

Paid Parental Leave

Shakopee City Council

March 19, 2019



SHAKOPEE | MN
COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St, Shakopee MN 55379 | 952-235-9300 | www.ShakopeeMN.gov

Family and Medical Leave Act (FMLA)

- Federal law applicable to the City of Shakopee that, among other things requires:
 - Regardless of gender
 - If an employee has been employed by the city for at least a year and,
 - The employee has worked a minimum of 1250 hours in the previous 12 month period, and
 - The employee has a qualifying event.
 - The employee is eligible for up to 12 weeks (480 hours) of unpaid leave.
 - Leave may be taken consecutively or as needed
 - Continuation of health care benefits on the same terms



SHAKOPEE | MN

COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St., Shakopee, MN 55379 | 952-235-9300 | www.ShakopeeMN.gov

City of Shakopee Policy

Employees on FMLA leave must use accrued sick or vacation hours during the FMLA leave (effectively making the leave paid).

- Once accrued hours are exhausted, the leave may be unpaid

City policy meets the requirements of FMLA and exceed it by:

- Allowing for sick leave donation in extenuating circumstances.
- Management approach to maximize flexibility to support employees.



SHAKOPEE | MN

COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St, Shakopee MN 55379 | 952-235-9300 | www.ShakopeeMN.gov

Employee experience

Employees experience their individual situations differently but, generally:

- Employees who have been employed by the city for several years or more have the ability to use accrued time to account for leaves
 - Only 7 employees in the last 3 years have taken any period of unpaid leave while on FMLA status. Only 1 due to the birth, adoption, or foster placement of a child.
- Employees have the opportunity to purchase AFLAC coverage which pays for a portion of wages (whether lost or not) including for female employees following birth of a child.
- Employees report that management is supportive and flexible.



SHAKOPEE | MN

COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St, Shakopee MN 55379 | 952-235-9300 | www.ShakopeeMN.gov

Paid Parental Leave Background

- Would provide for paid time off, typically for parents of either gender upon birth of a child, adoption or foster placement.
- Recently in the news in MN and across the nation
 - Current bill in the legislature to set up a PPL system statewide
- Other organizations are gradually making a shift, with the private sector leading.

Government	Private
Richfield – 2 weeks	3M – 20 weeks
Minneapolis – 3 weeks	General Mills – 20 weeks
Brooklyn Park – 2 weeks	Cargill – 2 weeks
St. Louis Park – 3 weeks	
State of MN – 6 weeks	

- PPL is becoming an expectation among employees of a certain demographic.

Cost of Paid Parental Leave

Example Policy: Any employee who is FMLA eligible and has a qualifying event such as the birth of a child, adoption of a child or placement of a foster child is eligible for one week (40 hours) of paid leave.

- Cost is difficult to project because:
 - Different types of employees with different pay rates
 - Unknown number of births, adoptions or foster placements in a given year.
- Assumptions for this analysis are:
 - Approximately 5 qualifying events each year.
 - Approximately half of those employees will require shifts covered, resulting in overtime costs.
 - Use of median pay rate for employee on leave, and employee covering shifts.



SHAKOPEE | MN

COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St., Shakopee, MN 55379 | 952-235-9300 | www.ShakopeeMN.gov

Cost of Paid Parental Leave – cont...

Example Policy: Any employee who is FMLA eligible and has a qualifying event such as the birth of a child, adoption of a child or placement of a foster child is eligible for one week (40 hours) of paid leave.

If council adopted the policy above it is reasonable to project that in an *average* year this policy would cost:

- \$7,500 in lost productivity costs (absorbed by shifting workloads and do not result in a direct cash outlay)
- \$5,600 in direct costs (occur when the city incurs additional overtime wages payable to cover shifts)

Cost/Benefit of Paid Parental Leave Policy

Advantages

- Potentially improves recruitment standing.
- Potentially improves employee retention.
- Both points above apply particularly to employees who can move freely between public and private sector.

Disadvantages

- Cost
- Potentially results in some complicated staffing situations (covering shifts, shifting workload, etc...)



SHAKOPEE | MN

COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St, Shakopee MN 55379 | 952-235-9300 | www.ShakopeeMN.gov

Conclusion

- Employees are currently afforded up to 12 weeks off for parental leave through FMLA. Because of sick/vacation balances, most employees are paid for all or part of that time.
- The city also uses our leave donation policy to help employees in extenuating circumstances and management is flexible to help employees maintain a positive work/life balance.
- Other governmental organizations and private businesses are adopting and adding time to their paid parental leave policies, and there is legislation under consideration during the current legislative session regarding paid parental leave.
- The annual estimated cost to adopt a policy for one week of paid parental leave is \$7,500 in lost productivity and \$5,600 direct cost.
- Paid parental leave programs are becoming more of the norm and may help with employee recruitment and retention, particularly for those professions that can move between private and public sector.



SHAKOPEE | MN

COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St., Shakopee, MN 55379 | 952-235-9300 | www.ShakopeeMN.gov