



BOARD OF TRUSTEES  
June 14, 2022  
6:00 PM

Work Session Meeting

The Zoom information below is for online viewing and listening only.

Please click this URL to join.

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## A. ITEMS

### 1. Family and Medical Leave Insurance (FAMLI) Options

- Presentation: Kelly Houghteling, Deputy Town Administrator and Stephanie Anderson, Human Resource Manager

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## Board of Trustees Meeting

**Date:** June 14, 2022  
**Submitted By:** Kelly Houghteling, Deputy Town Administrator  
**Subject:** Family and Medical Leave Insurance (FAMLI) Options

- **Presentation: Kelly Houghteling, Deputy Town Administrator and Stephanie Anderson, Human Resource Manager**

### **EXECUTIVE SUMMARY**

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In November, 2020, Colorado voters approved Proposition 118, which paved the way for a state-run Paid Family Medical Leave Insurance (FAMLI) program. The Town must decide by January 1, 2023 whether to participate in the state-run program.

### **BACKGROUND / DISCUSSION**

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The State of Colorado Paid Family 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 like injury, serious illness, or pregnancy. Participating employers and employees will both contribute to premiums for FAMLI. Employers are to start collecting and remitting premiums on January 1, 2023, and benefits will be available starting January 1, 2024. Premiums are equal to .9% of each employee's regular weekly wage. Half of the .9% (or .45%) is to be paid by the employee, and the other half is to be paid by the employer. The Town is responsible for collecting employee premiums via payroll deduction, and for remitting all premiums to the State on a quarterly basis. Premiums are mandatory for all full-time, part-time, seasonal and temporary employees, whether they ever utilize the benefit or not.

During their leave, employees will receive between 37% and 90% of their wages, capped at \$1,100 per week. Higher wage earners will earn a lesser percentage. Employees earning about \$1,500 per week will receive approximately 68% of their weekly wage, or \$1,018 per week while on leave, and will pay approximately \$6.75 per week in premiums. All municipalities are included in FAMLI by default, but 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 take testimony before voting. Declination takes effect in 180 days, so employees can individually opt in to the FAMLI program at their own cost if they so desire.

The Town's financial burden in the first year of the FAMLI program will likely exceed \$20,000. Premium costs are based on the number of employees we have, as well as the amount of money each employee makes. As we continue to grow and add new positions and new staff members, our premium costs will continue to increase. The Town could consider implementing an internal Paid Family Medical Leave program that would provide 12 weeks of paid family and medical leave to all full-time and part-time employees, without the need to pay unnecessary premiums to the state or to a third-party disability provider.

Staff has prepared a PowerPoint presentation, included in your packet, and will review the pros and cons of opting in or opting out of the state program.

### **STAFF RECOMMENDATION**

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No decision is needed at this time. However, staff would recommend making a decision in August or September before the 2023 Budget is finalized.

## **ATTACHMENTS**

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1. FAML I Presentation

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# Family and Medical Leave Insurance (FAMLI)

Stephanie Anderson, Human Resources Manager  
Kelly Houghteling, Deputy Town Administrator





## Question for Board of Trustees

Should the Town of Wellington opt-in or opt-out of the State-run Family and Medical Leave Insurance (FAMLI) Program?

# What is FAMLI Leave?

- Colorado Voters approved Proposition 118 in November of 2020 to initiate a state-run paid Family and Medical Leave Insurance (FAMLI) program.
- This program will ensure all Colorado Workers have access to paid leave in order to take care of themselves or their family for medical needs such as: growing a family, taking care of themselves or a loved one with a serious health condition.
- Colorado's FAMLI program will be administered by the Division of Family and Medical Leave Insurance.
- FAMLI will start providing benefits to Colorado employees on January 1, 2024, and contributions begin January 1, 2023.

## When can covered workers use FAMLI leave?

- Their own serious health condition.
- Serious health condition of a family member.
- Care of a new child (birth, foster placement, adoption, caring for a child within the first year from birth).
- Making arrangements for military deployments.
- Immediate safety needs and impact of domestic violence/sexual assault.



# How it Works

- Employers and their employees are responsible for funding the program.
- The premium is 0.9% of each employee's salary and this will be split between the employee and the employer contributing 0.45% each to the state.
- Funding will begin on January 1, 2023 to prepare for the 2024 launch.
- An employee would work directly with the State for leave and their leave would be paid up to \$1,100.00 per week, and they would not be required to use their work leave banks.
- They are eligible for 12 weeks up to 16 weeks of the benefit per year.



# A local government's options to participate:

## Participate in FAML I.

- You pay the employer share of the premium like any other employer.
- That's 0.45% of wages if you have 10 or more employees, and 0% of wages if you have fewer than 10 employees.
- You remit employees' share of the premium (0.45% of wages) and submit wage data to the FAML I Division once a quarter.

## Decline *all* participation in FAML I.

- Your local government must vote not to participate.
- Then you must then notify the FAML I Division of your decision.
- The local government must revisit the decision to opt out at least every eight years.

## Decline *employer* participation in FAML I.

- If the local government votes to decline, it still has the option to assist its employees who want to individually participate in FAML I.
- This means the local government would facilitate voluntary payroll deductions, remit the employee share of the premium, and submit wage data once a quarter to the FAML I Division.

# Wellington Impact

## Example of 2021 Financial Impact to Opt-in

Full and Part Time Employees	Employee Contribution = .45%	Town Contribution = .45%	TOTAL (0.9% of salary)
64	\$15,170	\$15,170	\$30,340
Seasonal and Board Members	Seasonal and Board Contribution .45%	Town Contribution = .45%	TOTAL (0.9% of salary)
14	\$233	\$233	\$466
2021 Total			<b>\$30,806</b>

# We are uniquely Wellington, but what are other communities leaning towards doing?

Town/City	Leaning Towards
Castle Pines	Opt-in
Frederick	Opt-out
Estes Park	Opt-out
Louisville	Opt-out
Severance	Opt-out
Greenwood Village	Opt-out

# Opting-in

## Pros

- Most administrative duties fall to the State.
- More cost-effective for large employers.
- FAML I benefits are portable potential employees can transfer benefit with out fear of losing family leave accrued at prior employers.

## Cons

- Pay the State of Colorado to administer the program.
- Must pay for all full-time, part-time, seasonal, and elected officials on quarterly basis.
- If the Town opts in, an employee cannot opt-out.
- If the Town of Wellington opts in, we must remain in the program for 3 years.
- This is a new state program and may have administrative issues to sort out as they grow.



# Opting-out

## Pros

- Town has more control to run our own program that is equal or better than state program.
- Only pay for employees currently on leave rather than lump sum to State quarterly.
- Pay for leave will already be budgeted for the year and will not need an additional fund.
- Employees will be eligible for their normal weekly wage. The state has some restriction and maxes out at \$1,100 per week.

## Cons

- The town continues administration of our own leave plan.
- Employees may be interested in participating and would either be unable to, or would have to manage their portion.
- The Town could have vacancy savings not paying wages while an employee is being paid by the State.

# Employer Only vs. Complete Opting Out



All Colorado employees have the right to FMLI leave. If the TOW chooses to opt out of the program staff members are still able to opt in, and contribute their portion, but the employer would not.

## Decline All Participation

- If an employee wanted to opt in, they would have to open their own FMLI account, and submit remit their wages to the state quarterly.
- The Town would play no part in FMLI program and all responsibility falls on staff members



## Decline Employer Participation

- The TOW would provide administrative responsibility to deduct and remit employees wages to the state on the employee's behalf.
- The Town would be responsible to remit payments and properly deduct wages for participating staff members.



# Timeline for Decision Making



# Benefit Impact

- Employees that are eligible for Family and Medical Leave Act (FMLA) will have their FAMLI leave and FMLA run concurrently
- Employees on FAMLI leave will not use their leave bank
- Short Term disability insurance is voluntary and is not paid by the Town therefore there will be no impact
- Employee deductions of their health care benefits will be normally deducted from their paycheck while on leave leading to no impact on the Town's responsibility



# Next Steps

## Decision Options

- a) Opt-in
- b) Opt-out All Participation
- c) Opt-out Employer Only

## Timeline for Decision Making

- Tonight: Discussion
- August/September: Vote on resolution to opt-in or opt-out.
- Notify Employees within 30 days of decision.



# Questions

<https://famli.colorado.gov/>