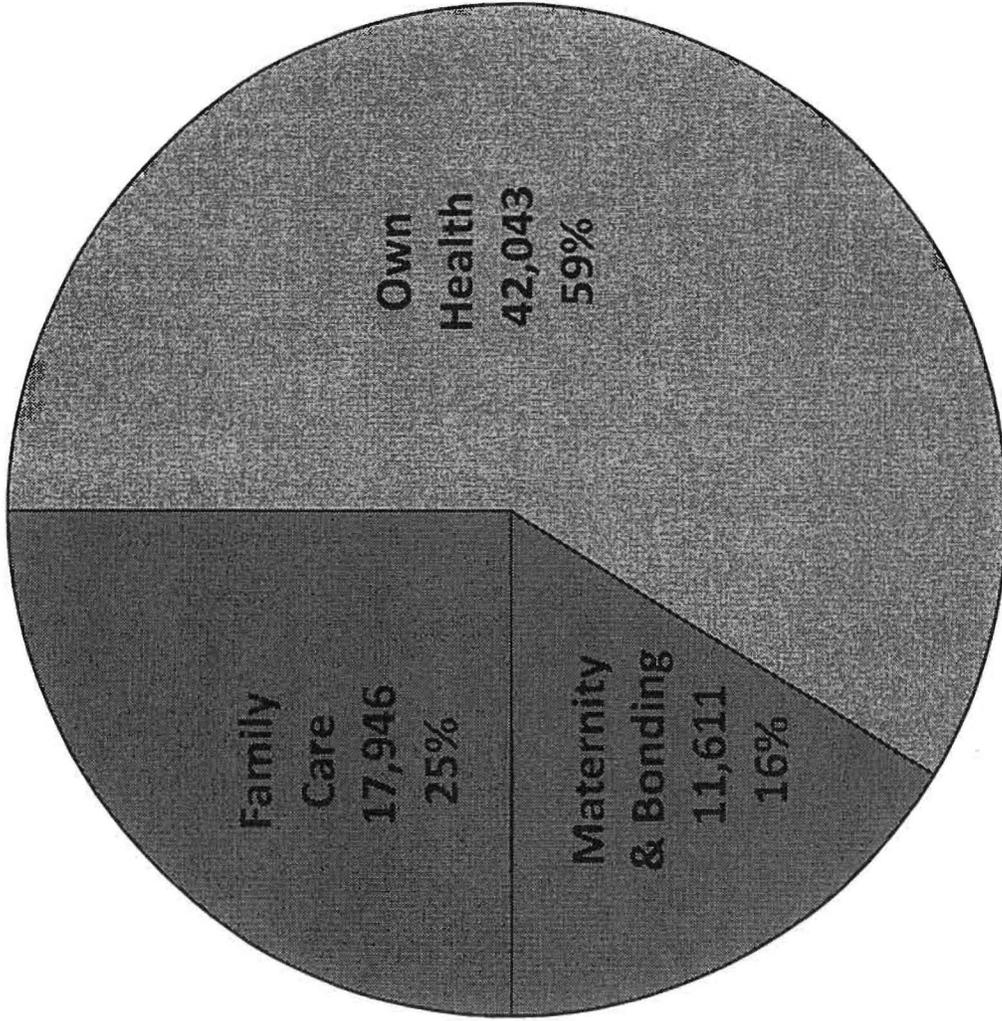
STATE & LOCAL PROPOSALS

Family and Medical Leave Insurance

- DC (Mendelson, Feb. 2016)
- Maryland (HB 740, Feb. 2016)
- Colorado (SB 14-196, 2014)
- Designs focused on parental leave needs – including long leaves

Estimated Number
of Worker Leaves
Taken in
Montgomery
County is 71,600

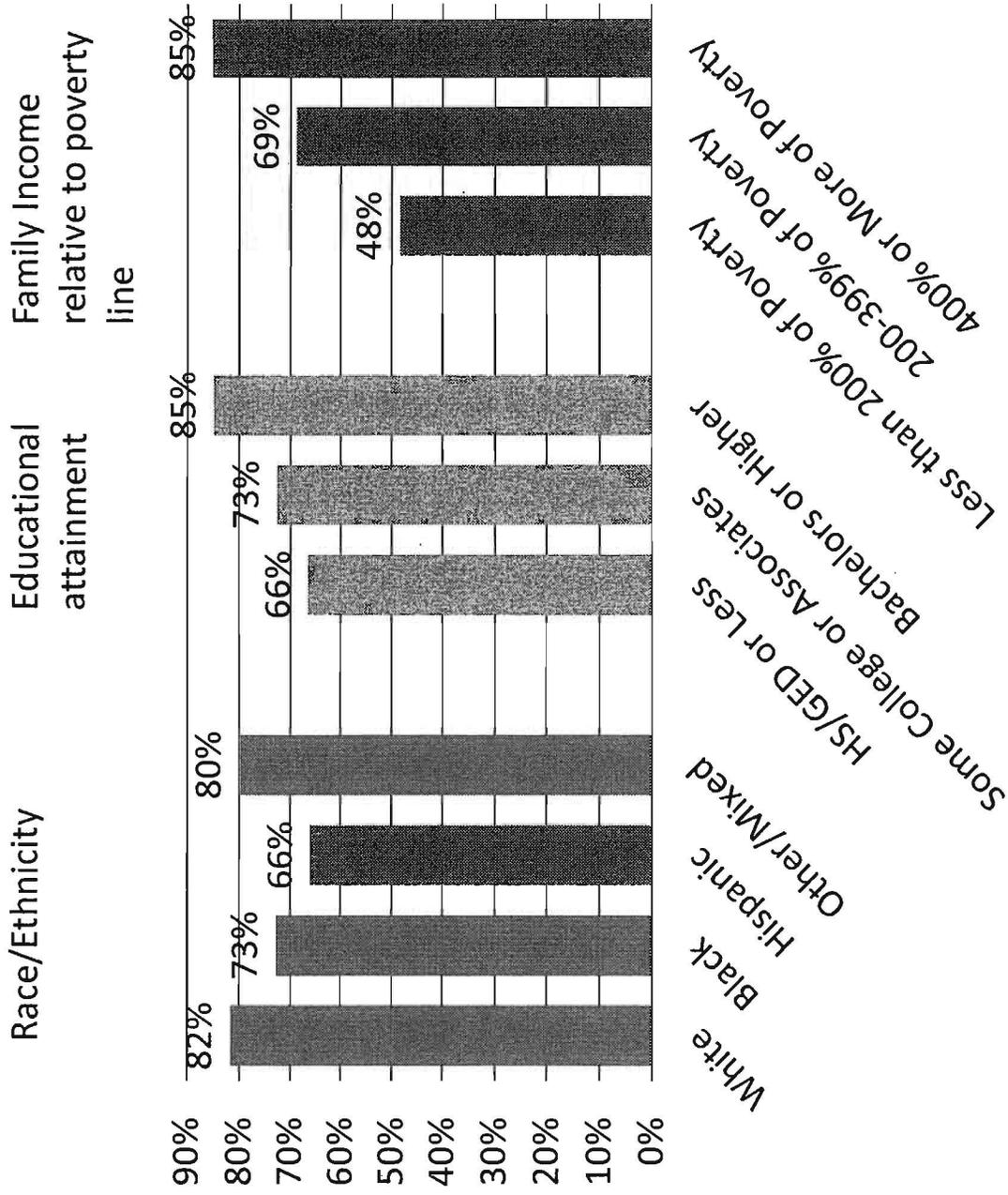
Leaves taken per year for
family and medical reasons
under current law including
both PAID and UNPAID.



Substantial Inequality in Paid Leaves for Workers in Montgomery County

Estimated share of leaves taken that are at least partially paid under current policies for workers in Montgomery County.

Paid leave includes paid sick days, vacation, PTO, etc. as well as any dedicated paid family leave.



Thank You

Jeff Hayes

Program Director, Job Quality & Income Security

Institute for Women's Policy Research

hayes@iwpr.org



INSTITUTE FOR
WOMEN'S POLICY RESEARCH
Informing policy. Inspiring change. Improving lives.

Implementing Paid Family and Medical Leave : Montgomery County, MD

Montgomery County Council Briefing
September 20, 2016

PRESENTATION BY:

SARAH JANE GLYNN, DIRECTOR OF WOMEN'S ECONOMIC POLICY, CENTER FOR
AMERICAN PROGRESS

ON BEHALF OF

MONTGOMERY COUNTY, MARYLAND OFFICE OF LEGISLATIVE OVERSIGHT



What is Paid Family and Medical Leave?

Paid family and medical leave insurance provides wage replacement when workers need time off to:

- Care for a new baby
- Care for a seriously ill family member
- Address their own serious health condition

The United States versus the rest of the world

The United States:

- Only advanced economy without paid maternity leave
- One of a handful without paid paternity leave or temporary disability leave
- Only high wealth country without any form of paid leave at all

5 states currently offer Temporary Disability Insurance: California, New Jersey, Rhode Island, New York, and Hawaii

- 4 states also cover family caregiving: California, New Jersey, Rhode Island, and New York (2018)

More than a dozen states and the District of Columbia have introduced paid family and medical leave insurance bills or are looking into their development

Why Paid Family and Medical Leave?

Economic benefits to workers and economy:

- Increased likelihood of labor force participation

Health care benefits:

- Breastfeeding, vaccinations, child well-being
- Reduced stress

Anti-poverty measure, reducing the risk of:

- Bankruptcy,
- Job loss,
- Having to rely on benefits like SNAP and TANF

Important Consideration for Policy

Eligibility

- Low eligibility threshold to ensure most vulnerable workers are covered

Inclusiveness

- Should cover all workers in the state

Length of Time

- No less than 12 weeks

Benefit level

- Wage replacement should be high enough to allow for program participation

Contributions

- Employer, employee, or both

Administration

- Government-run program is preferable

Montgomery County, Maryland – Fast Facts

- One-third of all households in Montgomery County are families with children
- In 2015 there were 11,895 births recorded in Montgomery County
 - Roughly one-in-five (19.3 percent) were to single mothers
- The poverty rate for families with children is 7.6 percent
 - Lower than the national rate of 17.1 percent
- 2/3 of women over the age of 16 are in the labor force
 - Compared to 71.4 percent of men
- And 2/3 of working women work full-time
 - Compared to 74.4 percent of men
- Yet the wage gap persists at 84 percent

Designing a Paid Family and Medical Leave Program

Potential Program Structures:

- Employer Mandates
 - Potential negative unintended consequences
- Social Insurance
 - Most common international and domestic structure
- Noncontributory Programs
 - Less common program structure, useful when unable to levy taxes

Necessary Components of a Paid Family and Medical Leave Program

In order to function efficiently and effectively, any PFML program must be able to:

- Evaluate qualifying events
 - Requires the ability to verify births/adoptions/foster placement and make medical determinations
- Determine program eligibility
 - Varies depending on exact program rules, in most cases will require access to individual-level data on earnings for workers employed in the state/municipality
- Calculate benefit amount and process payments
 - With the exception of flat benefits, also requires access to data on prior earnings.

Existing Sources of Information or Inspiration

Even in states or municipalities that do not have infrastructure that can be easily expanded, there are existing data sources, processes, and efficiencies that can be built upon.

Some options include:

- Unemployment Insurance
- State Directory of New Hires
- State Taxing Authority
- Workers' Compensation

BLANK



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

NANCY NAVARRO
COUNCILMEMBER, DISTRICT 4

MEMORANDUM

TO: Sidney Katz, Councilmember
Hans Riemer, Councilmember

FROM: Nancy Navarro, Chair *NN*
Government Operations and Fiscal Policy Committee

DATE: August 29, 2016

SUBJECT: Paid Family Leave for County Employees

On February 11, 2016 and July 21, 2016, the Government Operations and Fiscal Policy Committee (GO) had two very productive conversations about the family leave policies Montgomery County currently has in place and what changes could be made to improve them. The Office of Human Resources (OHR) has been extremely helpful and collaborative in providing us with all of the information we have requested to help us analyze this issue and make a reasoned policy decision.

We received information about the wide range of leave that the County offers, including annual leave, sick leave, personal days and holiday leave. County employees may use up to 12 weeks of unpaid leave under the federal Family Medical Leave Act and up to 18 weeks of unpaid leave under the County's parental leave program. Importantly, we learned that the average County employee has more than 106 days (855 hours) of accrued leave available for use, while employees under age 50 have 89 days (713 hours) on average.

During the previous two discussions on this topic, all three of us have reaffirmed our commitment to providing paid family leave to County employees. We have been in agreement that the current parental leave options offered fall short of the standard we believe the County should set as a model employer. If we want to demonstrate our commitment to supporting new parents, we must offer paid family leave.

However, in developing a paid family leave policy it is essential that we recognize the large amount of accrued leave hours our employees already have accumulated. We also

need to consider the fiscal impact of a paid family leave program and understand how similar programs have worked in other jurisdictions. The purpose of this memo is to provide the GO Committee with some of my thoughts and suggestions for how we can move forward on this issue. Below, I have outlined some parameters for what I believe is a fair policy:

1. The County should offer all employees six weeks of paid family leave for the birth or adoption of a child. Our policy should apply to both parents equally.
2. As recommended by OHR, the program should:
 - a. Be part of the current 18 week parental leave program;
 - b. Have an eligibility requirement of 6 months of continuous County employment;
 - c. Be requested at least 30 days before the birth or adoption of a child;
 - d. Be used within 12 weeks of the birth or adoption.
3. The County should amend its sick leave policy to allow for an employee to use up to six weeks of accrued sick leave as family sick leave to care for an immediate family member. Currently, the County only allows 15 days for this purpose.
4. OHR should provide the GO Committee with an annual report detailing the use and cost of these new family leave policies.

I want to thank both of you for your leadership on this issue. While the policy proposal outlined above will have a limited impact because it only applies to County employees, the report funded by the Department of Labor, being overseen by the Office of Legislative Oversight and championed by Councilmember Riemer, will set us on a path toward family leave for all Montgomery County residents. My hope is that the GO Committee's bold action on this issue for County employees will set the example for the private sector.

Montgomery County prides itself on standing up for working families and being on the cutting edge of progressive policy initiatives. Over the past few years, the Council raised the minimum wage, approved a strong safe and sick leave bill and ensured employees of County contractors receive the living wage. Paid family leave is an important next step for us to make sure we continue treating working people in Montgomery County with the dignity they deserve. I look forward to continuing our work together on the GO Committee.

**TESTIMONY ON BEHALF OF OFFICE OF HUMAN RESOURCES DIRECTOR
SHAWN Y. STOKES**

Family Leave Policies for County Government Employees

Before the Government Operations & Fiscal Policy Committee

October 13, 2016

Good morning Council Members, thank you for the opportunity to appear before this committee to continue our constructive dialogue on Family Leave Policies for County Government Employees.

To assist the committee, we have updated the attached chart that estimates the cost of implementing a program for paid parental leave as well as a paid leave program that covers both parental and family leave. The estimated cost for the County Government to implement a 6 week Paid Parental Leave Program for its employees ranges from \$2,190,096 to \$2,775,347 during the initial year. These projected costs include an estimated one time ERP/MCtime charge to make changes in the Oracle system. The estimated costs in the out years would be less. The estimated cost for a 6 week paid leave program that covers both parental and family leave ranges from \$21,856,569 to \$27,940,478 during the initial year.

The long term benefits of paid parental leave for the parents as well as for the child are well documented. Such a policy would put Montgomery County in the forefront nationally of caring employers. It would also serve as a significant employee recruitment tool.

The questions remains, however, whether the County can afford to spend well over \$13,400 per eligible employee to implement such a new leave plan? Whether a paid parental leave program is necessary, considering the leave currently available to County employees? Whether a 6 week Paid Parental Leave Program is fair to other County employees, and does it have a disparate impact on older County workers?

Montgomery County already provides a generous leave package for its employees. County employees receive between 15 and 26 days of annual leave (depending on years of service), 15 days of sick leave, 3 personal leave days, and 9 days of holiday leave. Employees may use up to 120 hours of accrued sick leave each year as family sick leave to care for an immediate family member. County employees may use up to 12 weeks of Family and Medical Leave Act (FMLA) leave each year. The County provides up to 18 weeks of parental leave during a 24-month period for employees (both moms and dads) to use to bond with a newborn or newly adopted child. 18 weeks of parental leave is

among the highest of any local government in the nation. In fact, the County offers a variety of leave options, detailed in the attached matrix.

OHR took an employee leave snap shot on May 27, 2016 and it showed that, counting annual, sick, compensatory, Paid Time Off, and personal leave, the average Montgomery County employee has over 855 hours of accrued leave available. In addition, employees who have exhausted all their leave may receive sick leave donations from the MCGEO sick leave bank (up to 640 hours per year) or the sick leave donor program for unrepresented employees (up to 1040 hours per year). In Executive Regulation 11-16, pending before this committee, we propose allowing an eligible employee to use up to 120 hours of sick leave donations as parental leave.

A Paid Parental Leave Program would benefit a little over 200 employees annually. Many County employees are part of the sandwich generation. They need to care for their aging parents as well as provide for their children. A Paid Family Leave Program which would provide paid leave to either bond with a newborn or newly adopted child or care for a family member with a serious health condition would be far more equitable. However, as noted earlier, it would also raise the cost of the program exponentially.

Thank you and I am pleased to engage in a dialogue with you on these issues.

OHR Family Leave Costing Assumptions – Including Information on Parental Leave

1. The County currently provides a very robust leave package, including the ability of employees, if qualified, to avail themselves of the sick leave bank or to donated sick leave when they have exhausted their own leave benefits.
 - If annual, compensatory, personal, PTO, and sick leave are all considered, the average Montgomery County employee has 855 hours of leave available to them, as of May 27, 2016.
 - A parental leave benefit is more likely to affect the youngest half of our workforce. The approximately 5,300 employees who're younger than 50 years old have, on average, 713 hours of leave.
2. With the development of the sick leave bank, the County has also provided for employees who have exhausted all their leave. Of the 8,944 employees who have been employed more than 6 months, and are eligible to apply to either the sick leave bank or for donated sick leave, 262 have fewer than 40 hours of leave, while 35 have zero (or below) leave balances.
3. Assumptions:
 - We assume that the cost of any new leave bucket will be the result of the work not accomplished when the employee using the leave is out (opportunity cost) or the cost of backfilling the position with another employee making the same salary (at 1.5 x an employee's regular rate). We present this as a range of salary (plus variable benefits) costs.
 - To estimate the cost of an expanded benefit, we assumed the salary cost for the total workforce with more than 6 months of service as our starting point.
 - The three year average (with 2016 projected based on 5 months experience) use of FMLA is 1,350 employees. We assume an additional factor of 0.5, or 2,026 employees in total, to account for the employees who don't currently use FMLA where it is appropriate. These 2,026 employees are 22.6 percent of the portion of the workforce with more than 6 months of service.
 - Proposed recommendation and costing assume the availability of the benefit to regular employees only and a prorated benefit for part-time regular employees.
 - Costing assumes newly hired (less than 6 month) employees are ineligible for the benefit.
 - There will be administrative costs involved in implement this new type of leave. The \$200,000 shown is a placeholder; costs will be primarily for ERP and Mctime implementation.
 - Data were downloaded in June 2016.
 - Costing for the initial year includes the minimum and the maximum cost, both multiplied by the 22.6 percent usage estimate, plus the implementation costs. Outyear costs don't include the initial implementation costs.

Family Leave Scenarios - Assumes a Six Month Employment Requirement

# Weeks	Implementation Cost Estimate	Components			Estimated Cost			
		Opportunity Cost	OT Backfill Cost	Usage Estimate ²	Initial Year		Outyears	
		Min ¹	Max ¹		Min	Max	Min	Max
1	\$200,000	\$15,936,794	\$20,413,865	22.6%	\$3,809,428	\$4,823,413	\$3,609,428	\$4,623,413
2	\$200,000	\$31,873,588	\$40,827,730	22.6%	\$7,418,856	\$9,446,826	\$7,218,856	\$9,246,826
3	\$200,000	\$47,810,382	\$61,241,595	22.6%	\$11,028,285	\$14,070,239	\$10,828,285	\$13,870,239
4	\$200,000	\$63,747,176	\$81,655,461	22.6%	\$14,637,713	\$18,693,652	\$14,437,713	\$18,493,652
5	\$200,000	\$79,683,970	\$102,069,326	22.6%	\$18,247,141	\$23,317,065	\$18,047,141	\$23,117,065
6	\$200,000	\$95,620,764	\$122,483,191	22.6%	\$21,856,569	\$27,940,478	\$21,656,569	\$27,740,478

¹ Total workforce.

² The average number of employees in 2014, 2015, 2016 (projected) using FMLA (1350), with a .5 factor added to account for employees not currently using FMLA, for a total of 2,026 employees, divided by the total number of County employees who have at least 6 months of service (8,944, as of 6.13.16).

Please note that the implementation cost estimate is a placeholder, and will include MTime and ERP costs when finalized.

- o The estimated family leave costs detailed above include the cost of a paid parental leave benefit, calculated in a similar fashion:

Parental Leave Scenarios - Assumes a Six Month Employment Requirement

# Weeks	Implementation Cost Estimate	Components			Estimated Cost			
		Opportunity Cost	OT Backfill Cost	Usage Estimate:	Initial Year		Outyears	
		Min ¹	Max ¹	Birth/Adoption ²	Min	Max	Min	Max
1	\$200,000	\$8,475,464	\$10,967,946	3.9%	\$531,683	\$629,224	\$331,683	\$429,224
2	\$200,000	\$16,950,928	\$21,935,892	3.9%	\$863,365	\$1,058,449	\$663,365	\$858,449
3	\$200,000	\$25,426,391	\$32,903,838	3.9%	\$1,195,048	\$1,487,673	\$995,048	\$1,287,673
4	\$200,000	\$33,901,855	\$43,871,783	3.9%	\$1,526,730	\$1,916,898	\$1,326,730	\$1,716,898
5	\$200,000	\$42,377,319	\$54,839,729	3.9%	\$1,858,413	\$2,346,122	\$1,658,413	\$2,146,122
6	\$200,000	\$50,852,783	\$65,807,675	3.9%	\$2,190,096	\$2,775,347	\$1,990,096	\$2,575,347

¹ Total cost for employees under 50 years of age.

² The average number of employees in 2014, 2015, 2016 (projected) using FMLA for the birth or adoption of a child (138), with a .5 factor added to account for employees not using FMLA, for a total of 207 employees, divided by the total number of County employees under 50 years of age (5,281, as of 6.13.16).

Please note that the implementation cost estimate is a placeholder, and will include MTime and ERP costs when finalized.