



City of Milwaukee Fiscal Impact Statement

A	Date <u>1/4/2021</u>	File Number <u>211166</u>	<input type="checkbox"/> Original	<input checked="" type="checkbox"/> Substitute
	Subject <u>Paid parental leave for general City employees</u>			

B	Submitted By (Name/Title/Dept./Ext.) <u>Christopher Hillard, Fiscal Analyst Lead, City Clerk, 2170</u>
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C	This File	<input checked="" type="checkbox"/> Increases or decreases previously authorized expenditures.
		<input type="checkbox"/> Suspends expenditure authority.
		<input type="checkbox"/> Increases or decreases city services.
		<input checked="" type="checkbox"/> Authorizes a department to administer a program affecting the city's fiscal liability.
		<input type="checkbox"/> Increases or decreases revenue.
		<input type="checkbox"/> Requests an amendment to the salary or positions ordinance.
		<input type="checkbox"/> Authorizes borrowing and related debt service.
		<input type="checkbox"/> Authorizes contingent borrowing (authority only).
		<input type="checkbox"/> Authorizes the expenditure of funds not authorized in adopted City Budget.

D	Charge To	<input checked="" type="checkbox"/> Department Account	<input type="checkbox"/> Contingent Fund
		<input type="checkbox"/> Capital Projects Fund	<input type="checkbox"/> Special Purpose Accounts
		<input type="checkbox"/> Debt Service	<input type="checkbox"/> Grant & Aid Accounts
		<input type="checkbox"/> Other (Specify) _____	

E	Purpose	Specify Type/Use	Expenditure	Revenue
	Salaries/Wages	Paid Parental Leave	\$502,467.00	\$0.00
			\$0.00	\$0.00
	Supplies/Materials		\$0.00	\$0.00
			\$0.00	\$0.00
	Equipment		\$0.00	\$0.00
			\$0.00	\$0.00
	Services		\$0.00	\$0.00
			\$0.00	\$0.00
	Other		\$0.00	\$0.00
			\$0.00	\$0.00
	TOTALS		\$502,467.00	\$ 0.00

This statement is based on analysis performed by the Department of Employee Relations (DER). Using its database, DER was able to determine the number of general City employees who used FMLA for parental leave from 2020 to November of 2021 (40 in 2020, 37 in 2021). For the purposes of this analysis, the higher number, 40, was used for calculations. DER was also able to determine the salaries for each of these employees and found that the average salary was \$54,434 per year. Based on this, the average cost per pay period for an employee taking paid parental leave would be \$2,093. 12 weeks of leave would cover 6 pay periods, for an average cost of \$12,561 per employee if the employee takes the full benefit. Multiplied out over an average of 40 employees per year, the cost comes to \$502,467.

There are a few important limitations on this analysis:

1. While the \$502,467 required for the program would not be an additional cost, since the full salaries for each employee are budgeted for each year, there may nevertheless be some additional costs associated with the program. This is because formerly some percentage of employees would have taken unpaid FMLA leave, which would now be paid, thus creating an additional cost for the department that did not exist before. In addition, employees who would have used earned vacation or sick time to cover the cost of family leave will retain that earned time, which will need to be paid out.
2. The average number of employees taking leave is based on the number taking leave before the benefit was made available. It is possible that the new benefit will encourage more employees to take leave who may not have before. In addition, the percentage of employees under the age of 41, who would be more-likely to have children and therefore take paid parental leave, has been growing steadily over the past decade.
3. Overtime: This fiscal impact statement does not include an estimate for the possible overtime or temporary hires that may be required to cover this policy. Ultimately, while we have made an effort to determine what kind of overtime may be required, any numbers that may have been generated are more conjecture than firm estimates. This is due in no small part to the difficulty in accounting for all of the factors that may influence the need for overtime. Other comparable cities with paid parental leave programs have not generated any publically available data on the costs. The best numbers we were able to obtain were those from Madison's Fire Department and Streets Division (see "Additional information" for a detailed breakdown).
4. It is possible that applications for FMLA may not capture all employees who take time for parental leave in a year. Vacation time could be used independent of FMLA, and this analysis cannot account for that, since no rationale is required to request vacation time.
5. FMLA does not cover foster placement, something that is now covered in this new policy. This may also increase the number of employees using the new program.

F

Assumptions used in arriving at fiscal estimate.

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

<input checked="" type="checkbox"/> 1-3 Years	<input type="checkbox"/> 3-5 Years	\$1,507,403 over 3 years.
<input type="checkbox"/> 1-3 Years	<input type="checkbox"/> 3-5 Years	_____
<input type="checkbox"/> 1-3 Years	<input type="checkbox"/> 3-5 Years	_____

H**List any costs not included in Sections D and E above.** See Section F.**I****Additional information.**

Madison, WI, has a similar family leave program that provides 6 weeks of paid leave. According to Madison's HR Department, there are 2,782 employees who are eligible for the City's family leave program. Over the past 3 years (2021,2020 and 2019), an average of approximately 101 employees have used the benefit (107, 107 and 88, respectively). Based on this average, approximately 3.6% of Madison's eligible workforce uses the leave benefit per year. This is more than 3 times higher than the estimate provided by DER. In addition, while Madison does not have over-all numbers for the cost of paid parental leave, there are some approximate numbers available for the Madison Fire Department and the Madison Streets Division. According to Madison, the estimated cost for overtime needed for the Fire Department was approximately \$453,000 in both 2019 and 2020. By contrast, according to Brain Hutchinson with the Madison Streets Division, Streets has experienced no overtime costs associated with the paid parental leave policy. What this suggests is overtime costs are substantially more-likely with sworn agencies like Police and Fire where absences are more-likely to result in the need for additional overtime.

J**This Note** **Was requested by committee chair.**