EMPLOYMENT SECURITY DEPARTMENT

STATE OF WASHINGTON

VERBATIM MINUTES OF

PAID FAMILY AND MEDICAL LEAVE ADVISORY COMMITTEE HELD ON

AUGUST 18, 2022

FROM 9:00 A.M. TO 10:39 A.M.

* * * * *

PAID FAMILY AND MEDICAL LEAVE ADVISORY COMMITTEE HELD BY ZOOM

TECHNOLOGY

* * * * *

REPORTED BY:

VALERIE J. LEGG, CSR CSR NO.
3180

ROGER G. FLYGARE AND ASSOCIATES, INC. PROFESSIONAL
COURT REPORTERS, VIDEOGRAPHERS AND LEGAL
TRANSCRIPTIONISTS 1715 SOUTH 324TH PLACE, SUITE 250
FEDERAL WAY, WA 98003 (800)
574-0414 - MAIN
WWW.FLYGARE.COM - SCHEDULING
RGLFYGARE@FLYGARE.COM - EMAIL

ATTENDEES:

ADVISORY COMMITTEE MEMBERS:

EMPLOYER'S INTERESTS REPRESENTATIVE: BOB BATTLES EMPLOYER'S INTERESTS REPRESENTATIVE: CHRISTINE BREWER PAID FAMILY AND MEDICAL LEAVE ACT OMBUDS: EDSONYA CHARLES EMPLOYER'S INTERESTS REPRESENTATIVE: BRENDA WIEST EMPLOYER'S INTERESTS REPRESENTATIVE: JULIA GORTON
PAID FAMILY AND MEDICAL LEAVE DIRECTOR: LISA KISSLER EMPLOYEE'S INTERESTS REPRESENTATIVE: MARILYN WATKINS EMPLOYEE'S INTERESTS REPRESENTATIVE: GABRIELA QUINTANA EMPLOYEE'S INTERESTS REPRESENTATIVE: SAMANTHA GRAD EMPLOYER'S INTERESTS REPRESENTATIVE: TAMMIE HETRICK EMPLOYEE'S INTERESTS REPRESENTATIVE: JOE KENDO EMPLOYEE'S INTERESTS REPRESENTATIVE: MAGGIE HUMPHREYS

EMPLOYMENT SECURITY DEPARTMENT STAFF: COMMISSIONER:

CAMI FEEK
CHIEF FINANCIAL OFFICER: CAROLE HOLLAND
PAID FAMILY AND MEDICAL LEAVE TREASURY MANAGER: STEVE ZAWOJSKY
PUBLIC AFFAIRS DIRECTOR: NICK DEMERICE
LEAVE AND CARE INTERIM DIRECTOR: BETH MARCHAND
PAID FAMILY AND MEDICAL LEAVE INTERIM DEPUTY DIRECTOR: MATT BUELOW
PAID FAMILY AND MEDICAL LEAVE OPERATIONS MANAGER: JOHN MATTES
PAID FAMILY AND MEDICAL LEAVE RESEARCH AND DATA MANAGER: REBECCA GRADY
FORECAST AND ECONOMICS ANALYST, RESEARCH AND DATA, LEAVE AND CARE: BRIAN KENNEDY
ASSISTANT TREASURER: CASSANDRA KIOSEF
INTERIM TRANSFORMATION MANAGER: ALISON ELDRIDGE

Washington
Paid Family & Medical Leave

A G E N D A

INTRODUCTIONS APPROVE JULY

MINUTES

PROGRAM & FISCAL UPDATE CURRENT

PRIORITIES WORKGROUP UPDATES

AGENDA ITEMS FOR SEPTEMBER MEETING OPEN COMMENT

ADJOURN

MR. BUELOW: So, let's go ahead and do our upslides and then I'm going to talk about our advisory committee.

Our agenda topics are relatively standard. We're going to do our introductions and see if we can approve the minutes.

We're going to do our program and physical update. We're going to do our current priorities and then talk about workgroup updates and see what we want to talk about next month and then have our open comment period.

And let's advance slides, please.

Okay. So, during the meeting we are going to ask that only the advisory committee and presenters speak. There will be an open comment period at the end, and we will have plenty of time for anyone to give any comments at that time.

And with that let's advance slides and do some introductions of our advisory committee. And I'm going to ask Maggie to start because you're first on my screen.

MS. HUMPHREYS: Good morning. Maggie Humphreys with MomsRising, representing employee interests.

MR. BUELOW: And Marilyn.

MS. WATKINS: Marilyn Watkins also representing employee interests.

MR. BUELOW: Samantha.

MS. GRAD: Hi, Samantha Grad, Teachers 117, representing employee interests.

MR. BUELOW: Julia.

MS. GORTON: Good morning. Julia Gorton with the Washington Hospitality Association, representing employer interest.

MR. BUELOW: Edsonya.

MR. BUELOW: Christine.

MS. BREWER: Christine Brewer, good morning. Contract Lobbyists representing employer interests today.

MR. BUELOW: Justin.

MR. DEFOUR: All right. Good morning. Justin DeFour, director of the Leave and Care Division.

MR. BUELOW: Did I miss anyone? Do we have Joe or Bob?

UNINDENTIFIED SPEAKER: Bob might a few minutes late.

He had to join by phone.

MR. BUELOW: Okay. Cool.

Okay. Well, we'll go ahead and get started and see if others can join as we move forward.

Okay. Give me just one quick second here. Sorry. My computer is having some gremlins today for whatever reason.

Okay. Let's advance slides, please.

All righty. So, we have the meeting minutes from last meeting, from July that I sent out, and I realized, because we needed to correct some stuff in June, that I didn't send that one back out, so I'm not going to ask us to reapprove those right now.

I'll get the corrected version out to you after this meeting and then we'll see if we can approve them via email maybe.

Does that work for everybody for June?

And for July do we have any motions to approve or any questions or comments about the minutes?

MS. CHARLES: I couldn't find page numbers on the -- are there page numbers? Because I have some small tweaks but I couldn't find the page numbers so it just seemed difficult to do that.

MR. BUELOW: That's a great question. We've been using a court reporter who gives us the transcript and we can see -- we'll find out if page numbers can be added.

MS. CHARLES: Thank you.

MR. BUELOW: I think that's a great idea.

So Edsonya, you had comments, you said, about the notes?

MS. CHARLES: I mean, they are minor corrections that would be way too cumbersome without page numbers, so it's fine.

MR. BUELOW: Okay. Or you can send me your comments if you'd like via email, and I can send July's out as well with June's and see if can we can get them approved via email, or, I mean, it's really up to you what works.

MS. CHARLES: Super minor.

MR. BUELOW: Okay. Does anyone have a motion to approve the July minutes? Again, June I'll send back out.

MS. WATKINS: I'll so move, Marilyn. This is Marilyn.

MR. BUELOW: Any seconds?

MS. BREWER: This is Christine. I'll second.

MR. BUELOW: Good. All in favor say aye.

(All in favor.)

MR. BUELOW: All right. It sounds like we had everyone say aye. Is there anyone who does not want the July minutes approved?

Okay. So moved. We will approve the July minutes. And if we -- yes?

MS. CHARLES: This is sort of off the agenda, but people asked for my ombudsman report with numbers and I don't have numbers yet, but I'll send it out before the next meeting, so I just wanted to make a note of that.

MR. BUELOW: Awesome. Thank you. Thank you.

We're going to do our program update. It says on here Kim Green will be joining us. She's unavailable this morning, so we have Cassandra Kiosef, our assistant treasurer, will be doing that presentation instead of Kim, but other than that we're going to have Cassandra, Brian, John, and Rebecca walk through our program update. And I'll just let them pass it back and forth to each other. I don't need to jump in in the middle so...

MS. BREWER: Oh, Matt, this is Christine. I have Tammie Hetrick on as well.

MR. BUELOW: Oh, fantastic. I am sorry about that, Tammie. Got you here. Perfect.

Okay. Cassandra, I think you're up first.

MS. KIOSEF: As soon as I'm going to take a drink of my coffee. I see how you are, Matt.

First slide for me, please.

Okay. We're talking about July here. So, this month or last month fell into a negative fund balance on the 13th. We were about 15 days negative, about two weeks. We did get back into a positive balance on the 29th of the month when premiums started coming in, and the maximum negative fund balance was 7.5 million for last month.

For the ESSB 5693 we did get up to 350 million coverage if we go into deficit by next year and we have not needed to use those funds as of yet.

Next slide please.

This month was the first quarter that we actually had premiums that were more than the benefits, the program has run.

Go ahead and next slide me, please.

Premiums assessed for each quarter and are remitted in the following quarter with the pattern of how they shake out.

Most of the premiums get collected the last day or two of the month. Since July 31st ended on a Sunday this year, we actually did get quite a bit of a deposit also in August for these premiums.

We had 231.9 million in premiums remitted in July, which was 61 percent over, or 88.2 million, more than last year in July.

Next slide, please.

For benefits, in July we had 94.9 million. It was the fifth highest monthly payments to date for benefits. It was about the same as last month, but it was a 21 percent higher increase than July of last year.

So far this year we've in 652.6 million in benefits paid, which is 35 percent higher than last January through July and our expected 2022 benefits will be about 1.2 billion.

And that's it for me.

MS. BREWER: This is Christine Brewer, could I ask a question?

MR. BUELOW: Yes, please do, Christine. I see, too, Edsonya has her hand up as well.

MS. BREWER: Oh, sorry. I should put my hand up here.

The last bullet on the expected annual benefits, my question is, is that projection just basically based on the last year's benefits paid out and projecting that moving forward, or did you project some sort of increase?

MS. KIOSEF: That would be a Brian and Rebecca.

MR. KENNEDY: Yeah, I can jump in here.

That is taking our projections that we've seen thus far this year and kind of making adjustments to that. So, we know we've been seeing a higher uptick so that the County reports that that we've seen already this year. So, it's kind of a revision to what we had done with our legislative projections back during legis session and accounted for benefits already being pay paid out for the first half the year. So, it's an update that we've seen thus far.

MS. BREWER: So, I mean, basically under the first bullet, you know, 21 percent higher than July of last year. I'm just curious, is there an average that you could share to say we've averaged it out to be about a 7 percent increase in benefits each month, or is there a way to put a number on it so we know exactly how...

MR. KENNEDY: Right. What our, just, average monthly increase is on a percentage basis?

MS. BREWER: Yeah.

MR. KENNEDY: Yeah. I can grab that number for you real quick after this and update you with that. Yeah, that's doable.

MS. BREWER: I mean, because the first two -- I mean, you could put it together that, you know, year over year per month is about 20 percent higher each month. Is that -- because the second bullet, 35 percent higher than January through July combined, so I'm just trying to get a sense for what you actually projected to get to the 1.2 billion.

MR. KENNEDY: This is taking our -- like, you'll see on the next slide, we'll have our fiscal projection. That is using a -- like a fiscal model looking at seasonality that we can sort of start to see and projecting that forward.

So, like gross rates that we're seeing on a weekly basis projected out throughout the rest of the year. That's where this 1.2 billion is coming from. That's been revised a little bit upward.

MS. BREWER: Okay. Thank you.

MR. BUELOW: Edsonya.

MS. CHARLES: Yeah. So first I want to say I think we should take just a moment to recognize and celebrate that we've had a month where premium collections surpassed benefits, so yay. And then do we have any explanation for what happened in the second quarter reporting that made this jump? And is it something that's going to level off? continue at that level? continue to grow? I know there are predictions that it would grow a little bit each year but...

MR. BUELOW: It's the -- we believe it's mostly attributed to the higher premium rate than last year.

MS. CHARLES: But then wouldn't that show up in April if that were the difference?

MR. BUELOW: It did show some in April. But, anyway, I'm going to let written Brian or Rebecca help me out on that one if you can.

MR. KENNEDY: Yeah. So, what we receive in April is for what was assessed earlier. So, it's kind of this lag period. So, this is the first time that we're really seeing that big jump of the new premium rates.

MS. CHARLES: I don't understand, because aren't the

April premiums the first quarter of 2022 when the rate increased?

MS. GRADY: They're collected in the second quarter though. So, if you go back to that quarterly slide -- that one -- so this is quarterly, and so what was assessed for Quarter 1 is collected in Quarter 2, so that's why the jump up happens in Quarter 2.

MR. BUELOW: Thanks, Rebecca. That makes a lot of

sense.

Julia.

MS. GORTON: Thanks.

So, I see we still were dipping below the fund balance

for the second quarter. Is that primarily because we had to -- we paid off the bigger debt from the end of the previous time of year? Are we bringing in enough benefits this quarter to pay them? Are we bringing in enough premiums to pay benefits this quarter?

MS. GRADY: I think that's a good segue to the next slide. You'll see the projection of what the next quarter looks like.

MS. GORTON: Great.

MR. KENNEDY: Yeah, if you want to jump to that I can go

So, this is updated, like our weekly projections that in here.

you've been seeing, through the next reporting period, so as we've been kind of talking about before,

we're almost definitely going

to see these short periods of deficit right leading up to reporting period. So that will continue until the foreseeable future, as I said, in the short term, at least through this legislative session, and that's kind of what we've been expecting.

This deficit we're expecting in October time should be somewhere between 10 million and about 45 million, so that's kind of right where we're seeing it so far, but you can also see that we're starting to collect premiums as well towards the end of the month, and we're expecting about 270 million-ish in assessments for that Q3, so that will offset any of that deficit spending that we have to do. And this also kind of puts us into that rate calculating period, so just to give you an idea of what our fund balance may be looking like when we have to do the rate calculations for next year. And then kind of given what we've been seeing and as we showed in the benefits, the trend in benefits and kind of updating our projections, if you look at the table here, you'll see our solvency surcharge. We're kind of adjusting that upward where we're expecting somewhere between a .3 and a .4 percent solvency surcharge, so that's been revised upwards as well.

The family-medical split is still hovering right around 50/50, so no major changes there.

Do you want to jump to the next slide.

And here we have our claim applications again submitted by type. July, you see, we received about 19,000 applications last month, and again it was the third highest we've seen on record (inaudible) June of last month at third place, so we're still seeing high uptake in applications.

And again, this is the first full month that we do see the breakdown of pre- and postnatal subtypes, so can kind of see it there. Now that this data is coming in, we have a bigger picture of what those pregnancy claims will be looking like moving forward. Granted it's one month and that doesn't really reflect what a trend may be, but it's kind of our first full month with what that looks like.

And if you just look at the applications as a whole, this month of July shifted more towards medical leave because these fall under medical leave, so the new split between family and medical is about 43 percent family and 67 percent medical just on claim applications. So those aren't paid claims, but those are applications, so it's a little different in how we calculate the actual family-medical split based on paid claims, but it kind of gives you an idea of how those applications are starting to flow in.

Again, this is 1 percent higher than last month, and we

have a little typo, here but about it's about 17 percent higher than July of last year.

And then again, our three-month rolling average is still sitting right around 19 -- or 18,000 claims.

Next slide, please.

And here we have our actual approval rates and just our monthly claims that are actually being paid on. You can see we're still sitting at about -- an approval rate of about 84 percent.

And then unique claims that have been paid on the last 12 months are trending slightly towards family leave here with about 95 versus 93,000 family-medical.

July of this year we had a total unique paid claims of about 35-and-a-half thousand which is about 22 percent more than July of last year, so we're still seeing a higher uptick in paid claims as well. But it's pretty -- not that we expected the claims to stabilize here, but if you look at the last few months -- May, June, through July -- it has kind of flatlined a bit, so we did have like a moment of pause.

April -- or sorry, Marilyn.

MS. WATKINS: I'm sorry for starting out on with the wrong name on my profile. I'm using my son's computer today.

Anyway, so just to clarify what unique claims means, that's so if someone applies for both medical and family leave for bonding, that's two unique claims? It's not unique people, it's unique -- it's -- it's not a weekly claim to get your benefit.

It's the making the claim for that particular type of leave for a particular purpose.

MR. KENNEDY: Yeah. It's a unique claim that has been paid on. So, if they're still in that early stages now and they haven't moved into the bonding yet, it would still be just one claim. But if they had surpassed that postnatal period and moved into bonding or had enough weekly claims, then it would be two, if that makes sense.

MS. WATKINS: Yes. Thank you.

MR. KENNEDY: I think that's it on this slide.

And then this is for benefits and levels and lengths of leave. Again, this is pretty much similar to what we've been seeing the last few months, January through July. We've seen an average weekly benefit of about $937, which is about 7 percent higher than we saw for the same period last year, but it's kind of stabilized again. We expect the benefit levels to increase in January and then it kind of stabilizes throughout the rest of the year and that's continuing on.

And then length of leave, again, has also stayed pretty stable month over month. We're still seeing average length of leave of about 7.4 weeks per claim, and somewhere between 9 and 10 weeks per claim year. So again, this slide has been pretty standard from what we've been seeing in the past. Not a whole lot has changed here, just updating another month's worth of data.

And then I will hand it off to John, I believe.

MR. MATTES: Thank you, Brian.

Good morning, everyone. John Mattes, I'm the operations manager for the leave and care division. So, on the slide here is our time from application to first payment as we've been reporting on. As you can see for July there really was not any change from what we reported in June, so we stayed exactly the same both of average and median weeks in that calculation.

We're still -- as I mentioned before, still playing catch-up from all the changes in June, so, I think, that is causing us to kind of have this period where we're working very consistent and not seeing any improvement. We're still playing catch-up from some those changes, but we're not seeing anything right now that is concerning, but we're monitoring it closely to make sure that we can maintain that and hopefully get back down towards where we were at prior to those changes.

Also mention that we are -- had a few vacant positions open up, so we're onboarding a class of specialists in September to kind of fill those vacancies, so they will be onboarded then. And we have a new training program that we're very excited to roll out with that class. It'll be our first class with our new revised training program.

I will pause for any questions on this slide. Maggie.

MS. HUMPHREYS: Thank you, John.

So, the submission to first payment, does this number, like 4.2 or 2.6, include the waiting week that they're required to -- or some folks are required to have before that first payment?

MR. MATTES: I believe so, but I'll phone a friend to make can sure I have that right.

MS. GRADY: Yes, that's correct. It's the full length of, if there was waiting week, if there was a redetermination. It also would -- you know, if something was initially denied and then approved later on, it would include the full life cycle of the claim. Any claim that was initially submitted and had a first payment in it.

MS. HUMPHREYS: Okay. Thank you.

MR. MATTES: One other thing I'll add to this, and I know there was some conversation at the last meeting on, kind of if we're seeing some improvements or anything from the June changes. And one of the things I'll highlight is we are seeing a pretty dramatic improvement in the weekly claim processing as a result of the reworking of the weekly claim process for -- that we did in June. So, we're seeing that more claims are being automatically approved, which is great. That means those claims are processed faster if they don't have to be automatically worked for those weekly claim payments. And we're seeing an increase in what we think is accuracy of them, so there's less customers getting confused by the questions, which we think it really helpful.

And I know that's been a thing that we've been working on for a while is, how do we change those weekly same questions to improve the customer experience? And I think the research that we did with our customers and talking to our customer care staff really paid off as we've seen really good improvements in the weekly claim processes since those changes went into effect.

And next slide for me, please.

And this is our telephony data that we've been reporting on. The July phone volume was really high. I think it was our second highest month this year in terms of total volume, excluding June. As we've mentioned, there was some challenges with the phone system in June. There was some bugs that was requiring some customers to call in multiple times. If we exclude them it was the second highest volume month, which makes sense with all of the changes from the previous month. It was a reporting month, and we were still playing catch-up on some of the different work edits, so that makes sense to why the phone volume was high there.

Overall, again, we still think it looks pretty good, but we're definitely looking to kind of improve moving forward and get back down towards where we were in previous months. We're seeing some positive signs in August already that we're moving in the right direction on that as well.

And any questions? Maggie.

MS. HUMPHREYS: Thank you.

Two questions: One for the metric percentage of calls answered from paid leave queue, is that -- does that -- or, I'm sorry, percentage of calls into the queue, does that entail -- I know previously there was an issue where some folks would call and they essentially put in -- sorry. I have a baby at home today. They couldn't get into a hold -- on the hold.

Is that still happening? Or are these folks who heard there was a wait and hung up because they wanted to call back a different time?

MR. MATTES: Yeah. So really great question.

So, we don't believe any customers -- and we have looked at this several times. No one should be hitting what was called the high call volume thing, so that I think is what you're mentioning, where our volumes were too high, and so it wouldn't even let them get into queue. No customer should be having that happen right now.

So, this is a lot of customers who don't make a selection in the queue. So, this could be someone who hears there's multiple kind of options and hangs up before they make a selection.

Robocalls. There's a bunch of different things that could happen that would be as to why those calls don't get into queue. But, no, it should not be anyone hitting the high call volume.

MS. HUMPHREYS: Okay. Great.

And then I note I see the asterisk about this is including calls from the Washington Cares Fund. I would -- I think we'd all probably anticipate those calls to continue to increase in the year.

Is there a plan to delineate those calls incoming as a way to kind of protect staffing and resources for paid leave? And

I was curious what kind of a staffing plan looks like. I know last year that that caused a lot of delays for folks trying to reach paid leave and care regarding their claims when the calls -- the lines were very overrun with calls from individuals and businesses regarding the Washington Cares Fund and Compliance.

MR. MATTES: Really great question.

So, I'll mention just briefly kind of why that asterisk is there that includes this, and it's because if a customer calls into the -- our 1-800 number, before they make a selection we don't know if they are calling for paid leave or WA Cares, so that's why I can't split that number apart there.

So, once they make a selection, the first selection they make, are you calling for the paid family-medical leave or WA Cares, and once they make that selection, it's different staffing that are handling those calls.

So, with the exception of employers, employers they might be calling for both programs, so employer calls get routed to staff that can help on either program. But if you're calling on a WA Cares exemption, you're going to go to different staffing than you're going to go to for the paid family-medical leave.

And in term of kind of how we're staffing for that, we do have some hiring efforts underway to staff up for the new WA Cares exemptions so that we can handle those calls with different staff that will be helping with the paid family-medical leave claims for employer services.

MS. HUMPHREYS: Thank you.

MR. MATTES: All righty. Any other questions on our telephony data?

All right. I'm not hearing any so I will pass it over to Rebecca Grady to talk about our upcoming reports.

MS. GRADY: Thanks, John.

Rebecca Grady, paid family-medical leave and WA Cares research manager.

So, we have a couple paid family-medical leave reports coming up here shortly that will be coming out that we've talked about earlier in the spring as coming up this year.

The first is our annual report that dives into operational needs and resources related to volumes and workload. And in that one the main takeaway you'll see is that everything else being equal, if benefit volumes do continue to increase this year the way we discussed at last meeting, we may need an additional two teams of specialists before next June to keep up with volumes while maintaining the lower processing and hold times, so that we're assuming would get back, as John said, to where we were in a couple months -- a couple months ago before the June changes.

The second one is a report that came from the original Paid Leave Program bill, which called for an analysis of the voluntary plan application fees and the cost to administer voluntary plans during those first three years. And the bottom line you'll see in that one is that, as probably was expected, costs have exceeded fees. And though we expect costs to drop pretty dramatically this coming year and next year as more voluntary plans reach the end of their initial three-year review cycle, we still expect costs to be higher on an ongoing basis.

We also described some of challenges in there that we've observed with trying to think about what kind of fee might fully cover costs, if that's the aim. Given the current approval and review process, it's not a very straightforward answer. So that said, we'll, of course, send you a copy of the report once it's out, which we just got the approval to submit this week, so it will be coming your way very shortly. And once you've had a chance to digest it, let us know if you'd like to do something like set up a workgroup or use time in an upcoming meeting for discussion, or if you have thoughts already about how you'd like to engage on that before seeing the report, feel free to chime in.

Yeah, Marilyn.

MS. WATKINS: It's just a question about the contents and scope of the report itself.

Are you doing any -- is it really super focused on the costs? Are you doing any other further analysis? And one of the questions that comes to my mind is the -- the rate of employers who once on a voluntary plan opt to continue with the voluntary plan versus opt to discontinue the voluntary plan at some point? And how much of the number is the same ones for the entire period versus some rotation of some dropping off and anyone coming on? And I don't know. You don't need to answer that now,

but is that part of the scope of this, or is that something that would be addressed in the annual report to the legislature?

MS. GRADY: It's not part of the scope of this. I would have to look back at the draft of the report to the legislature, but we do include in this some -- an appendix with some additional information that's not as narrowly costs and fees, but trying to keep the main report really targeted to the ask so that we're not asking everyone to read lots of additional information as we put all of that in the appendix, but it's something we could look at.

Julia, I think was next.

MS. GORTON: Thank you.

Can you speak a little bit to what exactly the costs are for the Department for voluntary plans. Is that just relating to reviewing and approving voluntary plans, or what else goes into that?

MS. GRADY: It's primarily that, so it is primarily the

reviewing and approving. And then for the first three years any approved plan is required to have an annual review. And then there's ongoing costs beyond that, you know, little teeny bits of time for, you know, research and data, for communications, for policy questions, for -- for kind of run the gamut.

There's also questions that come in from employers. For example, an employer operating a voluntary plan may, for example, if they have an employee about to take leave, call us up and ask us, how much would the state plan pay to make sure that they're at least minimally, you know, meeting that requirement, so that essentially sort of requires that we take a look and do some assessment of what the amount would be and stuff like that.

John, is there anything that I'm -- any key things that I'm missing in there?

MR. MATTES: No. I think you hit all the main ones, and then there's some appeal work. So, we do process, not a ton, but a few appeals relating to voluntary plans benefits and some costs with some additional compliance activities.

MS. GORTON: Okay. Thanks.

MS. GRADY: Maggie.

MS. HUMPHREYS: Thank you.

Will the report also look at some of the profile of the businesses engaged in these plans, so sector as well as

employee -- the number of employees. That we know from the recent disclosure that a large number of these employers are quite large, and so I think it would be great to have some data regarding kind of the profile of the participants as well, if that's not already part of the reporting plan.

MS. GRADY: Yeah. That's in an appendix. We kind of put it all together at the end. I appreciate that though.

And if there's other things that you would like to see that are not in there, I believe -- if memory serves -- we looked at size, number of employees, industry, and some other things like that. But if there are things in there that are not in there that you would like to see, definitely let us know.

Julia, is your hand up for a new question or is that from before?

Okay. Perfect.

Any other questions or thoughts?

All right. Then I think I'll keep the mic because I'm pretty sure, as we go to the next slide, we'll be back to me. So, I'd just kick it to Matt and he'll kick it back to me.

So, turning to the projections, last month we walked from and agreed upon some assumption updates and changes for this year, and then we went back and ran a few scenarios based on those, and now we're back here in the August part of this timeline to review how things are looking with you all. And it's looking pretty close, so we'll be planning to update the estimates with our experience data through August and September, and we'll let you know if anything looks like it's changing from what you see today.

So just to start on the next slide with the super quick refresh of how we get to the premium rates. We start with account balance ratio as of September 30, which is the account balance divided by the total fiscal year wages, and then that determines the premium rate, and then if that account balance ratio is under

.05 percent and insolvency is projected, we assess a solvency surcharge.

So, the maximum total possible rate of the regular rate plus the solvency surcharge is 1.2 percent of wages, and that's assessed on the wages up to the social security cap.

If you go to the next slide, we started with kind of some current projections, actually two different versions, because, as I mentioned earlier, it's looking pretty close. We wanted to let you know how things could play out in the future under each possibility.

And one of the versions, unintentionally, but shows really well the volatility that can occur with the -- under the current rate structure, so might be useful to understand for some of the conversations that are going on around the premium rate structure this year.

And then we look at an optimistic and pessimistic growth

scenario.

And going to the next slide, to start, what we're

currently looking at for a premium rate that will keep us from going negative at the end of any quarter in the calendar year at this point, with the exception of first quarter that no increase in the premium rate could address because we don't see the premiums from the higher rate coming in till April. Right now, it looks like in order to keep that fund and -- quarterly and fund balance positive we're looking at a 1 percent premium rate for the

.6 percent regular rate, .4 percent solvency surcharge.

If we do end up there, how it plays out is that we end up essentially collecting so much in 2023, that when we go to do the rate calculation in 2024 -- so at the bottom there you see the rate for the rate year and the account balance ratio that determines that rate. So, the account balance ratio is from the prior year as of September 30 calculation. It's a calculation that determines the rate for that rate year.

So, if we do end up at the 1 percent rate, we sort of collect so much in 2023 that by the time we get to the calculating the 2024 rate, we drop way back down.

And then in 2025 we stay low, but even though we project insolvency, looking back up at the projected balance estimates for the end of the fiscal year, even though we're projecting insolvency in that calendar '25, the fund balance -- the account balance ratio is .06 percent, so it's not low enough that we could add a solvency surcharge there.

And then because we have a couple years low, it sort of shoots back up, because we have that insolvency but inability to add a solvency surcharge. And in 2026 it looks like it would shoot back up to the maximum amount and then fall back down.

The average rate across these years is .8 percent, so to give you an idea of kind of what a level rate might look like in there.

Marilyn.

MS. WATKINS: So, I know, you know, we have to follow current law currently and for the foreseeable future until there's a law change, so understanding that I also note that I think it would be instructive both for the advisory committee but also for the task force to have not -- not just that average that you've given there, but the rate that is projected to actually collect sufficient -- that would -- you know, that would collect the right amount -- you know, sufficient amount to pay benefits and administrative costs with whatever, you know, necessary cushion for a little bit of volatility is projected. Kind of knowing -- being able to see that side by side with these numbers I think would be very helpful for us if we're considering potential changes to the program next year.

MS. GRADY: For sure. Would you want the -- for that rate through the initial growth period or the rate once we get to where we think program maturity might level off on, what that --

MS. WATKINS: Well, I think it would be -- I think we would want to see what was projected through, you know, that we would really be facing likely given projected current, continued growth for the next few years, as well as, you know, what kind of a mature -- I mean, you know, we've seen in the mature programs like California there's a little bit of wobble from year to year anyway in there, so even with a mature program there can be wobble. But what it would be projected -- what the actual projected amount we would need for the next few years. I mean, there might be -- part of what the task force may need to consider is an intermediate formula for the growth years and then a stable formula going forward. I don't know. I mean, that's for task force. But just having the numbers could be helpful in making those -- having those conversations.

MS. GRADY: For sure. So, one more follow-up is, would you want us to assume an ability to assess any solvency surcharge necessary regardless of what the account balance ratio is for a given year when looking at that?

MS. WATKINS: Well, I think we'd like to see what -- yeah, what would be necessary to, in fact, pay premium to premium also under current law, yeah.

MS. GRADY: Okay. Thank you.

MS. WATKINS: Yes. Thank you.

MS. GRADY: I think Christine was next.

MS. BREWER: All right. Rebecca, thank you.

I just -- I mean, I just want to push back a little bit because I do feel like these are a little premature and based on that's exactly why we have the legislative task force and contractor -- contracting with all of them to hire the actuary to develop exactly what you've been working on.

So, I guess, are you spending time developing all of this but also -- we also are having this contractor or actuary doing basically the same work? So, you know, my feeling is that that report's due October 1. Shouldn't we just be waiting for the legislative task force to do their work in this area?

MS. GRADY: Others' thoughts on that? I mean, actuary -- the contracted actuary work is definitely, you know, ongoing and you'll have that report. It won't be able to make any changes for this year's rate structure.

So, point definitely taken about we're showing you five years out what it looks like currently and every year, and once we have the actuarial report we'll probably be making some updates as well. You know, projection will change in the future, for sure.

So, point well taken. For this year, though, nothing the premium task force would do would change how we have to set the rate for this year.

MS. BREWER: So, you're expecting that conversation to take place in this advisory committee on how that rate will look and who will decide what that is?

MS. GRADY: So, the rate for this year, unless I'm misunderstanding something, has to be calculated under the current law, right?

MS. BREWER: Right. So, I guess I'm just curious.

Marilyn's questions about all these other different scenarios, to me that is what the task force should be looking at.

MS. GRADY: Gotcha.

Marilyn, any thoughts on that?

MS. WATKINS: If the rest of the advisory committee doesn't want any additional data from what you're presenting then -- in this forum, then I'm happy to wait for a different forum to see it, if that's what the will of the rest of the group is.

MS. BREWER: I think it's wasting valuable resources.

That's all I'm saying. What was the point of the task force when we specifically outline what we wanted the contractor to look at, so we will -- I'm not disagreeing that we should get all that data, Marilyn. I'm just asking, I feel like it's duplicative of services of times -- ESD staff time.

MR. BATTLES: I don't know if other people have their hands raised. This is Bob Battles.

Go ahead, Julia.

MS. GORTON: I was just going to say, I completely agree with Christine. But we also agreed to have these type of data requests go through the task force, through the legislative chairs, so I would suggest that any of these data requests go through that facility rather than this avenue. But I do feel really strongly that we should not be duplicating efforts here, especially when we're close to having an actuary come onboard and do all this work as well.

MS. GRADY: Bob, there's no other hands if you wanted to

chime in.

MR. BATTLES: Okay. Great.

Echo what Julia and Christine said, that there was a

statement by the legislatures to have all those requests go through the co-chairs of the legislative task force, which is Representative Abbarno and Senator Robinson, and that those would be determining how we're going to ask for certain data. I think, again, we are going to duplicate and also put a strain on already limited resources, and so we would ask that that's the way it should be done.

MS. GRADY: Any other thoughts on that?

And if not, it sounds like the majority of opinion here is to, you know, have the premium rate -- future premium rate and projections conversations as part of the legislative task force, you know, sort of structure.

Perfect.

If we go to the next slide, then this is also sort of looking at current projections, but because it's pretty close we wanted to show you the -- what it looks like for fiscal year '23 and into the next few years if we do end up at that .9 percent rate for 2023.

So here we would end up at, we project, a negative balance, you know, assuming premiums -- or assuming benefits growth happens, as we talked about last month, and premiums collected and all that happens, as we talked about last month, and at that point we expect a fairly small but a negative balance at the end of fiscal year '23. And not to call -- you know, negative $25 million is a lot of dollars, but keeping in relative context of that being a little more than a week's worth of benefit payments.

And under this scenario because we don't go quite as high in 2023, we see a little -- we don't sort of go into that volatility space of the up-down, up-down. There is some up and down, but it looks like over the next five years it would bounce between .9 percent and .7 percent for the premium rate, which is the same average. And that's part of why I wanted to show you the average rate over those years. In either scenario it ends up being the same average rate, just plays out rather differently.

Then going to the next slide is our optimistic economic growth projections, so here we're using, incorporating -- the Economic Revenue Forecast Council puts out an optimistic and pessimistic economic growth and applying -- in this case applying those to the premium revenue, so there will be -- expecting there will be higher wages and thus higher premium revenue coming in but that benefits don't change from our current -- sort of current projections. And so, under this scenario we'd see a little bit lower premium rates in the coming five years. The average would be about .7 percent over -- over the next few years.

And then the pessimistic version on the next slide, sort of similar using the Economic Revenue Forecast Council and assuming we end up with less premium revenue ultimately and kind of more -- more benefits paid out, and under that scenario the average is about .9. So, it sort of goes up a little bit every year from our baseline.

Any other questions or thoughts on the total premium
rate?

All right. If we go to the next slide we can get into the family-medical split, employee-employer split. And we have on the left-hand side there the current year, and the right-hand side what we're thinking is approximating what will be for next year.

So, it looks like the family leave will decrease

1 percentage point from 51 percent to about 50 percent. Medical leave increases about a percentage point. And so that means next year we're looking at a 72 percent employee, 28 percent employer split.

So that shift, Brian was mentioning the shift towards more medical claims earlier, just a few minutes ago, and that new submissions will become paid claims this year which will affect next years family-medical split. So that change is not yet reflected here. It will take a year of paying out claims before that change to the postnatal medical will affect the premium rate.

And then on the next slide, really the next few slides, to give you an idea of what that actually means in terms of dollars and cents, we added a few slides rather than trying to shove it all into one slide because it's a lot of numbers already. But this shows what the current 2022 rate is, the .6 percent rate with the 51 percent family or 49 percent medical. And for about an average wage employee the total premium would be about 9.52.

And that will move -- if we see a 1 percent rate in 2023 with 50/50 family-medical, it would move to about 15.87.

On the next slide if we only see the .9 percent rate, it will increase to the 14.28 a week.

And the next slide shows a similar example but with projected change to the employer portion annual level, since a lot of employers think in terms of the annual amounts that might be owed. And, you know, no, we did look at small businesses. They are not required to pay the employer portion.

So, looking at by business size, we estimated taxable wages looking at the median taxable wages for any -- for employers of that size. So, for example, for a medium employee, 50 to 150 employees, our median taxable wages were just 3.5 million, which translates to about 5,500 a year in employer portion.

And with a 1 percent rate increase that would go -- or a

1 percent rate next year, that would go to about 9,449. Christine.

MS. BREWER: Just a quick question on the small business option, I mean, this triggered my memory seeing this slide. Is there any status update on what that looks like?

MS. GRADY: We'll be getting to that, actually shortly. Or, Matt, do you want to chime in?

MS. BREWER: And that's why -- now's not the right time, but just that would be great if we could get an update on that.

Your slide with the outline of the size of employers triggered my thought on that.

MR. BUELOW: Yeah. So, I was going to say the same thing, Rebecca. We have that later in the presentation. We'll be talking about that.

MS. BREWER: Great. Thank you.

MS. GRADY: Absolutely.

So then final slide shows what that looks like at the

.9 percent rate. Still an increase but a somewhat smaller increase.

Any last questions or thoughts, concerns, about premium rates and what we're looking at this point?

All right. We can go to the next slide then and I'll turn it over to Alison.

MR. BUELOW: And actually before, Alison, I'm going to do the first slide in this section, and then she's going to do the rest, so if we can advance slides, please.

I'm going to talk about, really briefly, our current priorities that we're working on at the moment. This is the exact same list that we showed you last month since it's been a couple of weeks. So just so you know, no changes there.

We're working on making sure we can issue our 1099s at the end of the year, that we can update the weekly benefit amount because we know that goes up in January.

We're working on communicating -- you know, getting a communications plan together and an implementation plan together for the premium rate and social security cap changes. We know those are going to change.

We're working on our Cloud migration of our internal case management system, which is really exciting from a technical perspective and really from a maintenance perspective. You know, it's modern technology that allows us to have more environments to test in, to train in, you know, to run some simultaneous work on, less down time of the systems. All sorts of good things. So, it's going to have some really good impacts for the program.

And then we're doing some analysis regarding getting our employers that don't have UBIs in to report online. We're still working on that.

Getting more employer contact types and case management. We've heard lots of requests for that, and so we're exciting to be looking into what it'll take to do that.

And then implementing our language access plan. And, Maggie, I see you have your hand up.

MS. HUMPHREYS: Yeah. Regarding the last bullet on implementing the division language access plan, I know that there are several -- I don't know the exact components of the divisions plan, but I know within this program there are several components, such as an online application in languages other than English, as well as other recommendations, particularly from the legal aid community that have been suggested for years.

Are those moving over to the project side of -- of the division rather than analysis? Because I think there's some growing frustration around the delay to implement some pieces that we had thought would be a part of the original rollout of the program, particularly around multi-lingual application processes.

MR. BUELOW: Absolutely. No, great question, Maggie. You know, I'm actually going to hand it over to Alison,

who's going to walk through what our priorities are and what we're doing, and she's actually the one implementing the language access plan, so she'll be able to answer your question much more directly than I will.

Alison, can you help out?

MS. ELDRIDGE: Sure. Yeah. Thanks, Matt.

So specific to the language access -- what the analysis of the language access plan is, we've gotten significant feedback to our draft of the plan, and the agency is also working on updating their plan, so the analyses is just folding in that feedback and making sure that it still aligns with the agency plan and direction before we start building out the different components.

Getting to an online application in Spanish first is on the list, though I can't say where it falls in terms of we -- we need to do it and want to do it. We also have a number of

other -- our volume of letters have increased, so making sure that we're complying with like vital documents requirements for translation and getting the kinds of changes and structures in place in operations and communications to support the continued improvement on those things is on the list too, so we'll just have to see where things fall. But we do have a pretty substantial plan for that.

And I can go through some of the other things that we're also working on with the next slide, if I answered your question enough.

MS. HUMPHREYS: Yeah, we can go to the next slide.

MS. ELDRIDGE: So, in addition to the priorities that we shared last month and that Matt just went over, the way that we kind of manage work for the programs is in our portfolio process. So, we do a lot of work that is not reflected in the portfolio process, and so the things that Matt shared are in the portfolio project, but we're doing a lot of other things that we wanted to make sure that you had visibility into.

So, the things that we are working on now are the annual employer sizing, which happens after September 30.

We're making some changes to our accounting system to streamline refunds for employers.

We are working with DSHS on analyzing potential volumes for redirecting or withholding child support payments from benefits.

And we're continuing analysis on improvements to the authorized representative process, which would be the process for someone to apply for benefits on behalf of someone else or interact with the program on behalf of a benefit customer.

We are also doing a lot of strategic planning work for scaling up the community partnerships and outreach work that we've been doing over the last couple of years and making sure we have the right kind of structures in place to bring that statewide.

Largely been focused on working with community organizations in two counties through a private foundation that -- or founder that grants to the community organizations, and so working towards scaling that up statewide and beyond the sort of limited geography of this month's funder.

And then we've been working on a lot of manual bulk communications to employers and TPAs, so we want to get to a point where we're doing more automated kinds of notifications to employers and TPAs around sort of regular reporting and payment issues. We're doing that in a manual way right now and assessing kind of what the impact of those communications are so that we can build them into the technology in a sustainable and effective way.

And we are also working through the process design for determination in repayment of benefit overpayment, so we've been -- had a group of folks in the division and throughout the agency working on this process for what that might look like.

Have any questions on this slide? Marilyn.

MS. WATKINS: On that final one, the benefit overpayment process, is that something that we would be able to have the opportunity to review that process prior to it being so far down the line that it's going to be hard to change it? I think it's the kind of thing that having some fairly robust community involvement in that I think would be a good idea. So that is part of the plan currently?

MS. ELDRIDGE: Yeah. Right now it's very much in the analysis of the techni- -- in the planning stage of kind of an interactive plan and making sure that that kind of aligns so that we have something kind of cohesive to share.

MS. WATKINS: Thank you.

MS. ELDRIDGE: Maggie.

MS. HUMPHREYS: Thank you.

So, I know your teams are holding a lot of different priorities, and I appreciate seeing this kind of list and visibility into the various projects. I would offer -- and I'd love to hear feedback from my fellow advisory committee members -- but I think the enormous barriers to access that applicants whose first language is a language other than English still continue to face to access the program should be a top priority for the Department, particularly for workers whose first language is a language other than English and who are low income. They're paying a significant amount of their income to this program but are essentially unable to navigate it. And we've heard that feedback directly from both those families as well as the organizations that are trying to support them.

And while I know we've been in discussion around the strategic planning for community partnerships and I'm very excited to see that work go forward, but without a process that is low barrier and actually accessible, those community partnerships are going to be really set up to fail from the start because they're given a process that is beyond, you know, their ability to control or navigate in a way that is effective for families to apply for benefits, to assess benefits regularly and reliably in a way that they feel secure to take this -- to take this leave and be able to have the money they need to pay for their needs and rent and food and other basic needs.

So, I would just ask that the Department reevaluate kind of the placement of some of that work and prioritize it because it feels -- it feels very urgent in my view. But again, I invite my other advisory committee members to share their input as well.

MS. WATKINS: And I would second that comment from Maggie. I mean, we've certainly heard repeatedly similar kinds of feedback from a variety of individuals and partners, and it is something that really needs to -- we've been hearing for many, many -- for years now that that was going to happen and, you know, we're three years in almost, and we really need to get that actually happening.

MS. CHARLES: This is Edsonya. I agree that that should be a priority.

I'm also wondering where or whether the improved processing for birthing parents application process is on the list, and also employer improvements to the site. For example, a portal for employees, the ability for employers to receive information electronically, and multiple points of contact for employers.

MS. ELDRIDGE: Yeah, absolutely. Thank you.

Edsonya, to those couple points the -- on the previous slide where you have the analysis of employer case management and employer multiple contact sites, that is the sort of precursor work to be able to communicate directly with employers, depending on their role within the structure of a business or organization, and then the sort of back-end system to be able to connect the right employer contacts to the right functions.

So that work is -- is taking off. It's listed as analysis partially because of the structure of our portfolio. We have limits to how many active projects we can have. So, we are primed to begin the work, including the technical implementations on that. It just hasn't kicked off yet because of capacity.

And there are a number of other things that were brought up that are on the next couple slides, so we can go through those and then see what's up.

Is that the next slide.

So next is the implementing the robust employer case management.

Enabling employers to add additional contacts to their online accounts.

Additional improvement to premium and wage reporting. And improvements to elective coverage.

And one of the things we're doing now that's not mentioned is the Cloud migration for our customer case management system, and so next is the Cloud migration for our financial side.

There will be improvements to benefits case management.

And we'll begin doing analysis and planning for future phone system improvements.

And then why don't we just go to the next slide, and then I imagine there will be questions or comments between the two, so we kind of just go back and forth.

So, the things that are not now and not next, fall into the later category and that includes implementation for planning for penalties and interests.

Implementation of child support payments. We're doing the analysis and working with DSHS. We recently got our agreement with them in place for that analysis, but there needs to be some tweaks for that to work in a more permanent way.

Additional improvements to benefit applications, redeterminations, and weekly claims.

Enabling authorized representatives for benefits online.

So, the ability for someone to interact with the online system on behalf of someone else.

Implementing any identified phone system improvements.

And additional improvements to premiums and wage reporting.

Now I can pause and see if there are questions or comments on the collective.

MR. BUELOW: So, Alison, this is Matt, I just want to chime in before we take questions too.

So, you know, part of the earlier conversation just a few minutes ago on the Now slide we talked a little bit about resources and capacity, and you on the committee have been great about letting us know that if we need additional resources or need help getting those, to bring you into that conversation.

We're looking internally right now in what resources we might need to advance the program in the way we want to. We're not done with it or ready yet, but soon we'll be coming to you to have that conversation and to see how you can maybe help us and maybe take a look at it, you know, and all that good stuff. I just want you to know that that is coming soon. I don't know exactly when.

MS. ELDRIDGE: Were there any additional comments or questions on these priorities?

And move to the next slide.

And so, as Rebecca and Matt mentioned earlier when it came up, we have been doing some additional -- additional look at what it could be to have small employers opt-in to pay the employer share of the premium. We told you that it's kind of on the to-do list and it has been.

We are to a point where we are doing more -- doing detailed analysis of that.

And we -- these are sort of some of the issues that we're grappling with about how this could work most effectively. And since there's been high interest from the committee, we wanted to bring these here to talk through what this could look like in some of the places where we're, you know, not -- we don't necessarily have a recommendation on this direction. It's just kind of open questions. And so, I think, yeah, we just wanted to bring it here for discussion.

So, the first just like two little pieces of context for this. On the period of opt-in, we would need to allow -- we believe we would need to allow the employers to opt-in on a quarter-by-quarter basis. Because there's no requirement for them to pay that, we couldn't attach a time period to it other than quarter by quarter. And our other kind of requirement with it is that we have to be able to match up the dollars that we receive to dollars that we invoice for.

So, some of the open questions that we have around that are, would there be an expectation that small employers could pay an amount other than the assessed employer share? If we were to let them opt-in, they say they want to pay the employer share.

Would there be an expectation that they could pay some amount up to or over that but not exactly that amount? And we're not sure what the expectation would be.

We are -- there's some kind of open questions about if an employer opted in on a quarter-by-quarter basis, do they have an obligation to pay that full amount that they said they wanted to pay? We don't know that we have the enforcement authority to say that they would need to pay something not -- they're not required to pay under the law.

And in -- we would have to work through what to do in scenarios where an employer said they wanted to pay it and then didn't or didn't pay the full amount. We would also have to work through what would happen if they said they wanted to pay it, they paid it, and then requested a refund of that amount.

And those are just some of the kind of open questions.

Another area where I'm not sure what the expectation would be is around small employers who have a third-party administrator or employer agent reporting and paying on their behalf. We had about between 28 and 29 percent of small employers had a third-party administrator report on their behalf over either Quarter 1 or Quarter 2 of this year. So that's, you know, nearly 30 percent.

And because of the -- the way that third-party administrator interacts differently with the program than employers do, we would need -- we're not sure if we would have to create a separate process for small employers who have a CPA reporting and paying on their behalf, whether it's preferable to have a CPA, but could an employer designate the CPA to opt-in on their behalf.

And, I mean, the third kind of option would be to not let small employers who have a CPA participate in that way, which

I think is not ideal but it is a third option that we could see.

So those are just a few of the sort of things that we're grappling with, so just to open it up for discussion on those.

I'm sorry. I'm not sure who had their hand up first, whether it was Julia or Christine.

MS. BREWER: I'll defer to Julia. Go ahead.

MS. GORTON: So, thank you, Alison.

I think there's a couple of things that could kind of center your decision-making on this topic. One I think we're all in alliance -- in agreement that fund solvency is a priority, so I think you it should make it as easy as possible for people to pay and have as few barriers to voluntarily pay into the system.

And then the second thing is that this -- or the incentive for small businesses to engage in this program is the small business incentive, the small business grants, and I think everything really should be tied to that. Right. Do a compliance check if the small business takes one of the grants. Right.

That's really kind of what it should be tied around, is whether or not a small business has taken advantage of those grants. And that's where all the compliance and the assessments and all that stuff should come into.

But outside of that, I think you should make it as easy for people to voluntarily contribute to the program as possible.

MR. BUELOW: And, Julia, thank you. I just want to address something I think I heard just to make sure we're all in alignment.

So, the ability for a small employer to opt-in is not a

precursor to getting a small business assistance grant. So, under the law, once we pay that grant then they have to pay the premiums. And that's current statute -- I mean, that's current status. That's how we are operating. And so, you know, it's only assessed under the law, where we have to, once with the grant has been approved. It's not that an employer has to do this for a period of time prior to requesting or getting a grant.

But to your point about compliance, you know, that's how we see it too, is we are able to -- we are able to have compliance when we have paid the grant because the law says you must pay this, right. It's an open question that we don't have an answer to and would like to work through with you all on what, if anything, do we do around compliance if someone says, I want to voluntarily pay this thing. And it may be nothing, right. Maybe we see what we get. We don't know.

But those are just the types of things, as we're thinking this, we want to make sure we implement it in a way that meets the needs and expectations and that we're thinking about everything.

MS. GRADY: So, are you suggesting a small group task force, or what -- how are you going to go about getting efficient on these points?

MR. BUELOW: You did read my mind. I was going to suggest that.

MS. GRADY: I volunteer for whatever next step you have

on this.

MS. ELDRIDGE: Christine.

MS. BREWER: Julia hit on everything. I think I just --

you know, the bill passed in 2017, and this was a critical piece for us, and so I really am just -- I just want to put it out there how, you know, incredibly frustrating that, you know, these are the types of questions being posed today in August of 2022. And so, you know, Maggie's been clear about a priority that they have. This had been a continued priority for us, and so it just feels like this needs to be addressed.

And so, continuing to ask questions, you know, posing questions on how to implement something that was in the statute in 2017 is a bit frustrating. And so, these are not insurmountable questions you're asking. That's just a conversation between both sides about a test and what's not in the statute and maybe we need a bill to clarify a few things, but we should have had a bill two years ago to clarify this.

So, you know, I nominate Julia to be part of whatever solution we can come to. And, I mean, these are things that labor and business agree on. I mean, we agree on exactly -- Maggie and the assess for the language barriers.

I mean, it's just I understand you guys are strapped for resources, but I think some of the things that you've outlined in your work process a few slides back, I mean, are those statutorily required? Because if they're not, to me it's like those should drop to the bottom. And what is in statute in the original bill, if those aren't implemented, those need to rise to the top, and this is one of them for us.

I don't think there was a question. I'm sorry. I'm just -- I was -- I'm just nominating Julia to be part of the workgroup.

MS. ELDRIDGE: Bob.

MR. BATTLES: I, again, couldn't have said it better than Julia and Christine, and this needs to rise to the top along with the other things that are in statute. Those should be your priorities, from 2017.

In addition, I would also throw my name into being part of whatever you're going to do on that. We need to figure these things out. We need to do it now. And they have got to become priority because we shouldn't be talking about what future legislation could be when we can't even implement what we've got.

So, thank you.

MS. ELDRIDGE: Thank you.

Okay. So, we'll take the next step action on this to get a workgroup, a small group scheduled to start or continue this conversation.

Nothing else on this. I think I'm also the next slide. Yes. Next slide. Thank you.

Oh, sorry. Edsonya.

MS. CHARLES: Yeah, I just have a question.

I'm just wondering outside of the advisory authority whether the Department has received inquiries from small businesses asking about this possibility of contributing?

MS. ELDRIDGE: No, not to my knowledge.

And I think, Bob, your hand is still up, or did you put it up again? I just want to make sure --

MR. BATTLES: It's still up. I'll put it down. Sorry about that.

MS. ELDRIDGE: Okay. No, no problem. I just didn't want to skip you if you had additional questions or comments.

So, our ongoing workgroup on sort of a process design for –

MR. BUELOW: Alison?

MS. ELDRIDGE: Yeah.

MR. BUELOW: I'm super sorry to interrupt, but I do want to –

MS. CHARLES: Matt, I'm sorry. Sorry. Can I jump you?

MR. BUELOW: Yeah, please.

MS. CHARLES: I realized I have another question. So, I don't know if this is a question for Alison or for Christine or Bob. I'm – I'm not – I'm a little confused about the statutory requirement for voluntary contribution for a small employer. This is not to say that it doesn't have anything to do with like the importance of it. I'm just not aware of the statutory requirement. So, I would like some clarification from someone on that part.

MR. BUELOW: So, Edsonya, you know, from the program's perspective, I am also unaware of anything in the statute that specifically calls out small businesses opting in to pay the employer premium. Nothing prevents them from doing it, to be clear, but I'm unaware of any specific requirement in the statute as well.

MR. BATTLES: This is Bob. We negotiated in the negotiation room in 2017 to allow small businesses to opt-in. It wasn't just about the grants. The grants were about an incentive to get them to opt-in. But many businesses, and I have got dozens if not hundreds of them contacting me -- and I have brought it back to this board multiple times -- about being able to opt-in. They're interested in opting in because they believe in the program. What you're telling me is it's not important enough to let them pay into the fund. That's what's happening. That's the message that's getting out there.

So, while you may not be getting the requests, I'm getting hundreds of them, and so I'm going to start sending them your way if that's what's necessary. The fact is the statute clearly contemplated people being able to opt-in and the incentive was to use the grants, but that's not the only reason we wanted them to opt-in. We wanted them to buy into the system. And -- and what I'm hearing right now is a pushback for even allowing them to opt-in.

MR. BUELOW: Sorry if it's coming across as pushback, Bob. It's not, certainly, our intention, and my apologies if that's the impact and how it's coming across.

We -- as we look into this -- and we understand how important this is to you. We hear you loud and clear. We just want to make sure what when we implement this we do it in a thoughtful manner, and we have some questions, you know, that I think putting a workgroup together will be really useful so that we have a common understanding and we want to make sure that it's clear to employers what they're opting into, why, and what they're required versus not required to do and all those sorts of things. And we just want to make sure that it's done in a way that meets the intention and has a good customer experience.

So that's -- that's what we're trying to do. So, apologies if it's coming across as pushback.

MR. BATTLES: And, Matt, I appreciate that. I guess I kind of go back to what Christine said, is why we are asking you these questions in 2022 when they could have easily been resolved in 2018 and 2017, and we're still talking about the reason why they haven't been implemented? So, I guess, you know, it's a frustration from businesses that we -- like I said, we're losing these people from paying into the system because they're moving on because they asked, how do I do this? I believe in this program, and then it turns around and they can't even do it.

So, I'm not -- I appreciate you're trying, but again, I understand there might be some questions and let's get that

task -- that group together in that small group discussion and get it together to do it.

But, again, we've got to make these priorities, and we can't be talking about this again in another two or three years from how to when the program, the original statute had it in it in 2017 and we contemplated it in the negotiation room.

And I advise my labor colleagues to say differently on this if they do think differently, but we contemplated, we wanted small businesses to opt-in so...

MR. DEFOUR: Bob, this is Justin. Just to close that loop, I mean, me being new in this position and coming in and not knowing the history and I appreciate that, you know, those conversations were happening in '17, '18, '19, whatever. But as it's come up recently, I feel it's important for us to get ahold of what is left to implement per statute, make sure that we have that, and our -- you know, our gauge as to what we're doing here, and making sure that we're also getting, you know, things that are important to this group within that -- you know, within that list of things also. Which is why we're having these conversations about -- asking the questions here about showing what's on our agenda right now or, you know, within our work in limit progress, process.

So, you know, it's all of that. I think it all can't be

done, you know, at one time, and I understand the frustration about, you know, four years down the road and we're still having this conversation.

But to your point, we don't want to be, you know, continuing to have this conversation as pieces of the statute are left out two years from now, so, you know, that's -- that's why we're resuming these conversations and making sure we're addressing the things as necessary.

MR. BATTLE: And I thank you. I thank you.

MR. BUELOW: And, Bob, we have other questions too, but I also want to -- if it's all right with you, I'd like to reach out to you outside of this forum and we can have a conversation about those employers you're hearing from because I'm really interested and curious about that, so if it's all right with you I'll set some time with you?

MR. BATTLES: That would be great.

MR. BUELOW: All right.

MS. WATKINS: This is Marilyn. I would affirm, as the business representatives on this advisory committee have said, we did all agree to this part of the program. I also know of organizations, businesses, employers that wanted to participate from the very beginning, and there is something preventing them from doing that. They can't. They literally cannot do it. And they've been told since 2019 that they can't do it.

We, as an advisory committee, were told very explicitly in 2018 that even though that wasn't going to be part of the initial relief in 2019, that it was in the works and will be coming shortly, and it still hasn't come as we've have all heard already.

So completely agree. We need the task force. It needs to start meeting, and those notes need to be billed out and finally finished.

MS. HUMPHREYS: Yeah, and this is Maggie. I also put my hand up to affirm that from our side this is also an important priority. I appreciate the new insight into, you know, kind of the multitude of updates and projects that you all are working on as we consider the balance of resources that you all have internally, including your time.

And also hold that as we're talking particularly about insolvency, back to Julia's original point, that it feels really important to ensure that anyone who wants to pay into this program is able to. And, you know, back to some of original commitments we made at the negotiation table and around some of the tough choices back in 2018 and 2019 about what would be rolled out immediately and what would have to go on the back burner.

So, I want to affirm our business colleagues that this important from our side too and are looking forward to, you know, moving forward on this in a way that we can all feel good about.

MS. ELDRIDGE: Thank you.

MR. BUELOW: Okay. And I just want to really quickly too, I know we have Julia and Edsonya. If I -- I may have missed it. Was there anyone on the labor side --

UNKNOWN SPEAKER: Bob.

MR. BUELOW: -- that wanted to part of it too? Bob wanted to be part of it too.

Then was there anybody on the employee interest side, that workgroup, so we start getting this scheduled and get information out.

MS. GRAD: I think Maggie or Marilyn make more sense, so I defer to them. But I am happy to participate to help move things along if we need a labor representative.

They're being quiet, so it's me. I'm doing it. Let's do this.

MS. HUMPHREYS: Sam, I can be a backup. I'm happy to do it. I'm just conscious of time commitments.

MR. BUELOW: We'll add you, Sam. Thanks. Back to you, Alison.

MS. ELDRIDGE: Thank you.

Okay. So, our other workgroup. Next slide, please.

We've been working through potential processes for what we are not calling conditional approval, previously referred to as preapplication. We met on August 10 and reviewed the proposed process flow and some potential customer impacts in how the additional data and analysis that we need to put together to bring back to the next meeting of that group, so I'll be getting some dates out, looking in September. I have the hard data and research team doing a lot of work this time of year, so some of that analysis that we need for the continued conversation also requires their time. So just trying to be sensitive to that, but I will get that scheduled as quickly as we can.

If there's no questions, that is all from me.

MR. BUELOW: Okay. So, with that, before I dive into the September meeting, which we'll do in just a moment, I just also wanted to reiterate from earlier conversations in this meeting regarding the projections, the actuarial services and all of that to make sure we're all on the same page.

So, a couple of things -- oh, I'm sorry. I'm not on

video.

A couple of things. We will for sure, without a doubt,

engage the committee with conversations around the projections and the, you know, rates of how they're going to be calculated under current law for next year, and we'll continue those conversations.

And then we are going to, you know, do -- we will support the task forces in any way, getting data, whatever those things may be that the task force asks for. And we agree and appreciate, by the way, that that's the proper form for those requests and questions to come through, and we really appreciate you looking out for our workload on that.

Then I just -- you know, we'll talk through it in the workgroup and what that looks like and how projections might change moving forward should statutes change and things like that. I know that was said, but I wanted to reiterate and make sure that it was completely understood by the committee.

So, with that, are there topics for next month's meeting?

MS. GRAD: Not a topic, Matt, but I've flagged this before. Now, in my roll at Teamsters, I have standing conflict on the third Thursdays that make at least 4 of the 12 yearly meetings impossible for me to make. I know that scheduling this group is very hard, but I had asked if maybe we could potentially try and find a different standing day because that one is literally the one meeting on my calendar that I am not able to miss so...

MR. BUELOW: Gotcha. No, absolutely.

Yeah. What we'll do is we'll send out a survey and see what we can do, and then, you know, we'll see -- do you know when the next conflict is, Sam? Is it next month? Is it further out?

MS. GRAD: It's next month.

MR. BUELOW: It's next month. Okay.

We'll see what we can do and whether we can get that moved, see what calendars allow. But, yeah, we'll send something out to the group.

MS. GRAD: Thank you.

MR. BUELOW: Of course. Thank you. Any agenda topics?

Edsonya, you were going to send out a follow-up email, correct, or did you want it to be on next month's agenda?

MS. CHARLES: Yeah, I'll send it out by email.

MR. BUELOW: Okay.

MS. CHARLES: Unless people want it on the agenda. I don't feel strongly.

MR. BUELOW: Okay.

MS. CHARLES: If there is nothing, it will be an email.

MR. BUELOW: Yeah. We'll plan for next month to do our regular standing agenda items, you know which is a lot, so we're happy to do that.

And with that, if we could advance slides, please.

MS. BREWER: Matt, I'd just like -- this is Christine.

Sorry to -- I was just -- that would be the timeline after submitting any requests or just impact to the governor's office, I think, possibly or are those the end of September? I'm just requesting that if you could present on whatever the Department plans to introduce them in 2023 session, if that could be on the agenda either September, October time frame.

MR. BUELOW: We'll put it on one. I can't remember the time frame either, Christine, but we'll put it on the first agenda we can to have that conversation.

MS. BREWER: Okay. Thank you.

MR. BUELOW: Of course.

MS. BREWER: And decision packages as well as much would be great.

MR. BUELOW: Absolutely. Absolutely.

MS. BREWER: Thank you.

MR. BUELOW: Okay. With that I'm going on open it up for open comments, so if you're on a computer I would ask that you use the raising of hand feature, which can be found under the reactions tab on the bottom of your screen.

If you're by phone you can just speak because you don't have to raise your hand when you're just on by phone. You can also type any questions that you have in the chat. We will be monitoring that as well for any comments that you may have.

With that, do we have any comments for the committee today?

Not seeing any. Anyone by phone have any comments? Okay. Hearing nothing, seeing nothing, I think we'll just go ahead and adjourn today's meeting. Thank you so much for the conversation. We'll look forward to the new workgroup being set up, next month's meeting, and further conversation. Thank you so much. I hope everyone has a fantastic rest of the day.

Before I hang up, I just saw in the chat. We do have a comment that I will read. And sorry your mic's not working, Gabriela.

But from Gabriela Quintana, "I want to encourage the prioritizing of the language access," from the Economic

Opportunity Institute.

Thank you. Appreciate that comment. Okay. Well, thank you everyone.

(Proceedings adjourned at 10:39)

A F F I D A V I T

I, VALERIE J. LEGG, Certified Shorthand Reporter, do hereby certify that the foregoing transcript prepared by me is a true and accurate record of the proceedings taken on August 18, 2022 via Zoom. This document has been digitally signed in accordance with Washington Court Rule GR 30(d)(2)(B).

IN WITNESS WHEREOF, I have unto set my hand 29th day of August, 2022.

VALERIE J. LEGG, CSR
CSR # 3180