



## MEMORANDUM

TO: Mayor and City Council

FROM: Ed Van Eenoo, Deputy Chief Financial Officer

DATE: June 14, 2013

SUBJECT: Parental Leave Analysis Alternative Scenarios

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Resolution 20130606-47 directed the City Manager to develop an amendment to City personnel policies to provide non-civil service employees with 30 days of paid parental leave for the birth or adoption of a child after all accrued sick and vacation leave has been exhausted. The annual direct cost of the program as proposed was estimated at \$321,434. Direct program costs are primarily the result of eligible employees substituting paid leave for unpaid leave. An additional “lost productivity” cost of \$177,650 was projected as a result of employees taking additional paid leave under the program.

Council directed staff to analyze the impacts of:

1. Extending the program to all employees, and
2. Not requiring employees to exhaust all sick and vacation leave balances prior to taking parental leave.

By expanding the program to include all employees (i.e. both civil service and non-civil service), annual direct program costs are estimated at \$447,121 and “lost productivity” costs are estimated at \$223,043.

If employees are not required to utilize all sick and vacation leave prior to taking parental leave, then it is anticipated that employees participating in the program will have higher sick and vacation leave balances upon returning to work. This will likely result in additional “lost productivity” costs in the future and could also potentially lead to higher leave payout costs upon separation or retirement. Actual costs will depend upon individual employee decisions regarding sick and vacation leave usage and cannot be reliably estimated. However, based upon 2012 data, staff estimates the maximum value of vacation leave payout for non-civil service employees at \$108,262 annually. If the program is expanded to include civil service employees, the maximum value of vacation leave payout is estimated at \$173,126 annually and the maximum value of sick leave

payout is estimated at \$104,339 annually. It is also important to note that accrued vacation and sick leave balances are reported as liabilities on the City's financial statements and have a negative impact on the City's net asset balance.

Cc: Marc A. Ott, City Manager  
Anthony Snipes, Assistant City Manager  
Elaine Hart, CFO  
Mark Washington, Human Resources Director