



MEMORANDUM

Date: March 11, 2016

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Continuing Discussion of Parental Leave – March 15, 2016 Addendum Item 2**

The Board of Supervisors, during the February 16, 2016 discussion of parental leave, requested that additional consultation on this subject occur with employee organizations. The Human Resources Director's March 10, 2016 memorandum regarding this consultation is attached for the Board's review (Attachment 1). As you will see, there is no real consensus on how to reduce the cost of providing parental leave.

The Board previously received an analysis of parental leave in my February 10, 2016 memorandum (Attachment 2). That memorandum documented the current cost of leave taken by employees for the birth or adoption of a child and estimated the present cost is approximately \$534,000 based on the typical number of births and adoptions during the year. Six weeks of parental leave without any other consideration would obviously have a fiscal impact on the County, which has been estimated to be approximately \$1.1 million.

I asked staff to consider a number of options to reduce the cost of a parental leave program; my request is included as Attachment 3 for the Board's information.

Three options are available to the Board with regard to minimizing the fiscal impact of parental leave, which are as follows:

1. Prohibit the position vacated for parental leave from being filled as a temporary vacancy with a temporary employee or other staff detailed into the position. This would mean the department should not detail another employee into the position of an employee on parental leave or otherwise temporarily fill the position. In addition, departments should not be able to authorize overtime cost for another employee to perform the work of the employee on parental leave. This would minimize the cost of parental leave, since the person on leave is occupying a fully budgeted position.
2. Parental leave does not have to be paid at 100 percent of the employee's salary or rate of compensation. It could be at 50 percent or 75 percent; whereby the employee would have the option of using earned vacation or sick leave to make up the balance of what is not paid in parental leave. If the

parental leave was reimbursed at only 50 percent of salary or pay rate, the cost to the County would be reduced to approximately \$548,000. This assumes that an employee who receives their additional paid leave will use it at some point during the remainder of their employment with Pima County as either vacation or sick leave. If parental leave were reimbursed at 75 percent, the cost would be approximately \$823,000.

3. As identified in the table attached to my February 10, 2016 memorandum, Catastrophic Leave Bank (CAT Bank) hours used for maternity leave, this amounts for the year analyzed was \$153,000. It is quite likely that in the future, the CAT Bank leave cost would increase, since there had been sporadic, differing interpretations as to whether parental leave could be granted and at what amount. In fact, it was recently necessary for me to reverse a CAT Bank Subcommittee decision to deny CAT Bank leave use to employees already on maternity or parental leave. It is quite possible CAT Bank leave utilization for this purpose would increase to \$200,000 or greater. Hence, I would suggest that if the Board does adopt a parental leave policy, use of the CAT Bank for such leave should be eliminated for any employee not now receiving CAT Bank leave for this purpose.

If all three of these principles were applied, the cost of parental leave – which has been estimated to be as high \$1.7 million – could then be reduced to between \$348,000 at 50 percent reimbursement for parental leave and \$623,000 at 75 percent reimbursement. The primary reason there remains a cost to the County is simply that the proposal would add paid leave for County employees who would utilize parental leave. Eligible employees would likely use this added leave. Currently, they use their earned sick and vacation leave and/or the CAT Bank. The leave they would have used remains available for their future use and, hence, a long-term cost to the County as a paid benefit.

The Service Employees International Union (SEIU) also provided additional comments in email correspondence dated March 10, 2016, as well as another proposal entitled “Draft 3.10.2016 SEIU PAID PARENTAL LEAVE PROPOSAL #2.” These two documents are attached as Attachment 4.

CHH/mjk

Attachments

- c: Tom Burke, Deputy County Administrator for Administration
Allyn Bulzomi, Director, Human Resources
Keith Dommer, Director, Finance and Risk Management
Robert Johnson, Budget Manager, Finance and Risk Management

ATTACHMENT 1

Date: March 11, 2016

To: C.H. Huckelberry
County Administrator

From: M. Allyn Fulzoni, Director
Human Resources

Via: Tom Burke
Deputy County Administrator

Re: Parental Leave Committee

SEIU had previously proposed Pima County provide employees six (6) weeks of paid parental leave. This proposal was made during the Meet & Confer process and subsequently SEIU presented it directly to the Board of Supervisors. The Meet & Confer Committee did not come to an agreement to provide this benefit. At its meeting of February 16, 2016, the Board of Supervisors directed staff to meet with various County labor groups with the goal of finding a way to implement a parental leave benefit, while at the same time keeping the benefit "almost revenue neutral".

Meetings

The committee has met twice, February 23, 2016 and March 7, 2016. The following groups were represented at the meetings held:

- SEIU
- Corrections PCA
- Sheriff – PCDSA
- Sheriff – FOP
- Pima County Human Resources
- Pima County Finance

Findings

The group considered, and reviewed all currently available information pertinent to parental leave. To include, but not limited to the following: historical leave usage, FMLA usage for parental leave, CAT bank usage for parental leave, policies or lack of such policies in other jurisdictions, and estimated costs associated with providing this paid benefit.

There was significant discussion about the estimated costs of six weeks of paid parental leave. The committee acknowledged that the actual cost would be between \$725,000 and \$1.6 million per year. This cannot be specifically defined as the committee does not know how the individual departments will fill the void left by one or more of their employees who are on parental leave. There was a consensus that 24/7 operations, like the Sheriff's Department would have to back fill the duties of sworn personnel, most likely with overtime costs associated. It should be noted that approximately

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140 employees took some type of parental leave over the last 13 months. The estimate of \$1.6 million is based on this number.

In addition, the committee reviewed two studies that were provided by SEIU. Citations for these works follow:

Miller, Kevin; Helmuth, Allison; and Farabee-Siers, Robin. The Need for Paid Parental Leave for Federal Employees: Adapting to a changing Workforce. Washington, D.C.: Institute for Women's Policy Research, (2009).

Houser, Linda and Vartanian, Thomas. Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses, and the Public. New Brunswick, NJ: Center for Women and Work, (2012).

Both of these reports were funded by Rockefeller monies. Some committee members felt the studies were overt in their stated purpose of supporting the need for paid parental leave; therefore the articles have a considerable bias toward the need for parental leave.

During the meeting the need to recruit and retain qualified employees was stressed. Human Resources staff provided information indicating that in most cases there has been no shortage of qualified applicants, often as many as 20 or more qualified candidates apply for job openings.

The Miller, Helmuth, and Farabee-Siers article mentioned that two-thirds of college students stated they are unwilling to wait more than a month during an application process before accepting a job. Federal agencies have found as few as 1 in 20 applicants are still interested in a job if the hiring process takes over three months. It was pointed out this is a real and quantifiable concern in recruiting, and the studies did not provide any examples showing the impact of available parental leave—or lack of parental leave in recruiting efforts. It is noteworthy that the County has worked to streamline and shorten hiring times.

Based on the meeting, we arrived at the following numbers:

- Fewer than 10 employees have left within 12 months of child birth
- HR provided a report titled “Current Leave Use for Parental Events” which stated the County averaged 145 events (births and adoptions) per year since July 2012
- A news story by Bud Foster indicated the County had 495 birth events in 41 months
- Cost of \$1.6 million to fund parental leave for one year
- The University of Arizona is the only public sector employer to offer parental leave

The Houser and Vartanian article referenced an “average woman” example. The report indicated the overall likelihood of a woman to return to work postpartum increased from 63% to 77% if she takes paid leave. This 14% increase, using the numbers provided, would mean retaining 1-2 employees per

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year, and 5-10 in a five-year span. Applying the percentages to the overall number of birth/adoption events would suggest this may impact 20 County employees per year at a cost of \$1.5 million, or about \$75,000 per person. This \$75,000 figure represents more than the average County employee's annual salary, and would be a considerable sum to retain just 20 employees (which is a very high estimate based on the data provided).

The argument was also made that the cost of recruiting and training a replacement employee justified this expense. Again, the cost of replacing an employee is largely dependent on the complexity of the job and could be significantly less than half of the job's annual salary or as high as \$90,000 for a senior manager (per the Miller et al article). Rarely; if ever, would the \$75,000 spent to retain each of the 20 potential departures justify the proposed paid parental leave program.

The point was disputed regarding how many County employees are affected by the proposed parental leave program. Approximately 145 employees would be eligible or use such a benefit each year. If another benefit was forfeited to negate the cost of the proposed parental leave; thereby obtaining a parental leave plan that would be as close revenue neutral as possible; by either giving up Cesar Chavez Day, a paid holiday, and/or reducing HSA payments, this would impact all 7200 County employees. It was argued that nearly one third of County employees (2600) are impacted by those as employees who participate in the Catastrophic Leave bank (CAT bank) and who use Cat Bank hours for the birth and/or adoption of a child. It should be noted that one third of county employees participate in the CAT Bank voluntarily knowing the leave they are donating could be used for the FMLA qualifying event of a birth or adoption of a child. Using the existing CAT Bank is by far a better solution than simply decreasing or rescinding a benefit to all County employees to implement the proposed parental leave program.

Finally, the Miller report indicates nearly three-quarters of Fortune 100 companies offer maternity leave while one third offer "Paid" paternity leave. This is confusing as FMLA requires employers to offer maternity leave, which we already do and the employee uses personal accruals. If the article is trying to use this example to demonstrate the importance of paid parental leave, it is important to distinguish between the financial resources and situation of a Fortune 100 company and a local government.

Summary

In summary, the committee could not come up with a proposal to provide a paid parental leave benefit while at the same time having the proposed plan be fiscally responsible; or almost as revenue neutral as possible. It will cost the County between \$725,000 and \$1.6 million dollars to provide this benefit, unless another benefit is reduced. The majority of the employee groups represented on the committee did not feel this benefit was needed at this time. SEIU believes the benefit should be provided and that there are alternatives to full funding of the benefit. SEIU indicated they would provide their recommendations to the Board under separate cover. They suggest partial salary payment for the six week rather than full payment. Again, even with partial salary payment, there still is a high cost to the County.

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The only alternative the committee could see to reduce the cost would be to restrict departments from back filling or detailing individuals into the void left by the employee on parental leave. Were this might be feasible in some department, it would most likely not be feasible in those 24/7 departments or in our public safety areas. If a Deputy is off the street due to parental leave, someone has to cover that vacancy, most likely at the high cost of overtime.

AB/mp

c: Tom Burke, Deputy County Administrator for Administration
Ellen Moulton, Deputy Director, Finance
Keith Dommer, Director, Finance
Wendy Petersen, Deputy Director, Human Resources
Art Mendoza, President, SEIU AZ Local 48
Bureau Chief Karl Woolridge, PCSD
Corrections Officer, Michael Steber, PCA
Select Human Resource Staff
SEIU Representatives

ATTACHMENT 2



MEMORANDUM

Date: February 10, 2016

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CH Huckelberry", is written over the printed name and title.

Re: **Cost of Parental Leave**

To estimate the current cost of parental leave, staff compiled data for actual leave use for the 13-month period November 1, 2014 through November 30, 2015. On average, employees used 139 hours for parental leave as detailed in the table below.

**Parental Leave Use; November
2014 through November 2015.**

Leave Type	Hours
Sick	59
Vacation	23
Compensatory	2
Unpaid	22
CAT Bank	33
Total	139

As shown on the attached schedule *Current Leave Use for Parental Events*, the current estimate of parental leave used by Pima County employees is \$530,000 per year. If the County were to specifically provide six weeks of paid parental leave, the estimated cost would be \$1,100,000 as shown on the attached revised schedule *SEIU Recommended Parental Leave – Projected Annual Cost*, and the current leave types would still be available to employees to use for parental events. If the employees did not continue to use the existing leave already provided to them, the existing leave balances would remain an obligation of the County and would likely be paid to employees at some point in the future. Consequently, parental leave currently costs the County approximately \$530,000 per year; and specifically providing parental leave would cost an additional \$1,100,000.

Using the above average hours, the County's average wage rate, and estimated County-paid benefits, the County currently pays approximately \$3,700 in paid leave for each parental event. Based on a recent 41-month period, County employees average 145 parental events each year. Hence, the estimated annual cost of County-paid leave for parental events is approximately \$530,000.

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The cost of specifically providing 12 weeks of County-paid parental leave was previously estimated at \$2,200,000. Again, the attached revised schedule estimates the cost of providing six weeks of County-paid leave at \$1,100,000.

CHH/mjk

Attachments

c: Tom Burke, Deputy County Administrator for Administration
Keith Dommer, Director, Finance and Risk Management
Allyn Bulzomi, Director, Human Resources

Pima County Arizona
Current Leave Use for Parental Events
Projected Annual Cost

prepared: February 2016

		ASRS 71% ³		PSPRS 29% ³		FICA			
13 Month Period		\$	24.04	11.35%	53.69%	7.65%			
Nov 2014 thru Nov 2015		Average Pay Rate ²		Benefits					
Hours	Average Hours per	Average Dollars per Event for Wages and Benefits				Average Pima County Wage and Benefits Paid per Event	Average Events Per year ¹	Average Annual Cost Paid by Pima County	
Sick Leave	8,507	59	\$ 1,410.38	\$ 113.66	\$ 219.60	\$ 107.89	\$ 1,851.52	145	\$ 268,470.56 ⁵
Vacation Leave	3,365	23	\$ 557.84	\$ 44.95	\$ 86.86	\$ 42.68	\$ 732.33		\$ 106,187.83 ⁵
Comp Time	234	2	\$ 38.82	\$ 3.13	\$ 6.04	\$ 2.97	\$ 50.97		\$ 7,389.94 ⁵
Unpaid Leave	3,259	22							
CAT Bank Leave	4,841	33	\$ 802.59	\$ 64.68	\$ 124.96	\$ 61.40	\$ 1,053.63		\$ 152,776.41 ⁶
	20,205	139⁴	\$ 3,349.91	\$ 226.41	\$ 437.46	\$ 214.94	\$ 3,688.45		

Estimated annual cost of current parental leave: \$ 534,824.74

Additional 6 weeks of paid parental leave: \$ 1,097,342.58

Total estimated annual cost of parental leave: \$ 1,632,167.32

Events ¹

Births	143
Foster/Adoption	2
Total	<u>145</u>

1 In addition to 145 events during the 13 month period from the beginning of November 2104 through the end of November 2015, there were also an average of 145 events per year for the 41 month period from July 2012 through November 2015 based on an analysis of FLMA requests.

2 Source: Human Resources - Average hourly rate of \$24.04 for an 8 hour day

3 Source: Human Resources - 29% of covered parents participated in PSPRS; ASRS rates were used to estimate the remainder

4 139 hours per event equates to approximately 3 and 1/2 weeks.

5 This leave may also be used for partental leave. If not used for parental leave, this leave would continue to be an obligation of the County and could not be considered a cost savings when implementing a parental leave program.

6 Assuming parental leave continues to be allowed from the CAT bank, employees could continue to use this leave.

Pima County Arizona
SEIU Recommended Parental Leave
Projected Annual Cost

prepared: February 2016

(revised for 6 weeks of paid parental leave rather than 12)

	Number of Parental Events ¹	Employee Compensation				Pima County Paid Benefits				Total Employee Compensation and Pima County Paid Benefits
		SEIU Recommended 6 Weeks Paid Leave	Total Leave Days	Average Daily Rate ²	Total Employee Compensation	FICA	71% in ASRS ³	29% in PSPRS ³	Pima County Paid Benefits	
Adoptions/Fosters	20	30 days	600	\$ 192.32	\$ 115,392	7.65%	11.35%	53.69%	\$ 36,093	\$ 151,485
Births	475	30 days	14,250	\$ 192.32	<u>\$ 2,740,560</u>	7.65%	11.35%	53.69%	<u>\$ 857,209</u>	<u>\$ 3,597,769</u>
Total Events	495				<u>\$ 2,855,952</u>				<u>\$ 893,302</u>	<u>\$ 3,749,254</u>
average annual employee compensation					\$ 835,888	average annual county-paid benefits				\$ 261,454
Average Cost Per Parental Event										\$ 7,574
Average Parental Events Per Year										145
Average Annual Cost										\$ 1,097,343

1 Source: Human Resources - 41 month historical information for employees who applied for FMLA - July 2012 through November 2015

2 Source: Human Resources - Average hourly rate of \$24.04 for an 8 hour day

3 Source: Human Resources - 29% of covered parents participated in PSPRS; ASRS rates were used to estimate the remainder


ATTACHMENT 3



MEMORANDUM

Date: March 4, 2016

To: Allyn Bulzomi, Director
Human Resources Department

From: C.H. Huckelberry
County Administrator 

Keith Dommer, Director
Finance and Risk Management

Re: **Parental Leave Cost**

I would appreciate you preparing at least two financial scenarios with regard to parental leave. It has been estimated that the cost for a six-week parental leave program could be as high as \$1.7 million. Reducing this cost impact is possible, but such would require personnel policy modifications.

Please prepare a fiscal impact analysis of the parental leave program based on the following:

1. During any term of parental leave, the position for which parental leave is being taken cannot be filled by detail or a temporary employee. In essence, it must remain truly vacant during the parental leave period.
2. Childbirth and adoption events would no longer qualify for Catastrophic Leave Bank (CAT Bank) utilization.
3. Assume two different pay structures for parental leave.
 - Under Option 1, parental leave would be at 50 percent of the employee's salary, with the employee having the option to backfill the remaining 50 percent from their own accrued vacation or sick leave.
 - Under Option 2, parental leave would be at 75 percent of the employee's salary, with the option to backfill the remaining 25 percent from their own accrued vacation or sick leave.

CHH/lab

c: Tom Burke, Deputy County Administrator for Administration

ATTACHMENT 4

Tom Burke

From: Marchelle Pappas
Sent: Thursday, March 10, 2016 4:09 PM
To: Tom Burke
Subject: FW: AB - CHH Memo via TB re Parental Leave Committee 03.10.16 DRAFT MP
Attachments: SEIU Paid Parental Leave Proposal 2 - DRAFT.docx

From: Art Mendoza [mailto:art.mendoza@seiuaz.org]
Sent: Thursday, March 10, 2016 3:39 PM
To: Marchelle Pappas
Cc: Michael Steber; Sgt. Eric Johnson (eric.johnson2@sheriff.pima.gov); Allyn Bulzomi
Subject: Re: AB - CHH Memo via TB re Parental Leave Committee 03.10.16 DRAFT MP

I know some of this was covered in the memo, but just wanted to send the feedback from our group and make sure SEIU's position is clearly presented.

We do not agree on the 750k-1.6 million cost, but recognize it will cost something. Because the County already budgets for employee salaries, and because employees already take about 3.5 weeks of leave, and because the 1.6 million number assumes employees will take the 6 weeks leave plus the accrued leave they currently take, we believe this amount to be artificially high. We believe the true cost of the program has more to do with how departments replace an employee out on leave, but this number could not be determined at this committee.

The memo indicates that "The majority of the employee groups represented on the committee did not feel this benefit was needed at this time." I think it is important to note that we also discussed the fact that the other two employee groups represent departments who's employees are about 80% men.

We were disappointed that the meetings seemed to center around arguing over the value/need of a parental leave policy rather than finding ways to reduce the cost of the proposal other than eliminating another benefit. We believe we could address the cost by looking at the percentage of wage paid and how departments fill positions of employees out on leave. Not discussed at the meetings but other ways we think we could reduce the cost are looking at eligibility and implantation.

Attached is a very draft amended proposal for parental leave. We are continuing to put this together, looking at numbers and language. We are open to suggestions to how to reduce the cost further and open to meet again about this if necessary.

Thank you.

Art Mendoza
President
SEIU Arizona Local 48
877 S. Alvernon Way
Tucson, AZ 85711
Phone: 520-465-9729
Art.Mendoza@seiuaz.org

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On Thu, Mar 10, 2016 at 11:27 AM, Marchelle Pappas <Marchelle.Pappas@pima.gov> wrote:

Gentlemen,

Allyn asked that I forward to you the attached DRAFT memorandum to Mr. Huckleberry regarding the meetings held referencing the Parental Leave Proposal submitted to the BOS by SEIU and the subsequent action assigned to the group to come up with a plan that would be close to budget neutral.

We apologize about the short return time; but Allyn would like your comments back to me by 4:00 pm today.

Thank you in advance for your review and comment.

Regards,

Marchelle Pappas

Special Staff Assistant

for Allyn Bulzomi, Director,

Pima County Human Resources

(520) 724-2732

DRAFT 3.10.2016

SEIU PAID PARENTAL LEAVE PROPOSAL #2

Paid Parental Leave

- Paid Parental Leave is a partially paid leave associated with the birth of an employee's own child or the placement of a child with the employee or his or her domestic partner in connection with adoption.
- Eligible employees: Current full-time County employees who have been employed by the County for at least 12 months prior to the commencement of the requested leave. Paid Parental Leave will be available only once during any consecutive 12-month period.
- **Six weeks of leave shall be paid at 85% of the employee's regular salary for the care of a newly-born or adopted child within the first 12 weeks after the birth or adoption of a child. Employees may apply their earned sick, vacation or compensatory time during the partially paid leave period to receive up to 100% of the employee's regular salary.** Employees may request additional leave (beyond the six weeks of Parental Leave) by applying their earned sick, vacation, or compensatory time in accordance with Family and Medical Leave Policy guidelines.
- The employee must provide at least 30 days' notice to Human Resources of the request for leave and complete the necessary leave forms with the Human Resource Department.
- When both parents are County employees who meet eligibility guidelines, each is entitled to six weeks of Paid Parental Leave.
- With the introduction of a County Wide Paid Parental Leave policy, we would also propose removing parental leave from the Catastrophic Leave Bank, making the Catastrophic Leave Bank more sustainable.