

Washington
Paid Family & Medical Leave



Employment Security Department
WASHINGTON STATE

Advisory Committee Meeting

August 19, 2021



Agenda

-
- Introductions & approve minutes
 - Premium projections
 - Program communication
 - Reports update
 - Audit overview
 - Agenda items for September
 - Open comment & adjourn

Meeting structure

- Only Advisory Committee and the presenters will be unmuted during the meeting, until open comment.
- Public to hold all feedback until the open comment period.
- Comments and questions in the chat will not be reviewed as part of the meeting structure, rather:
 - Open comments will be taken at the end of the meeting.
 - Please frame your questions as a comment.
 - “Raise your hand” if you have a comment.
 - The meeting host will unmute individual line to allow for the open comment.

Introductions

- Advisory Committee

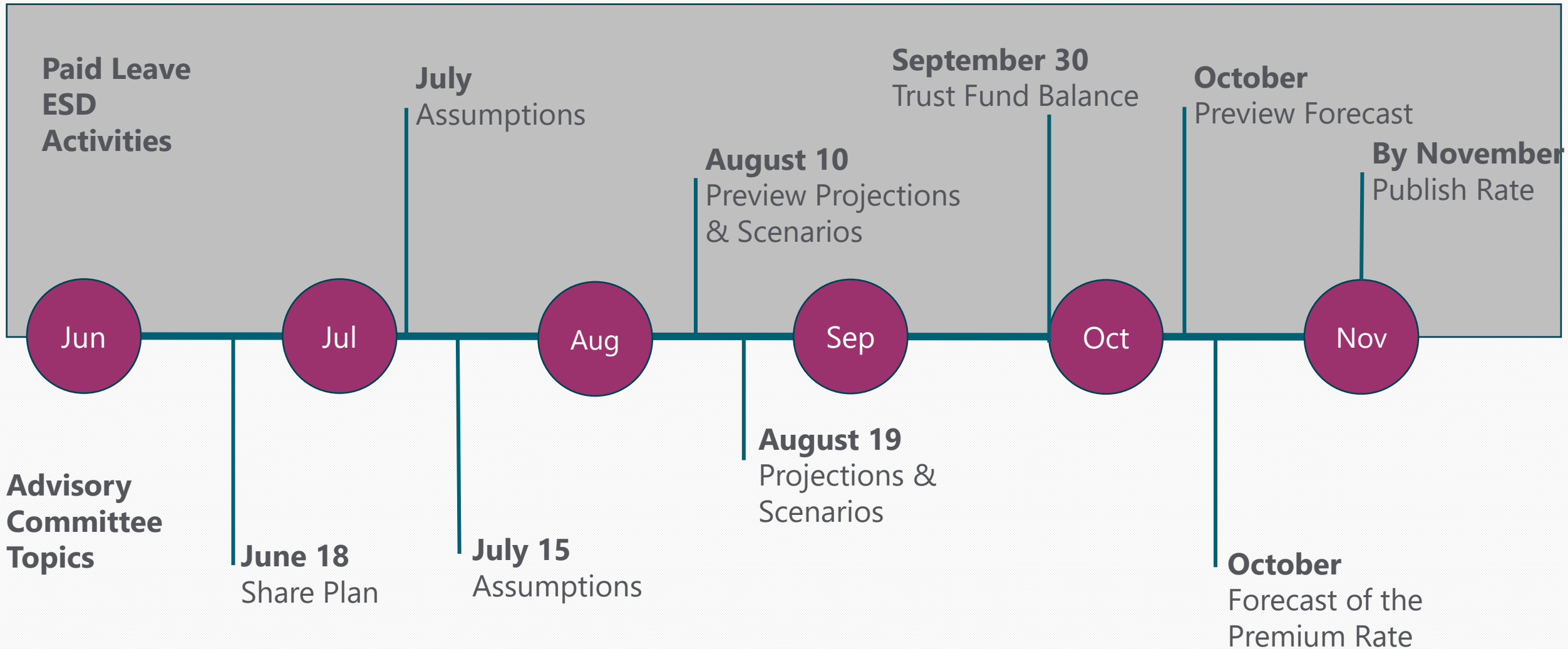
(Note: We will use the Zoom feature to identify who is on the phone rather than announcing during meeting)

Approve July minutes

- Discussion

Premium projections

Paid Leave premium rate & projections



Premium rate overview (RCW 50A.10.030)

Total premium rate

- Set at 0.4% for 2019-2020
- Starting 2021, total premium rate depends on Account Balance Ratio

$$= \frac{\text{Trust fund account balance as of Sep 30}}{\text{Prior fiscal year total wages}}$$

- Can go up to .6% based on Account Balance Ratio

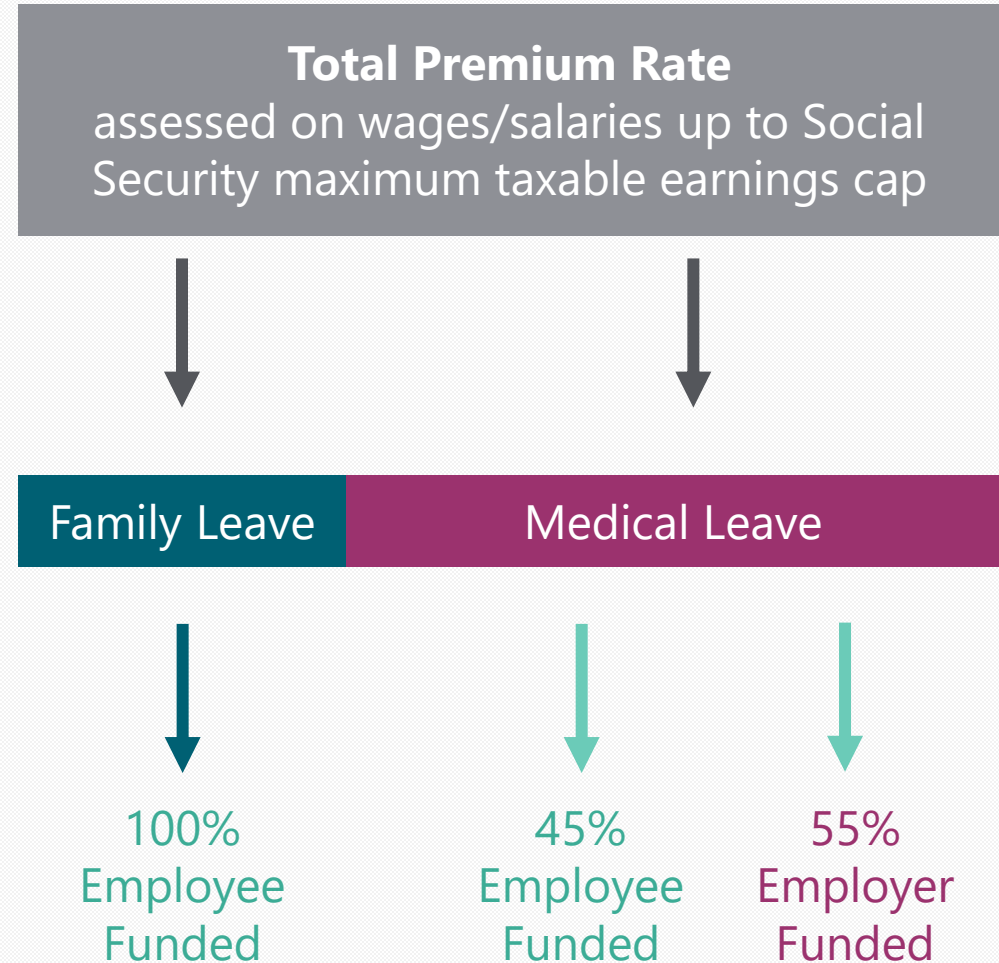
Account Balance Ratio	Premium Rate
0.00% to 0.09%	0.6%
0.10% to 0.19%	0.5%
0.20% to 0.29%	0.4%
0.30% to 0.39%	0.3%
0.40% to 0.49%	0.2%
0.50% or Greater	0.1%

- If account balance ratio is less than .05% and insolvency is projected in the coming year, a solvency surcharge must be added at lowest rate to achieve solvency. Surcharge maximum is .6%.
- Total maximum possible (regular rate + solvency surcharge) is 1.2%
- Assessed on wages/salaries up to Social Security Cap (\$142,800 in 2021)

Premium rate overview (RCW 50A.10.030)

Family/Medical split and Employer/Employee portions

- Employers may withhold up to 100% of family leave and 45% of medical leave premiums from employees
- Small businesses with fewer than 50 employees are not required to pay employer portion (except 3 years following a grant)
- Split set at 1/3 Family, 2/3 Medical for 2019-2021
- Starting 2022, family-medical split depends on proportion of family or medical paid claims in prior fiscal year



Projections assumption improvement recap

Benefits

- Claims: long-term growth to match employment growth (ERFC)
 - 0% → 1.36%
- Avg. Weekly Benefit: Growth based on historic median wages
 - 1% → 3.5%

Admin Costs

- Near-term growth linked to expected claim volume increases

Variable Premium Rate

- 2022 Premium Rate family-medical split becomes variable

Premium Revenue

- Total Wages:
 - ERFC Annual → ERFC Quarterly
 - And long-term based on historic median
- Taxable Wage Base:
 - UI Data → Paid Leave data

Fund projections

- Current Projections
 - Based on the assumptions we discussed last month
- Optimistic Economic Growth Scenario
 - ERFC Optimistic Growth Projections
- Pessimistic Economic Growth Scenario
 - ERFC Pessimistic Growth Projections

Current projections

	FY22	FY23	FY24	FY25	FY26
Revenue					
Premium Revenue	771.3	1,017.6	1,155.2	1,056.7	1,162.4
Fund Interest	10.3	8.3	11.3	10.6	6.6
Expenditures					
Administrative and Implementation	-62.7	-68.5	-71.9	-74.1	-75.6
Benefits Payments	-814.5	-904.8	-983.3	-1,049.4	-1,100.9
Small Business Grants	-6.2	-23.9	-40.7	-40.7	-40.7
Transfer to Unemployment Fund	-1.4	-2.0	-2.0	-2.0	-2.0
Projected Balance Estimate	199.6	226.3	294.8	194.8	145.8

Millions of dollars

	2022	2023	2024	2025	2026
Premium Rate	0.5%	0.6%	0.5%	0.5%	0.6%

Optimistic economic growth scenario

	FY22	FY23	FY24	FY25	FY26
Revenue					
Premium Revenue	797.4	1,081.5	1,239.4	1,151.8	1,219.6
Fund Interest	10.4	10.0	16.1	19.1	19.7
Expenditures					
Administrative and Implementation	-62.7	-68.5	-71.9	-74.1	-75.6
Benefits Payments	-814.5	-904.8	-983.3	-1,049.4	-1,100.9
Small Business Grants	-6.2	-23.9	-40.7	-40.7	-40.7
Transfer to Unemployment Fund	-1.4	-2.0	-2.0	-2.0	-2.0
Projected Balance Estimate	225.9	318.1	475.7	480.4	500.5

Millions of dollars

	2022	2023	2024	2025	2026
Premium Rate	0.5%	0.6%	0.5%	0.5%	0.5%

Pessimistic economic growth scenario

	FY22	FY23	FY24	FY25	FY26
Revenue					
Premium Revenue	771.8	1,003.0	1,106.6	1,040.8	1,225.2
Fund Interest	10.4	8.5	11.1	9.2	8.9
Expenditures					
Administrative and Implementation	-62.7	-68.5	-71.9	-74.1	-75.6
Benefits Payments	-810.3	-891.6	-959.6	-1,014.2	-1,053.7
Small Business Grants	-6.2	-23.9	-40.7	-40.7	-40.7
Transfer to Unemployment Fund	-1.4	-2.0	-2.0	-2.0	-2.0
Projected Balance Estimate	204.4	229.9	273.3	192.2	254.3

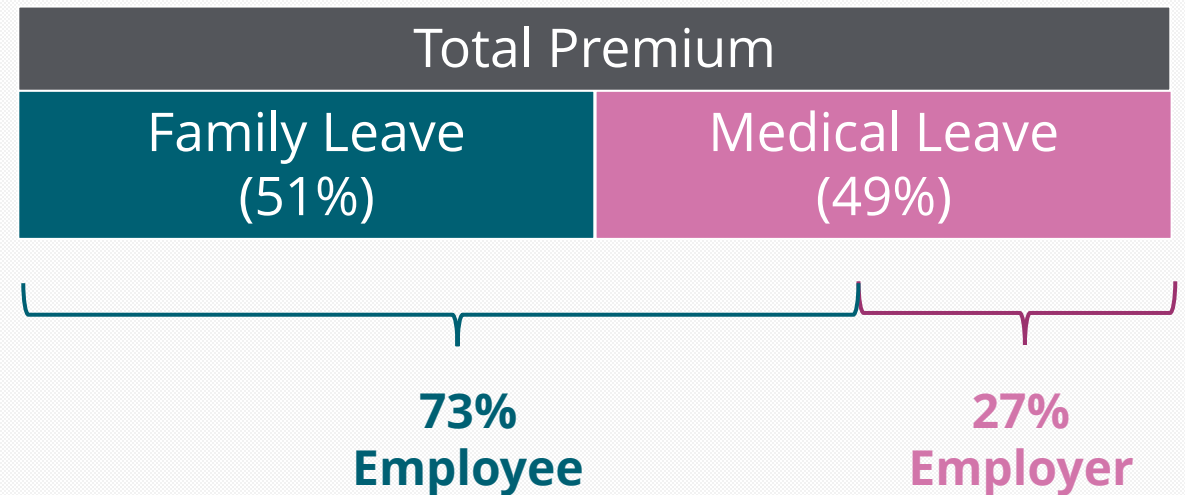
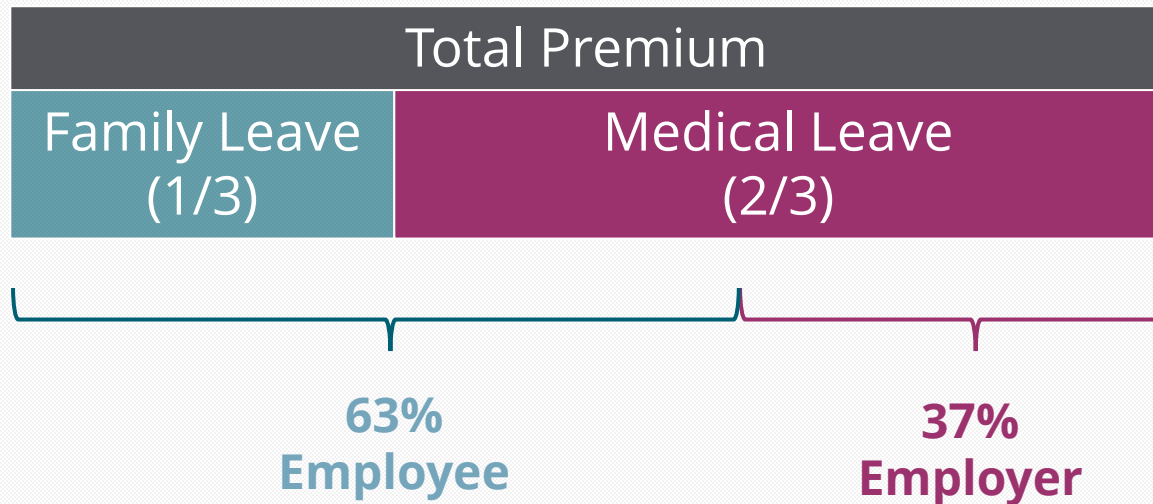
Millions of dollars

	2022	2023	2024	2025	2026
Premium Rate	0.5%	0.6%	0.5%	0.6%	0.6%




Variable family-medical split -- begins in 2022

- Premium split is proportional to family vs medical claims volumes
- Employee / Employer share varies based on Family / Medical split
 - Employer's fund 55% of medical and employees fund 45% of medical and 100% of family

Examples:



Projected change to weekly premiums

	Total Premium 	Employee Portion 	Employer Portion 
2021			
<i>.4% rate with 33% Family and 67% Medical</i>			
Minimum Wage (13.69/hr or \$28,475/yr)	\$2.19	\$1.38	\$0.81
Average Wage (\$73,504/yr)	\$5.65	\$3.57	\$2.08
Maximum Taxable (\$142,800/yr)	\$10.98	\$6.92	\$4.06
2022 projections			
<i>.5% rate with 51% Family and 49% Medical</i>			
Minimum Wage (13.69/hr or \$28,475/yr)	\$2.74	\$2.00	\$0.74
Average Wage (\$73,504/yr)	\$7.07	\$5.17	\$1.90
Maximum Taxable (\$142,800/yr)	\$13.73	\$10.05	\$3.68



Projected change to annual employer portion

Employer Portion



2021

.4% rate with 33% Family and 67% Medical

- Small <50 (est. taxable wages \$116,294)
- Medium 50-150 (est. taxable wages \$3,408,884)
- Large >150 (est. taxable wages \$14,074,264)

- \$172
- \$5,045**
- \$20,830

2022 projections

.5% rate with 51% Family and 49% Medical

- Small <50 (est. taxable wages \$116,294)
- Medium 50-150 (est. taxable wages \$3,408,884)
- Large >150 (est. taxable wages \$14,074,264)

- \$163
- \$4,772**
- \$19,704



In summary

Overall rate projections

- Expected premium rate for 2022: 0.5%
- Currently project rate rising to 0.6% in 2023 then back to 0.5% through 2025
- No immediate concern for fund solvency

Variable premium rate split projections

- Shifting to a 51% family, 49% medical split for 2022

Employee portion grows, employer portion shrinks

Program communications

Communications

- Moving to future meeting (September or later)

Reports update

Upcoming reports to legislature

- Annual Program Report
- State and voluntary plan benefit usage by employer size (5097)
- Planned timing of Advisory draft reviews
 - Annual report September 6-19
 - 5097 report review period to follow

Analytic approach and content highlights

- Annual Program Report
 - Covers FY21 – July 1, 2020, through June 30, 2021
 - Overall approach similar to last year
 - Expanded benefit usage customer characteristics
 - More comparisons to best estimate of eligible worker population
 - Lengths of leave

Analytic approach and content highlights

- State and voluntary plan benefit usage by employer size
 - Rates of leave use per number of covered workers

State plan, large employer	State plan, small employer
Voluntary plan, large employer	Voluntary plan, small employer

- Contextual administrative and survey data on voluntary plans and employer characteristics
 - Methodological context on the survey and administrative data
- Survey update
 - 48 responses as of August 18, 2021
 - Reaching out to the relevant employers and employer agents via phone

Audit overview

Purpose and authority

- Purpose of audits
 - We conduct audits to ensure compliance with the law, but we also work to educate employers on the program and how they can comply.
- Employer audits are authorized under law
 - The department is authorized to inspect and audit employer files and records relating to the family and medical leave program, including employer voluntary plans. [RCW 50A.05.020(6)]

Overview

- Records review
- Track trends
- Educate customers
- Accurate information
- Protection
- Easy of use
- Compliant

September meeting

Details

- 10 a.m. on Thursday, September 16, 2021

Agenda

- Topics?

Open comment

Continue the conversation

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Visit us online at
www.paidleave.wa.gov



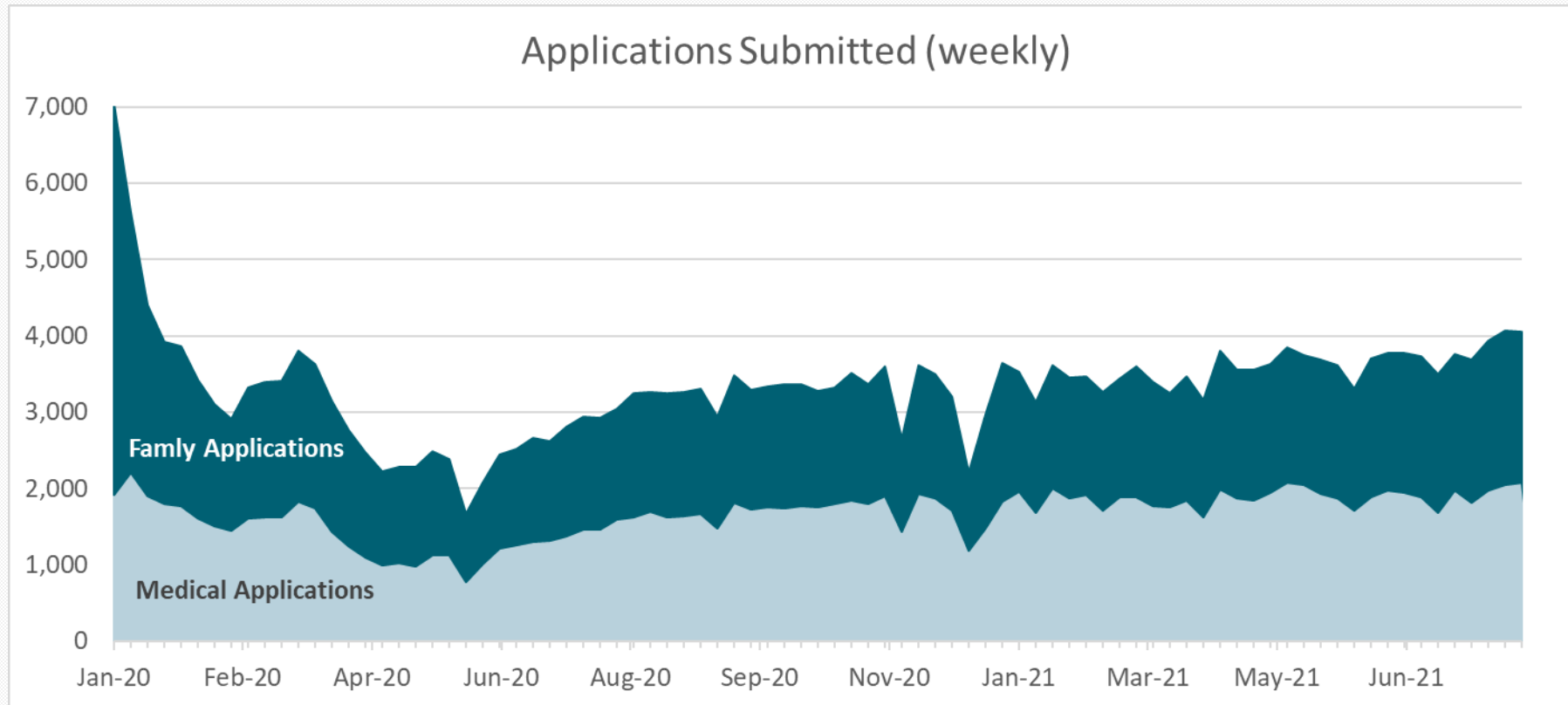
Join our listserv at
bit.ly/PaidLeaveList

Operations Telephony Data

5/31 – 8/6

Customer Care Call Processing	5/31	6/7	6/14	6/21	6/28	7/5	7/12	7/19	7/26	8/2
	6/4	6/11	6/18	6/25	7/2	7/9	7/16	7/23	7/30	8/6
Calls Presented to PFML	12,358	12,363	13,021	11,289	10,638	13,833	13,341	18,905	15,244	14,736
Calls Presented	5,848	7,529	7,396	7,485	7,458	5,350	5,283	7,484	9,549	9,392
Calls Answered	2,384	3,473	3,342	3,528	3,074	2,232	2,292	3,266	3,349	3,452
Calls Abandoned	3,464	4,056	4,054	3,957	4,384	3,118	2,991	4,218	6,200	5,940
Average Handle Time	0:10:34	0:09:51	0:10:01	0:10:06	0:10:29	0:09:50	0:08:15	0:10:39	0:10:07	0:10:25
Max Handle Time	1:41:00	1:44:56	1:51:58	1:32:56	1:39:06	2:57:50	1:52:20	1:54:58	2:37:20	1:42:21
Average Queue Time	1:07:59	0:56:05	0:56:40	0:50:49	1:00:14	1:08:14	0:54:42	1:06:11	0:59:13	0:55:15
Max Queue Time	3:23:17	3:02:54	3:02:27	2:54:27	3:14:44	4:10:50	2:54:51	3:18:13	4:51:23	5:05:25

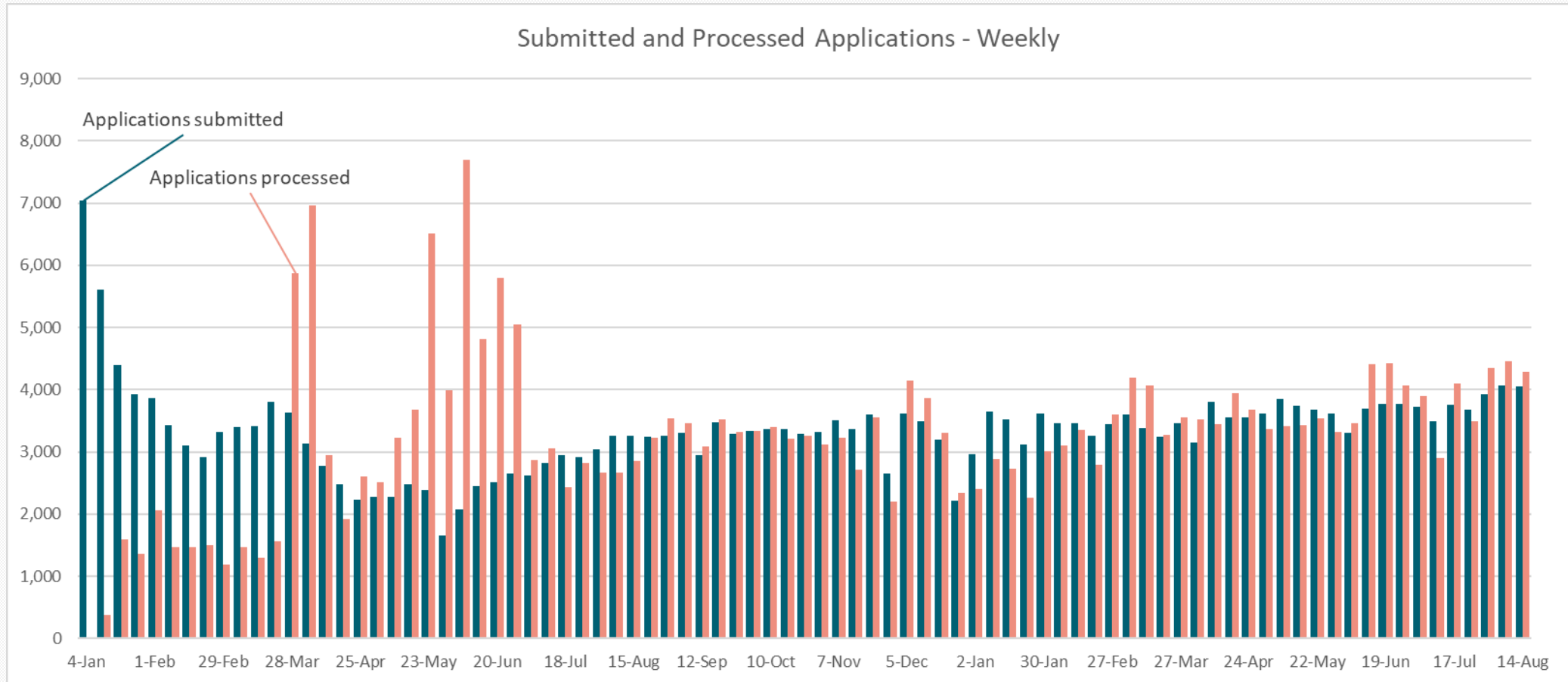
Application & Weekly Claim data through 8/14/21



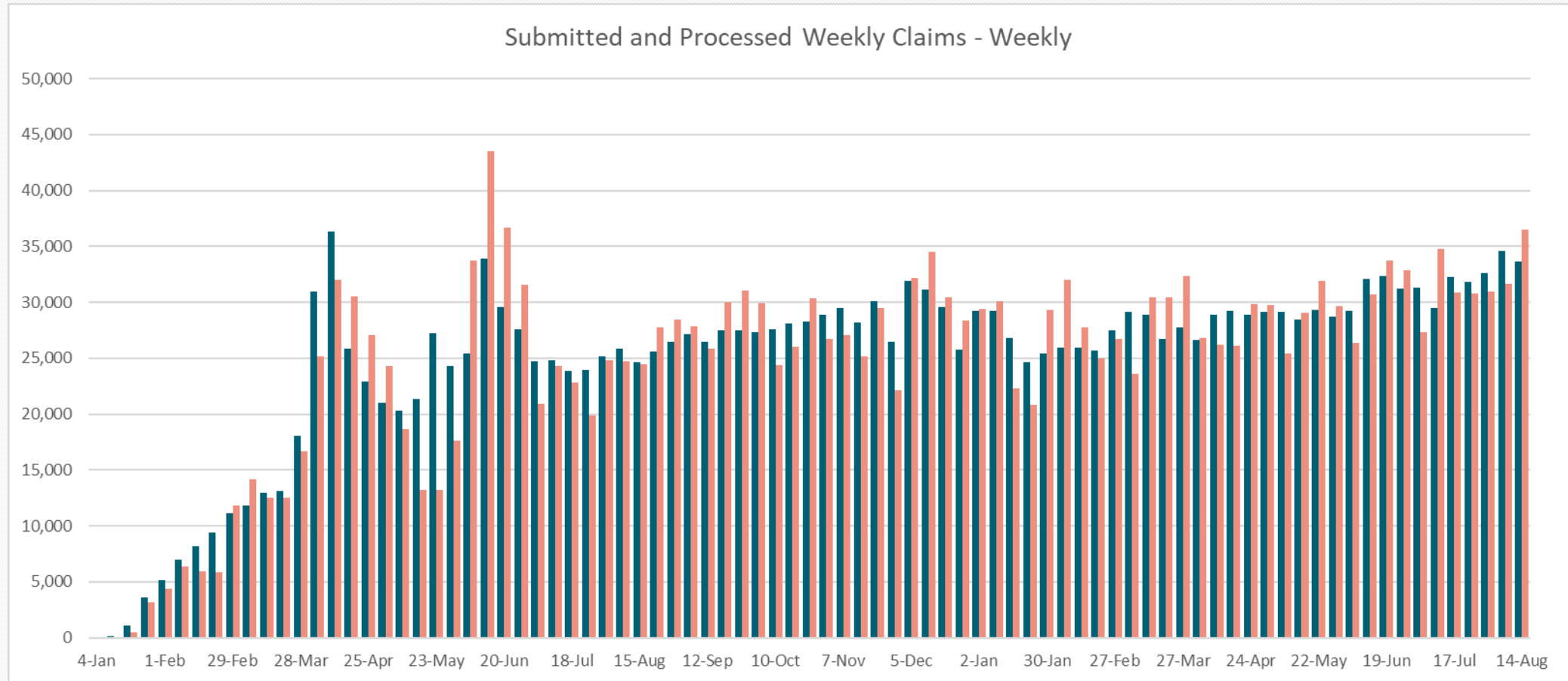
Application & Weekly Claim data past 10 weeks

Week Ending	12-Jun	19-Jun	26-Jun	3-Jul	10-Jul	17-Jul	24-Jul	31-Jul	7-Aug	14-Aug
Applications										
Applications submitted	3,694	3,774	3,779	3,732	3,495	3,757	3,679	3,933	4,067	4,051
Submitted via paper	59	26	36	53	29	48	39	38	68	37
Family total	49%	48%	48%	49%	52%	48%	51%	50%	50%	49%
Family Bonding	37%	37%	37%	37%	39%	36%	38%	37%	37%	35%
Family Care	12%	11%	12%	12%	12%	12%	12%	12%	12%	13%
Family Military	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%
Medical total	51%	52%	52%	51%	48%	52%	49%	50%	50%	51%
Medical Self	43%	44%	44%	43%	41%	45%	42%	42%	40%	37%
Medical Pregnancy	8%	8%	7%	8%	7%	8%	7%	8%	11%	14%

Application & Weekly Claim data – through 8/14/21



Application & Weekly Claim data – through 8/14/21



Processing time – past 10 weeks

Week Ending	12-Jun	19-Jun	26-Jun	3-Jul	10-Jul	17-Jul	24-Jul	31-Jul	7-Aug	14-Aug
Avg weeks processing time for applications processed in the week indicated	2.5	2.3	2.2	2.2	2.3	2.2	2.1	2.1	1.9	1.9
Median weeks processing time for applications processed in the week indicated	2.3	2	1.9	1.9	2	2	1.7	1.7	1.6	1.4