

PAID LEAVE & I-1433

City of Tacoma

Finance / Tax & License

Government Performance & Finance Committee
May 31, 2017



Overview

- In November 2016, voters approved Initiative 1433
 - Tacoma's Minimum Wage will not be impacted until at least 2019
 - Changes needed this year to align City code with State paid sick leave law

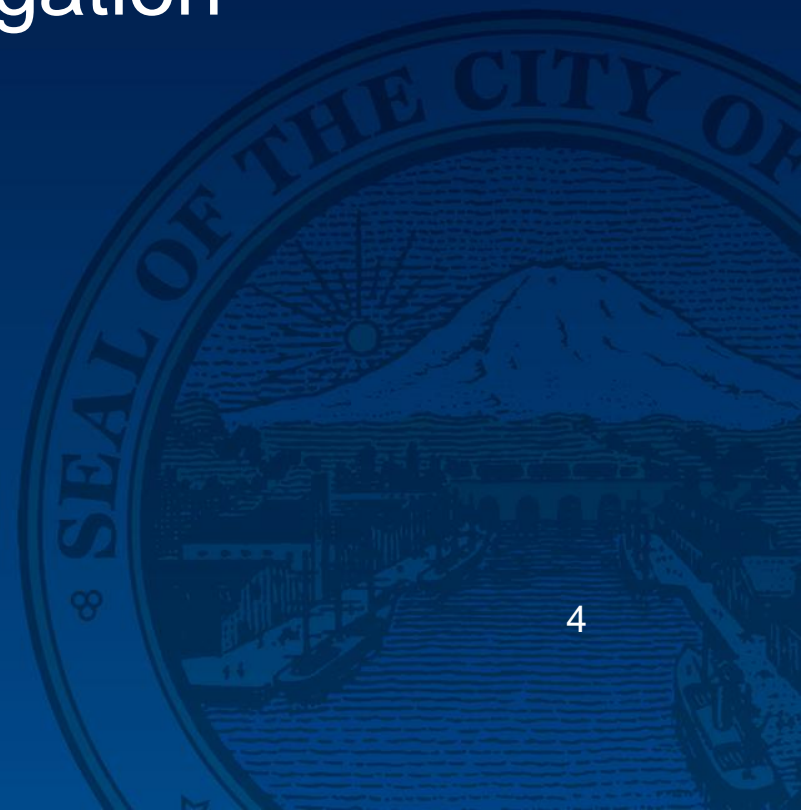
Background

January 2015: Tacoma's Paid Leave Ordinance approved by Council

- City has built a successful program by focusing on 5 key themes:
 1. Emerging best practices
 2. Academic research findings
 3. Flexibility to all law to be adapted to a variety of workplaces
 4. Drive to provide outstanding service
 5. Effective enforcement

City & State Sick Leave Primary Differences

1. Method of Investigation
2. Amount of Leave
3. Who is Covered



Primary Differences: #1 Method of Investigation

Workplace Wide

- Confidentiality for witnesses
- **Results:**
Workplace wide compliance & repayment of owed leave

Individual

- Witness identity is revealed
- **Results:**
Only employees who complain are repaid

Primary Differences: #1

Method of Investigation (Cont.)

Why do enforcement models matter?

- Complaint-based systems rely on Trust
- How we investigate impacts Equity
- Enforcement models set the “Cost of Non-compliance”

Primary Differences: #1

Method of Investigation (Cont.)

Enforcement Outcomes: Individual v. Workplace Wide
Workplace wide investigations provided remedies to 25 times more workers than individual investigations (State Model) would have.

	# of Workers receiving owed wages or leave	Value of wages/leave returned to workers
Workplace Wide	257	\$33,144
Individual Enforcement	11	\$1,444

Figures taken from actual Tacoma case data from Feb 2016 – Feb 2017

Primary Differences: #2

Amount of Leave

City Law:

- Accrue 1 hour for every 40 hours worked
- Accrual can be capped at 24 hours per year
- Carry over of 24 hours per year

State Law is More Generous:

- Same accrual rate
- No cap on accrual
- Carry over of 40 hours per year of accrued but unused time

Primary Differences: #3

Who is Covered

State law uses existing Minimum Wage Act definition of employee:

- Overtime exempt workers are excluded
- Exempt employees can make a salary of \$455 per week under federal law (\$23,660/year)
- These employees have no right to paid sick leave under state law

Alternatives

The alternative to modifying Tacoma's law is to:

1. Repeal TMC 18.10; and
2. Rely on the State laws, State outreach, and State enforcement to determine paid sick leave outcomes within the City to Tacoma.

Staff Recommendation

Update TMC 18.10:

- Retain Tacoma's nationally recognized outreach and enforcement models
- Continue making paid sick leave available to exempt workers
- Preserve the flexibility that Tacoma's Ordinance offers employers wherever allowable under State law

Moving ahead...

Time is of the Essence

1. Staff recommends that GPFC's recommendation be presented to the full Council this summer
2. Significant public education campaign (and Rules process if applicable) needed before January 2018

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