

Washington  
**Paid Family & Medical Leave**



**Employment Security Department**  
WASHINGTON STATE

# Advisory Committee Meeting

October 20, 2022

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**Agenda**    Introductions & approve minutes

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Program & fiscal update

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Current priorities

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Workgroup updates

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Agenda items for November meeting

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Open comment & adjourn

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# 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 minutes

- September

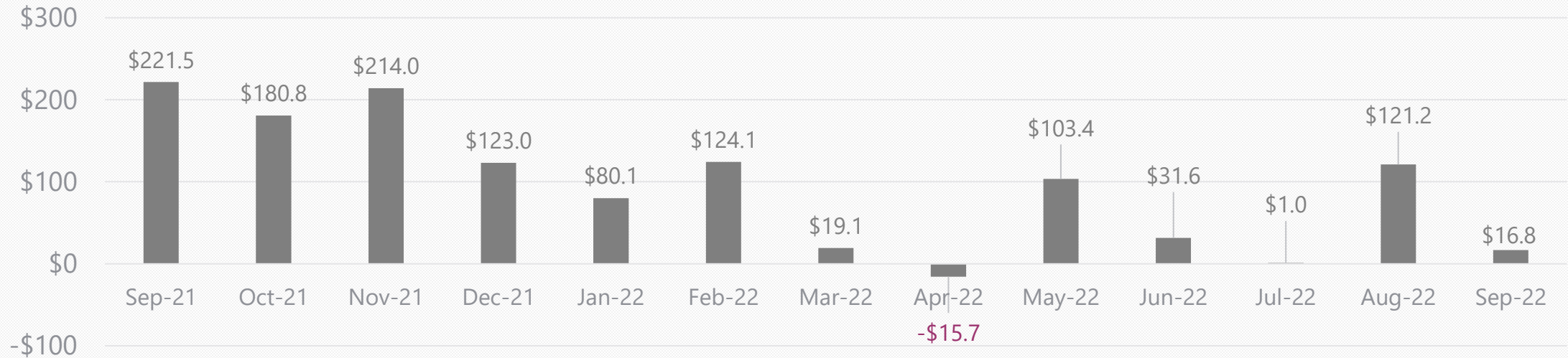
# Program update

Steve Zawoysky, Treasurer

Brian Kennedy, Forecasting & Economic Analyst

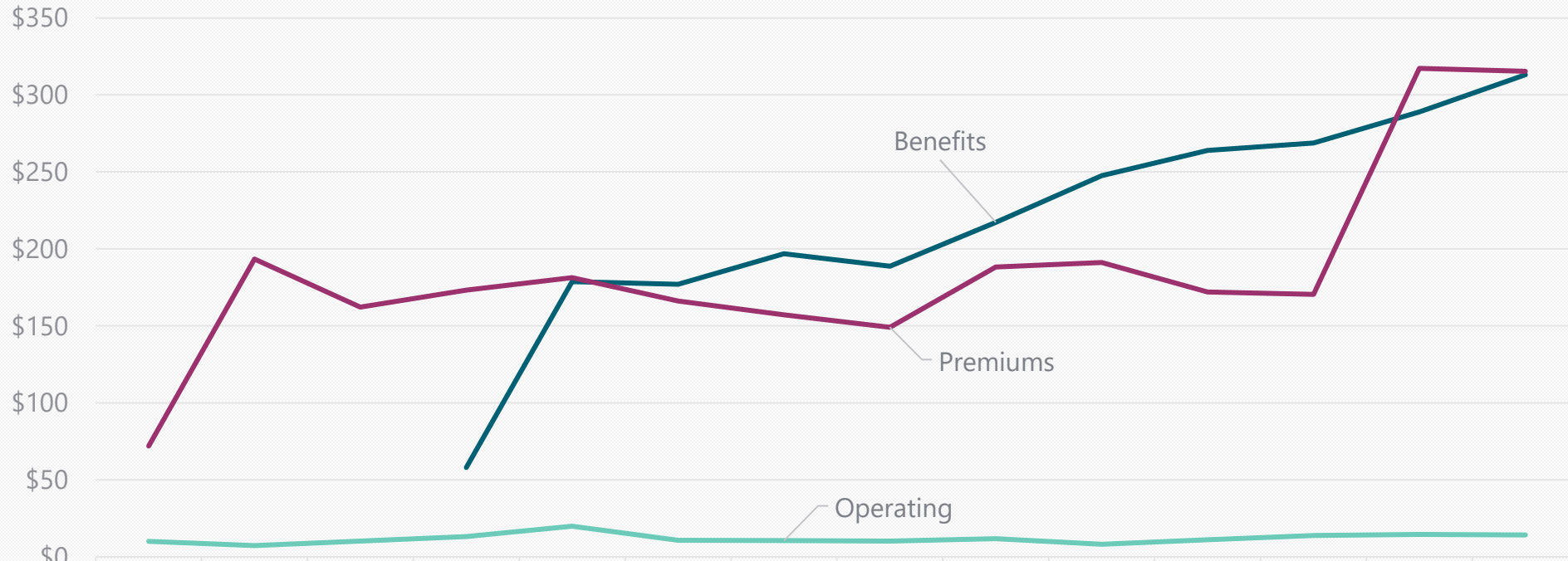
John Mattes, Operations Manager

# Monthly ending account balance (millions)



- Ended September at \$16.8 million
- Fell back into a negative balance on October 5<sup>th</sup>
  - -\$15.3 million at the start of the week
  - Expected to max at about -\$30 million
- ESSB 5693 provides up to \$350 million coverage for an account deficit on June 30, 2023
  - Have yet to draw from these funds → premiums are offsetting negative balance

# Premiums, benefits, operating expenses, and account balance by quarter (millions)

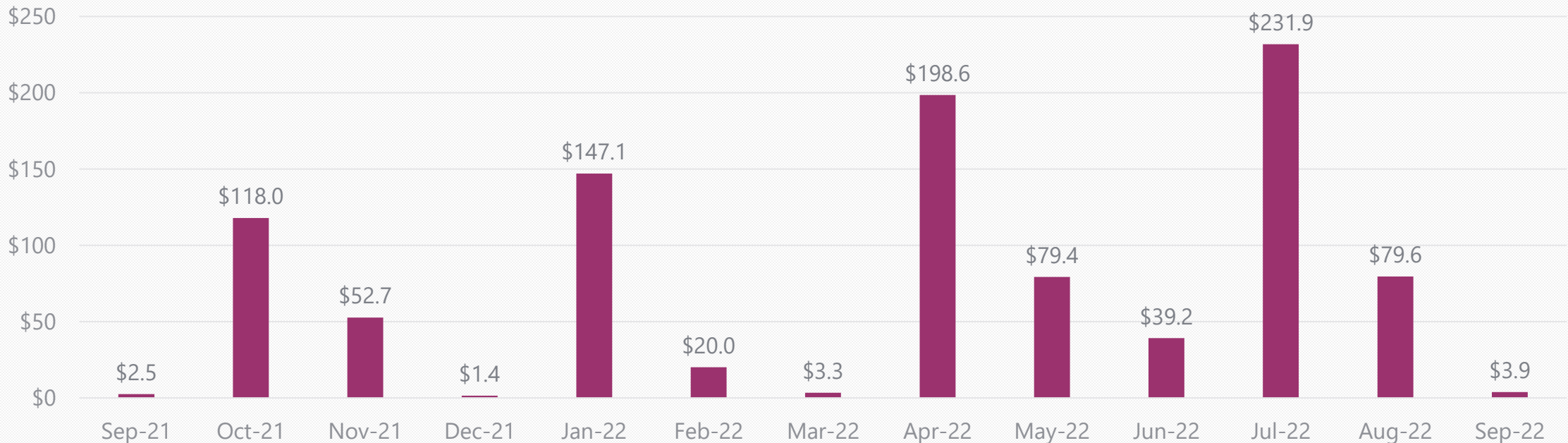


	2019-2	2019-3	2019-4	2020-1	2020-2	2020-3	2020-4	2021-1	2021-2	2021-3	2021-4	2022-1	2022-2	2022-3
Benefits				\$58.1	\$178.7	\$177.0	\$196.9	\$188.7	\$217.2	\$247.6	\$264.0	\$268.7	\$289.0	\$313.0
Premiums	\$72.0	\$193.4	\$162.2	\$173.3	\$181.4	\$166.2	\$157.2	\$149.2	\$188.3	\$191.2	\$172.1	\$170.4	\$317.2	\$315.4
Operating	\$10.2	\$7.3	\$10.3	\$13.2	\$19.9	\$10.8	\$10.6	\$10.3	\$11.8	\$8.3	\$11.2	\$13.9	\$14.7	\$14.3
Fund Balance	\$26.8	\$209.8	\$372.1	\$467.2	\$454.2	\$426.8	\$376.4	\$326.6	\$286.5	\$221.5	\$123.0	\$19.1	\$31.6	\$16.8

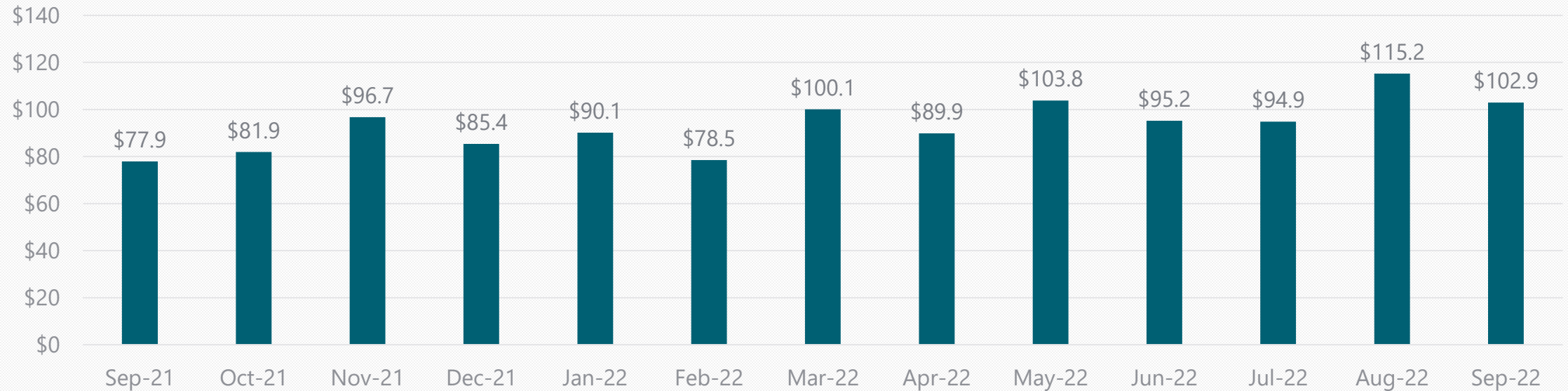


# Monthly premiums remitted (millions)

- Premiums assessed for each quarter are remitted in the following quarter
- Cyclical pattern within quarters – most premium transactions occur at end of reporting months
  - July has been the highest monthly collections to date
- Cyclical pattern through year of lower quarterly assessments as more wages fall over taxable cap
- \$3.9 million premiums remitted in September 2022, 54% or \$1.4 million more than last September



# Monthly benefits paid

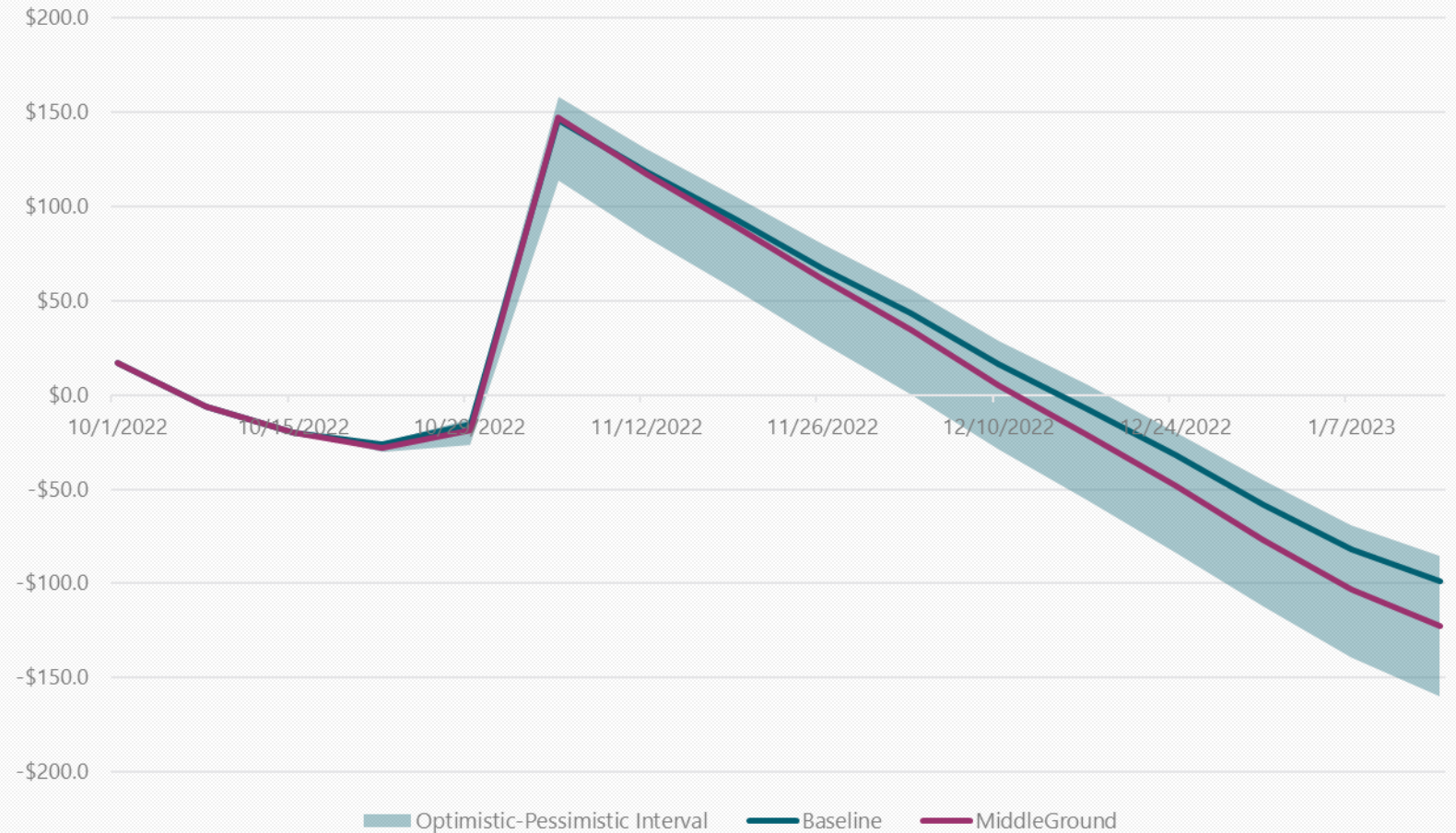


- September 2022, \$102.9 million – 3<sup>rd</sup> highest monthly payments to date.
  - 32% higher than September of last year
  - 11% lower than last month
- \$870.7 million benefits paid thus far in 2022
  - 33% higher than Jan-Sept 2021

# Fiscal projections

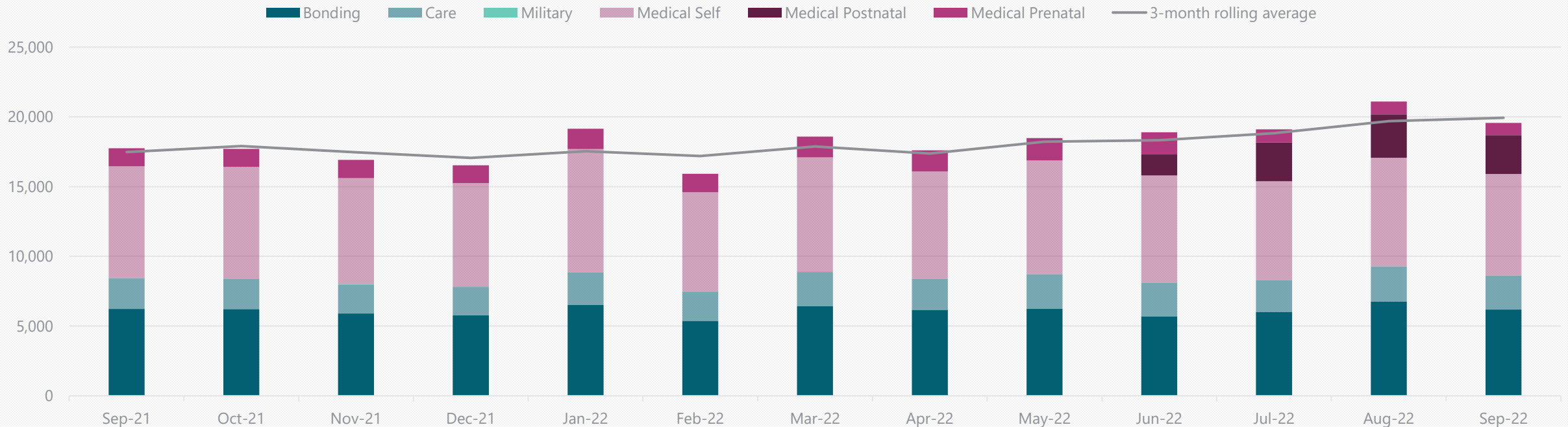
- Have been in deficit since October 5<sup>th</sup>
  - Expecting about -\$30 million in total
- Next deficit may come in early December through January
  - Will be the last premiums collected at the 0.6% rate

Paid Leave Account Balance: Cash Flow Projections  
Historical data through week ending 10-15-22



*Technical notes: This projection does not adjust for unreconciled premiums (graph presented at January 2022 Ways & Means did), nor does it assume a required minimum balance of one average week's worth of benefit payments when assessing cash deficit.*

# Claim applications submitted by type

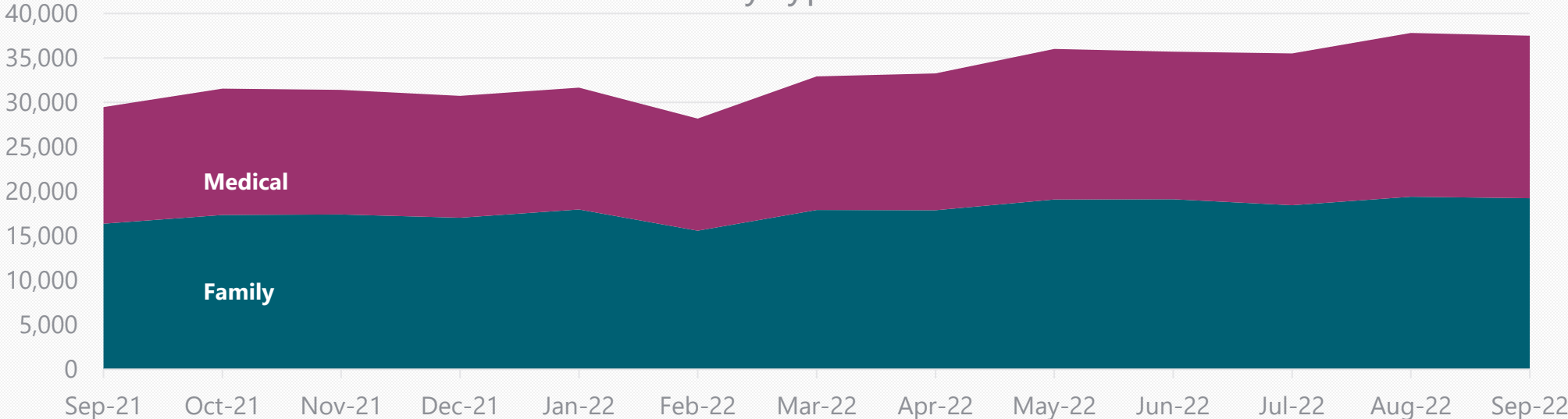


- September 2022, we received 19,572 applications
  - 7% less than last month
  - 10% more than September of last year
- Starting to see shift towards medical leave types ~ 56% medical, 44% family
- Three-month rolling average at about 19K claim applications
  - Had been stable at about 18K since May 2022

# Approval rate and monthly claims with payment(s)

- Percentage of claims approved continues to be relatively stable in past year
  - About 84% approved overall
- Unique leave claims in the last 12 months – 98,074 family and 100,097 medical
- September 2022 total unique leave claims: 40,016
  - 36% more than September of last year

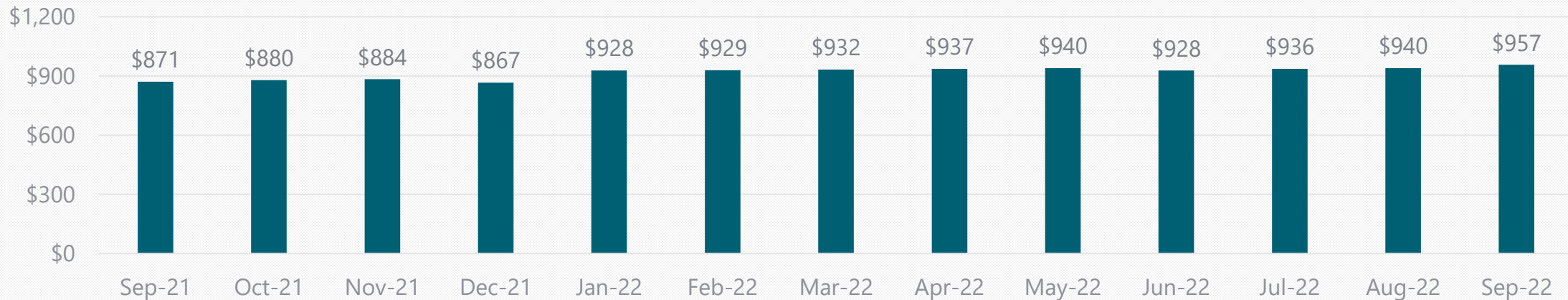
Claims with at least one payment in month  
by type



# Benefit levels and lengths

- Jan-Sept 2022 average: \$936
  - 7% higher than same period last year, \$877
- 2022 AWB is expected to stabilize throughout rest of year.
  - Statewide average annual wage grew 7.3% from 2020 to 2021

*Technical note: Average weekly benefit amount for approved claims grouped by claim year start month, most recent months typically drop slightly as data matures.*



- Length of leave relatively stable month-over-month
  - 7.4 weeks avg per claim for claims ending in recent months
  - 9.5 weeks avg per claim year for claim years ending in recent months

# Time from application submission to first payment

Month	Average weeks	Median weeks
Jan. 2022	5.2	3.6
Feb. 2022	4.9	3.6
March 2022	4.5	3.4
April 2022	4.0	2.7
May 2022	3.6	2.4
June 2022	4.2	2.6
July 2022	4.2	2.6
August 2022	4.0	2.6
Sept 2022	4.1	2.7

Month	Average weeks	Median weeks
Sept 2021	4.8	3.6
Sept 2022	4.1	2.7

# Phones

Month	Percentage of calls into queue*	Percentage of calls answered from Paid Leave queue	Queue time for Paid Leave**
March 2022	78%	85%	04:56
April 2022	80%	85%	04:01
May 2022	85%	91%	02:47
June 2022	64%	78%	07:27
July 2022	82%	67%	12:23
August 2022	81%	75%	08:52
September 2022	80%	78%	08:29

## Since September 2021:

- 12% increase in calls into queue.
- 38% increase in calls answered.

\*Includes WaCares

\*\* Prior to August 2022, queue time included WaCares



# Current program priorities

Justin DeFour, Director

Matt Buelow, Deputy Director

# FOUR-YEAR STRATEGIC PLAN

## Employee engagement strategies

**Goal: A culture of belonging, learning and growth where we are all valued, everyone matters and each of us can lead.**

- Enhance our culture of equity, diversity and inclusion by developing cultural competency for every employee.
- Increase diverse representation in our leadership by improving retention and embedding our goals and values into hiring and promotional processes.
- Improve the experience of team members from historically marginalized communities by using employee engagement data and direct input from employees.

## Organizational excellence strategies

**Goal: Our most complex processes are made simple and easy for our staff and customers.**

- Get more of the right things done by doing fewer things at once.
- Use consistent technology and data platforms across our agency.
- Create empowered cross-functional teams with the capacity to deliver our prioritized work.

## Customer service strategies

**Goal: People receive accessible, safe and equitable services at the right time, in the way they need it.**

- Create an integrated experience for customers when interacting with ESD.
- Help connect more people to our services through a network of community partners.
- Improve equitable outcomes for customers by listening to and learning from people who face barriers to receiving our services.



# Active division portfolio

## Projects

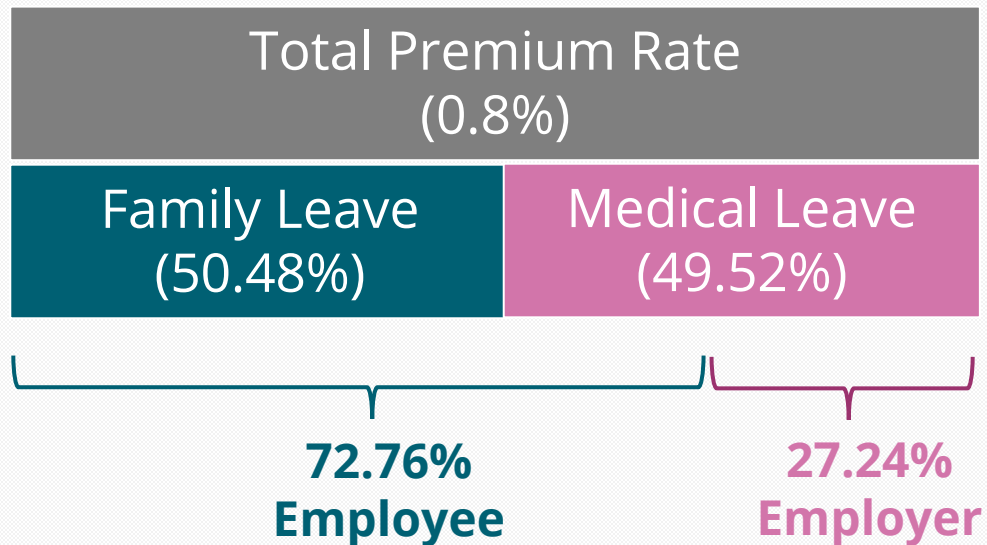
- 2022 1099s
- 2022 weekly benefit amount increase
- 2022 premium rate and Social Security cap changes
- Cloud migration (case management system)

## Analysis

- Enabling employers without UBIs to report online
- Employer contact types and case management
- Implementing division language access plan

# 2023 premiums

0.6% base rate + 0.2% solvency rate = 0.8%



- 0.8% feasible to cover benefits and operating costs through calendar year
  - Disregarding \$350m current biennium reserve
  - Economic conditions and benefit usage as currently estimated
  - Baseline projections show small positive year-end balance (abt \$6-8m)
- Expect continued short-term deficits in next biennium
  - Reducing risk of deficits in latter half of 2023 a key factor motivating earlier suggestion of a higher rate
  - Potential for negative balance on September 30, 2023
- Minimizes swings in rate while legislature determines long-term solution(s) for solvency

# Weekly Premium per Employee

**2022**

**0.6% rate with 51% Family and 49% Medical**

Minimum Wage (15.74/hr or \$32,729/yr)

**Average Wage (\$82,513/yr)**

2023 Social Security Cap (\$160,200/yr)

**2023**

**0.8% rate with 50% Family and 50% Medical**

Minimum Wage (15.74/hr or \$32,729/yr)

**Average Wage (\$82,513/yr)**

2023 Social Security Cap (\$160,200/yr)

**Total Premium**



**Employee Portion**



**Employer Portion**



\$3.78

\$2.77

\$1.01

**\$9.52**

**\$6.97**

**\$2.55**

\$18.48

\$13.53

\$4.95

\$5.04

\$3.66

\$1.37

**\$12.69**

**\$9.24**

**\$3.46**

\$24.65

\$17.93

\$6.71



# Annual Premium on Median Payroll for Employers

**2022**

***0.6% rate with 51% Family and 49% Medical***

Small <50 (est. taxable wages \$110,796)
Medium 50-150 (est. taxable wages \$3,724,357)
Large >150 (est. taxable wages \$16,043,191)

**2023**

***0.8% rate with 50% Family and 50% Medical***

Small <50 (est. taxable wages \$110,796)
Medium 50-150 (est. taxable wages \$3,724,357)
Large >150 (est. taxable wages \$16,043,191)

## Employer Portion



\$178

**\$5,984**

\$25,778

\$241

**\$8,115**

\$34,956



# Workgroup updates

Alison Eldridge, Interim Transformation Manager

# Workgroups

- Pre-application for benefits
  - Last met in August
  - Agreement on initial approach
  - Defined additional analysis needed
  - Next meeting date TBD
- Small employer premium opt-in
  - Agreement on initial approach (launch by end of 2022)
  - Continue developing complete solution (launch summer 2023)
  - Will schedule next meeting for late October/early November



# November meeting

## Details

- 9 – 11 a.m., Thursday, November 17, 2022

## Agenda

- Topics?

**Open comment**

# Continue the conversation

**Justin DeFour**

Director, Paid Family & Medical Leave  
Employment Security Department

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