

Washington  
**Paid Family & Medical Leave**



**Employment Security Department**  
WASHINGTON STATE

# Advisory Committee Meeting

Wednesday, July 26, 2023

# Agenda

- University of Washington Job Protection Study
- Program and Fiscal Update
- Actuarial Update
- Legislative and Policy Updates
- Current Program Priorities and Updates
- Advisory Committee Meeting Planning
- Open Comment

# Meeting structure

Only Advisory Committee members and presenters will be unmuted or speaking during the meeting.

Public to hold all feedback until open comment.

Comments and questions in chat or the meeting will be reviewed during Open Comment at the end of the meeting.

# Introductions

## Advisory Committee Members

- Advisory committee members will introduce themselves in-person or online.



# Approve May and June minutes



# University of Washington Job Protection Study

Dr Heather Hill, Evans School of Public Policy  
University of Washington

# UW STUDY OF JOB PROTECTION

Heather D. Hill

PFML Advisory Committee Meeting

July 26, 2023



**EVANS SCHOOL OF PUBLIC POLICY & GOVERNANCE**

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UNIVERSITY *of* WASHINGTON

# OVERVIEW

- ESD contracted with UW to conduct an 18 -month study of job protection.
  - July 1, 2023-December 31, 2024
- Four phases of work
  1. Developing work plan and data sharing agreements
  2. Analysis of program data
  3. Collecting data from workers
  4. Synthesizing and presenting results
- Seeking input from this group at three points:
  - Today on the workplan
  - Early 2024 on our progress
  - Fall 2024 on the final report



# WA WORKERS ARE ELIGIBLE FOR JOB PROTECTION DURING PAID LEAVE IF THEY:



Work for an employer with 50 or more employees



Have worked for that employer for 12 months or longer and at least 1,250 hours in the year before the first day they take Paid Leave.

Source: Family and Medical Leave, RCW 50A.35.010. (2019).  
<https://app.leg.wa.gov/RCW/default.aspx?cite=50A.35.010>

# LIMITED EVIDENCE JOB PROTECTION

- 57% of workers in the US are eligible for job -protected unpaid leave through FMLA
  - Lower rates for single parents and workers in low -wage jobs.
  - Both employer size and job tenure rules disqualify substantial proportions of workers.
- California study found large disparities in job -protected paid leave by race/ethnicity and income.
- FMLA job protection associated with leave -taking but not employment.

Sources: Brown, S., Herr, J., Roy, R., & Klerman, J. A. (2020). Employee and Worksite Perspectives of the FMLA: Who is Eligible?

Produced for the US Department of Labor, Chief Evaluation Office. Rockville, MD: Abt Associates Inc.; Goodman, J. & Down, W. (;

Waldfoegel, J. (1999). The impact of the family and medical leave act. *JPAM* 18(2), 211-358.

# OUR RESEARCH QUESTIONS



What percentage of workers contributing to WA Paid Leave are job protected, and how do job protection rates differ by race/ethnicity, county, and broad industry groups?



Does job protection status relate to a) rates of take-up of WA Paid Leave and b) employment after leave-taking?



How do workers perceive the value and importance of job protection when making decisions about leave-taking?

# TWO MAIN RESEARCH ACTIVITIES

1. Analyze WA Paid Leave Program Data
2. Collect Data from Workers in Washington

# 1. ANALYZE WA PAID LEAVE DATA

- Obtain and prepare wage reports and claims records
  - Finalizing data sharing agreement right now
  - Q1 2020 – Q4 2022
- Estimate job protection using wage reports
- Describe the percentage of workers with job protection and whether job protection varies by race/ethnicity, county, and industry.
- Analyze whether job protection predicts 2 outcomes:
  - Whether a worker takes paid leave
  - Whether a worker is employed/is employed by same employer in quarter after leave -taking

## 2. COLLECT DATA FROM WORKERS IN WASHINGTON

- Challenges: Finding people who have not used the program & finding people who do not have job protection.
- Focus Groups on *Balancing Work, Family & Health*
  - 3 focus groups with workers in specific industries in 3 counties (Yakima: Agricultural; Lewis: Service; Whatcom: Construction/Manufacturing).
  - 10 participants each, recruited through community groups
  - In person in Spanish or English
  - \$20 incentive + refreshments
- Interviews on *Experiences with Negotiating Leave*
  - 30 individual interviews with paid leave users, split between those with and without job protection.
  - Recruited by email
  - On Zoom, \$30 incentive



# QUESTIONS? SUGGESTIONS?

[hdhill@uw.edu](mailto:hdhill@uw.edu)



**EXTRA SLIDES**



# JOB PROTECTION IN OTHER STATES WITH PAID LEAVE

## Job Protection Provided by Other Laws

<i>State</i>	<i>Sources of Job Protection</i>	<i>Employer Size Covered</i>	<i>Job Tenure Required</i>
CA	FMLA/California Family Rights Act	50+/5+	12 mos. +1,250 hours
CT	FMLA/ CT FMLA	1+	3 mos
DC	FMLA/D.C. FMLA	20+	12 mos + 1,250 hours
NJ	FMLA/New Jersey Family Leave Act	50+/30+	12 mos + 1,000 hours

# JOB PROTECTION IN OTHER STATES WITH PAID LEAVE

Job Protection Provided by Paid Leave Program (Similar to WA)

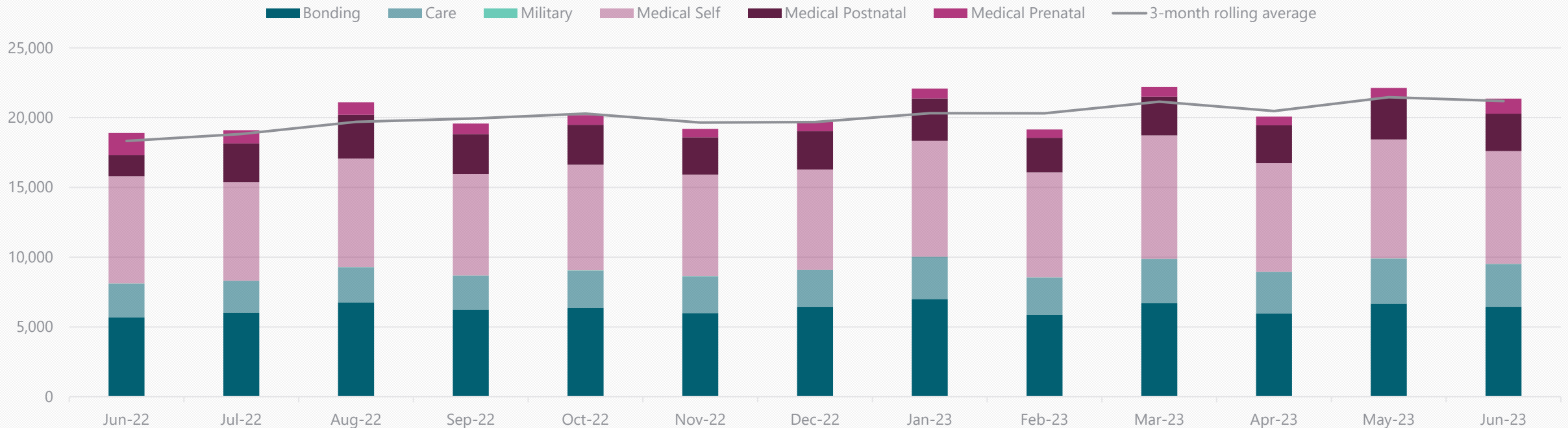
<i>State</i>	<i>Sources of Job Protection</i>	<i>Employer Size Covered</i>	<i>Job Tenure Required</i>
<i>DE</i>	DE paid leave	None	None
<i>CO</i>	CO Family and Medical Leave Insurance Program	None	180 days
<i>MA</i>	MA PFML	None	None
<i>MD</i>	MD paid leave	None (employer can refuse in some cases)	None
<i>NY</i>	Family: NY PFL Medical: FMLA	Family: None	Family: None
		Medical: 50+	Medical: 12 mos + 1,250 hours
<i>OR</i>	Paid Leave OR	None	90 days
<i>RI</i>	Family: RI Temporary Caregivers Insurance Medical: FMLA	Family: None	Family: None
		Medical: 50+	Medical: 12 mos. + 1,250 hours
<i>WA</i>	WA PFML	50+	12 mos. + 1,250 hours

# Program and Fiscal Update

Steve Zawoysky, Treasury Manager

Rebecca Grady, Research and Data Manager

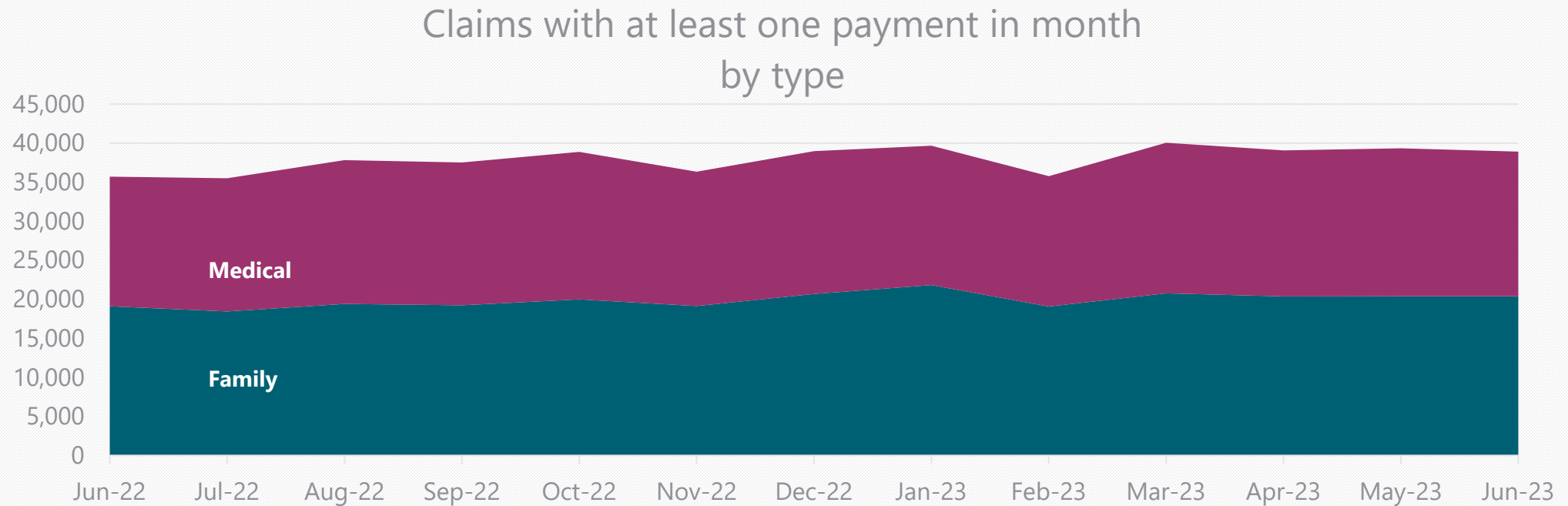
# Claim applications submitted by type



- June 2023, we received 21,360 applications – 4<sup>th</sup> highest outside of program launch
  - 3% less than last month
  - 13% more than June of last year
- Continue to see shift towards medical leave types ~ 45% family, 55% medical
- Three-month rolling average ~ 21K claim applications

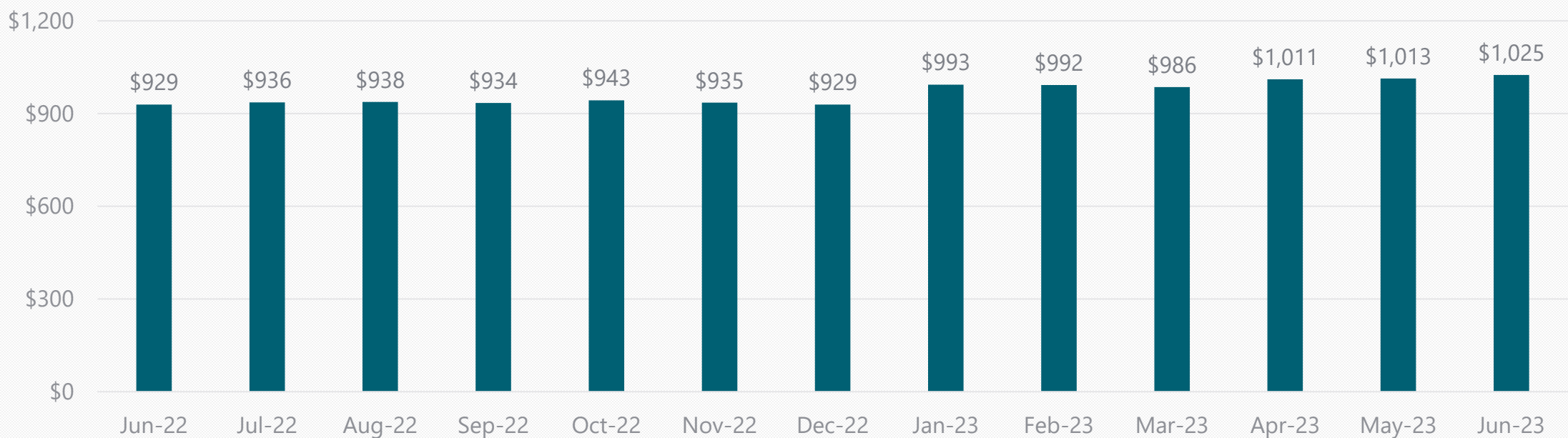
# Approval rate and monthly claims with payment(s)

- Percentage of claims approved continues to be relatively stable in past year, slightly increasing
- Unique leave claims in the last 12 months – 105,164 family and 112,946 medical
- June 2023 total unique paid leave claims: 38,923
  - 9% more than June of last year



# Weekly benefit levels

- First half of 2023 average: \$999
  - 7% higher than first half of 2022, \$933



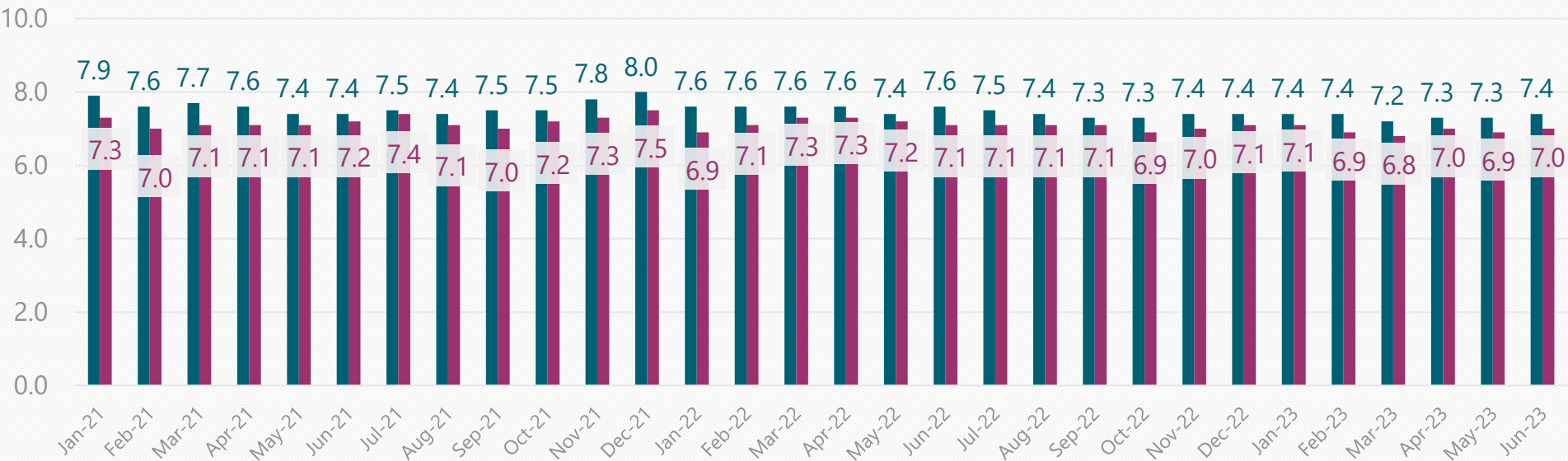
*Technical note: Average weekly benefit amount for approved claims grouped by claim year start month, most recent months typically drop slightly as data matures.*

# Lengths of leave

## Claim Level

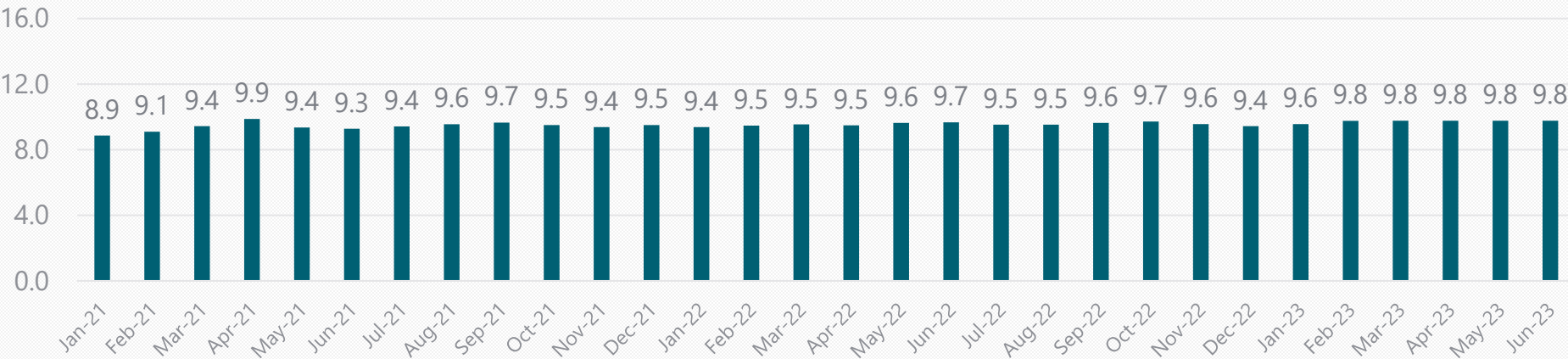
### Comparing to 2022

- Family: 7.6 weeks
- Medical: 7.3 weeks



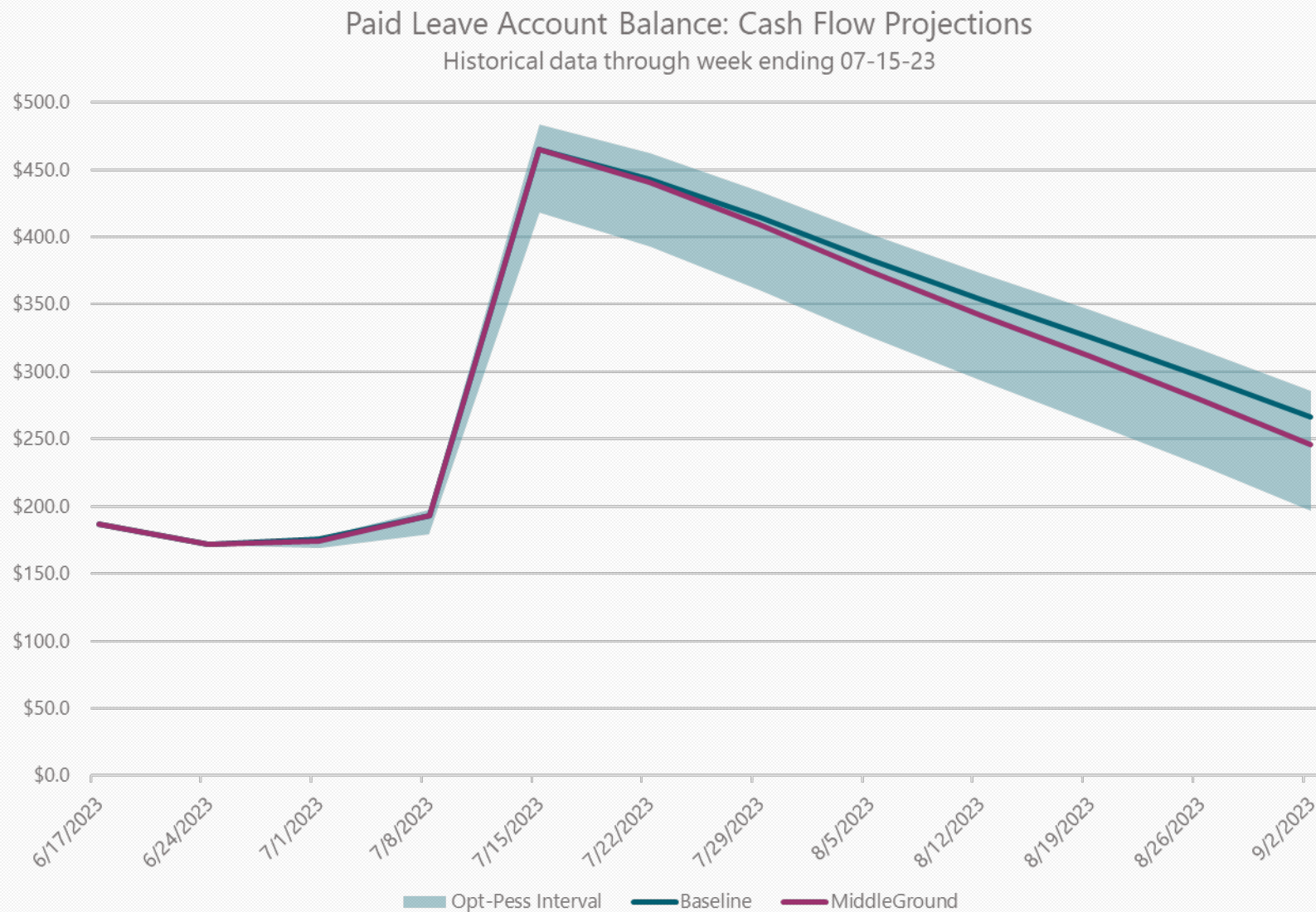
## Claim Year Level

- 2022: 9.6 weeks



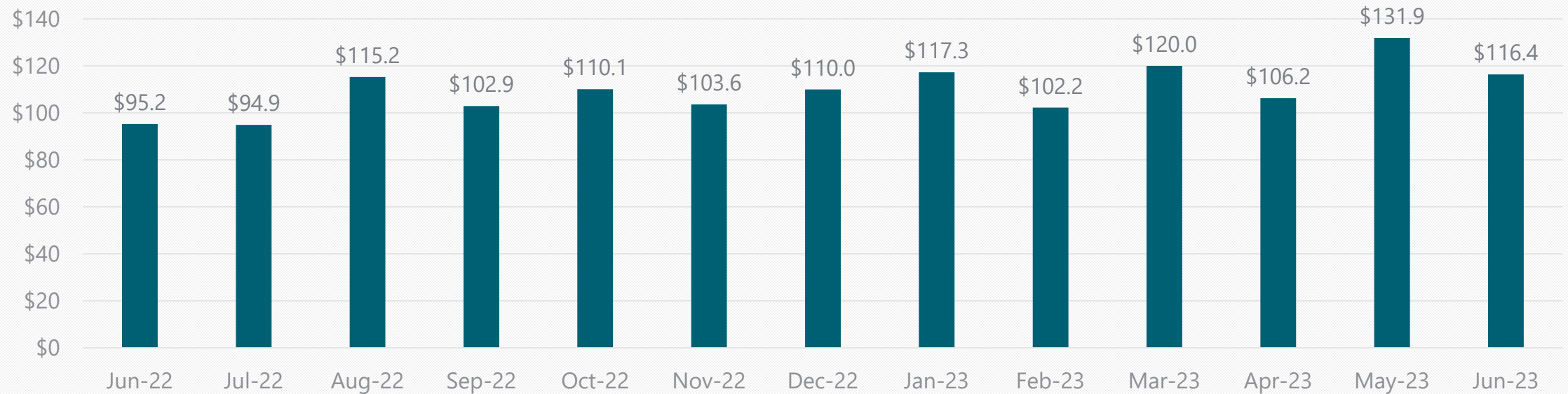
# Fiscal projections

- \$200 million in the account
- Lower risk of short-term deficit in future cycles
- Will take a few years to establish 3-month reserve
- Account Balance 9/30 ~ range of \$150-\$250 million





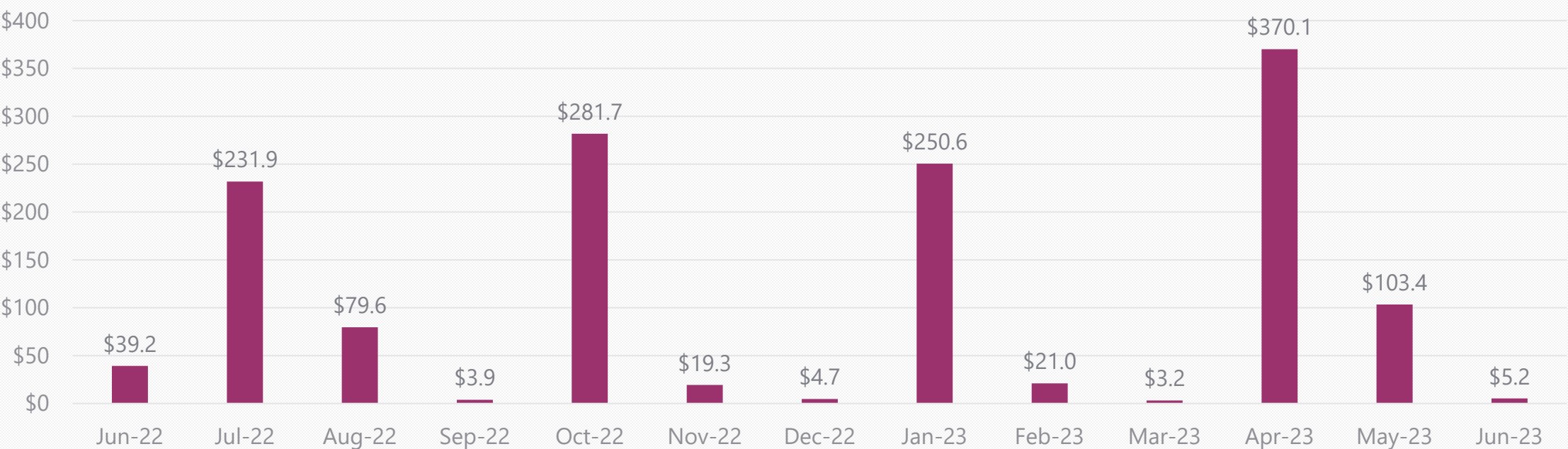
# Monthly benefits paid (millions)



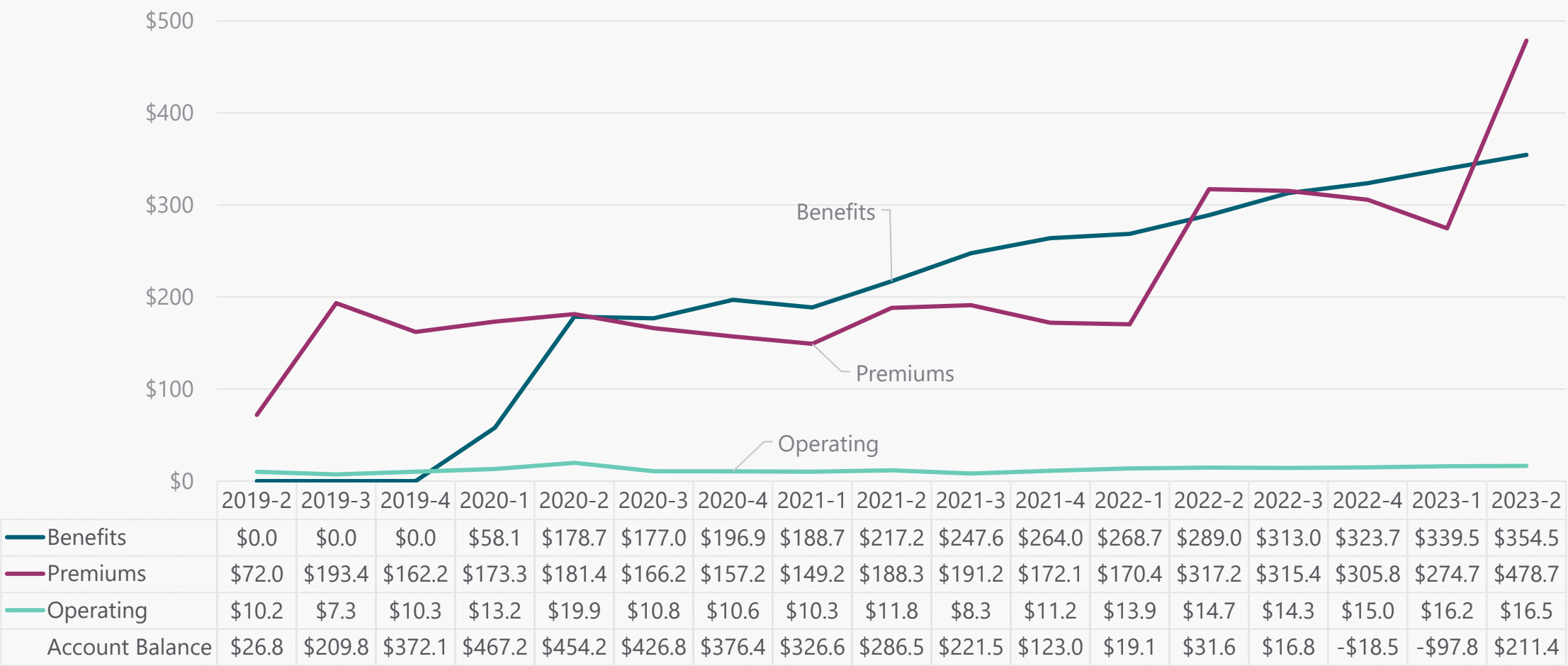
- June 2023 had \$116.4 million in benefits paid
  - 12% lower than May
  - 22% higher than last June
- \$694 million in benefits paid in first half of 2023
  - \$136 million more, or 24% higher, than first half of 2022
  - Projected \$702 million for first half of 2023 – within \$8 million

# Monthly premiums remitted (millions)

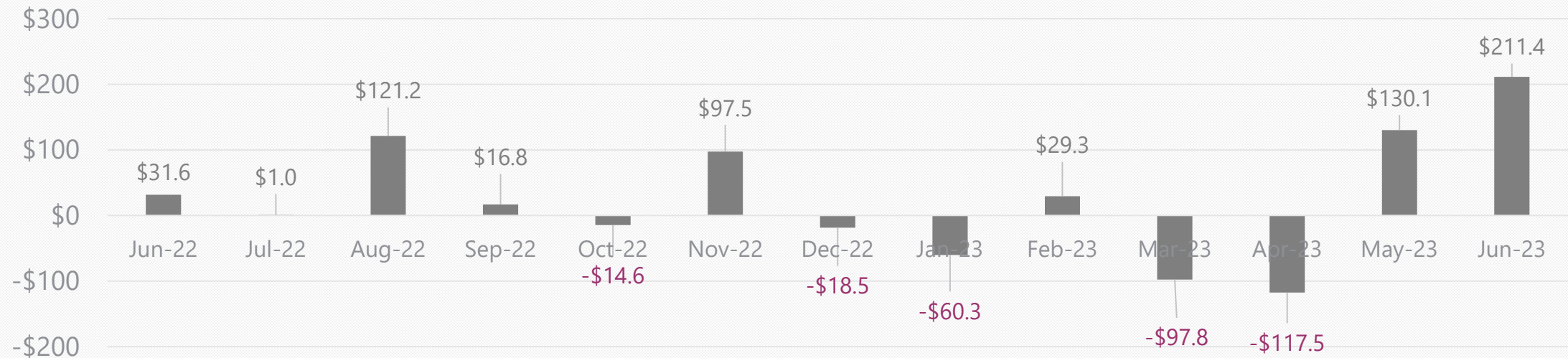
- Cyclical pattern of highest monthly premium transactions occurring at end of quarterly reporting months
- Premiums assessed for each quarter are remitted in the following quarter
  - \$753.4 million collected in first half of 2023
  - \$265.8 million (55%) more than first half of 2022



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



# Monthly ending account balance (millions)



- Ending June 2023 fund balance was \$211.4 million
- June 2022 ending balance was \$31.6 million
- \$200 million received from FY23 supplemental budget on 6/15/23
  - Without this, account balance would have ended the biennium at \$11.4 million
  - This represents a decrease of \$20.2 million (-1.5%) in FY23 solely due to operating activity

# Time from application submission to first payment

Month	Average weeks	Median weeks
June 2022	4.2	2.6
June 2023	4.7	3.6

Month	Average weeks	Median weeks
Jan 2023	4.5	3.3
Feb 2023	4.3	3.3
Mar 2023	3.9	2.9
Apr 2023	4.2	3.0
May 2023	4.2	3.1
June 2023	4.7	3.6

# Phones

Month	Percentage of calls into queue*	Percentage of calls answered from Paid Leave queue	Queue time for Paid Leave**
January 2023	79%	68%	08:27
February 2023	81%	65%	09:42
March 2023	85%	66%	04:12
April 2023	84%	62%	05:59
May 2023	82%	60%	12:27
June 2023	75%	66%	22:35

## Since June 2022:

- 4% decrease in calls into queue.
- 4% decrease in calls answered

# Actuarial Updates

Eve Sheng, Managing Actuary

# Office of Actuarial Service 2023 Timeline

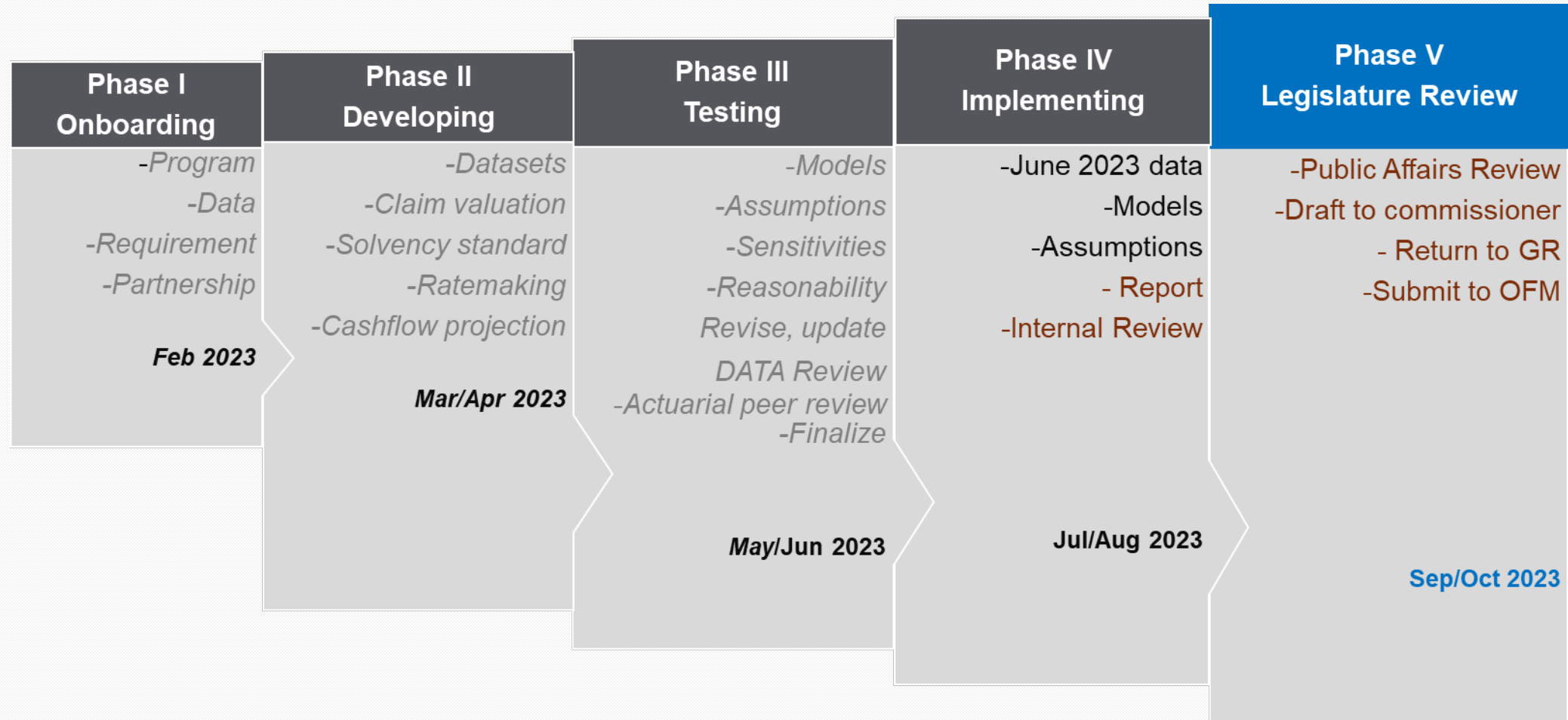
vs. Government Document Review Timeline

Completed

On-going

Not Started

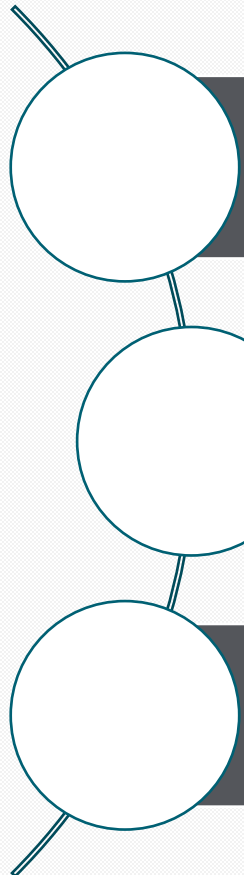
1<sup>st</sup> Member Joined  
Jan 17<sup>th</sup>, 2023



Due to Legislature  
Nov 1<sup>st</sup>, 2023



# Agenda



Actuarial Premium Rate

Employees, wage

Leave Benefit

# Agenda



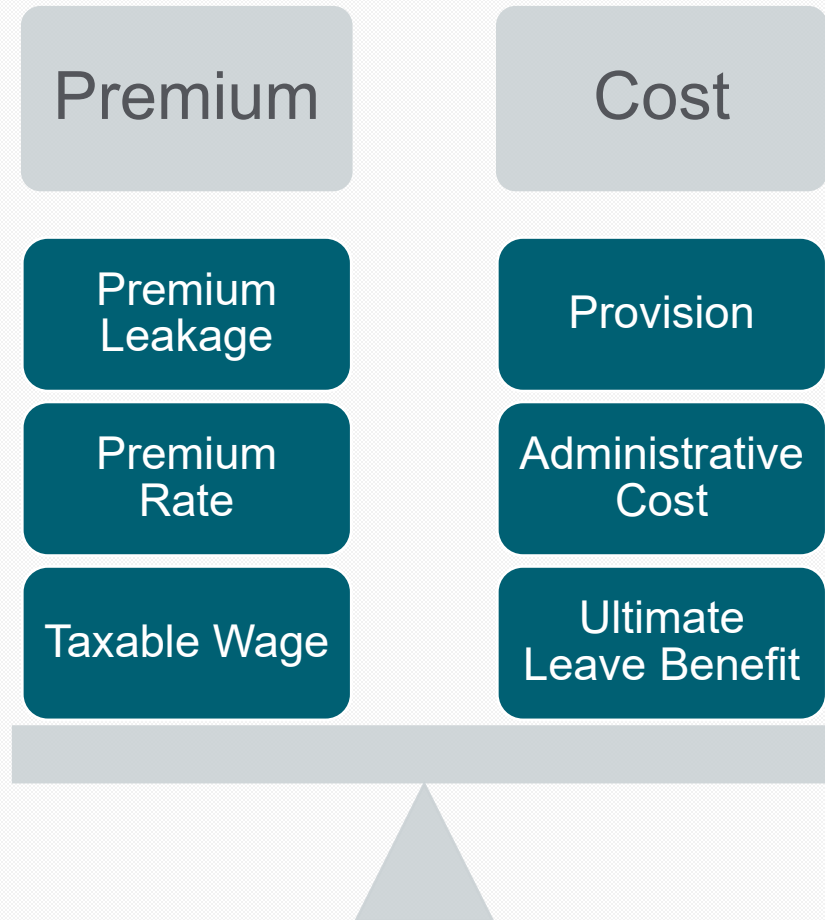
Actuarial Premium Rate

Employees, wage

Leave Benefit

# Insurance Pricing Foundation

*Align premium with cost to be incurred, based on calendar year & leave year*



Guiding Rules/Practice/Principles

- Actuarial Standards of Practice
- Claim Reserve Manual
- Principles of P&C Ratemaking

# Actuarial Premium Rate Formula

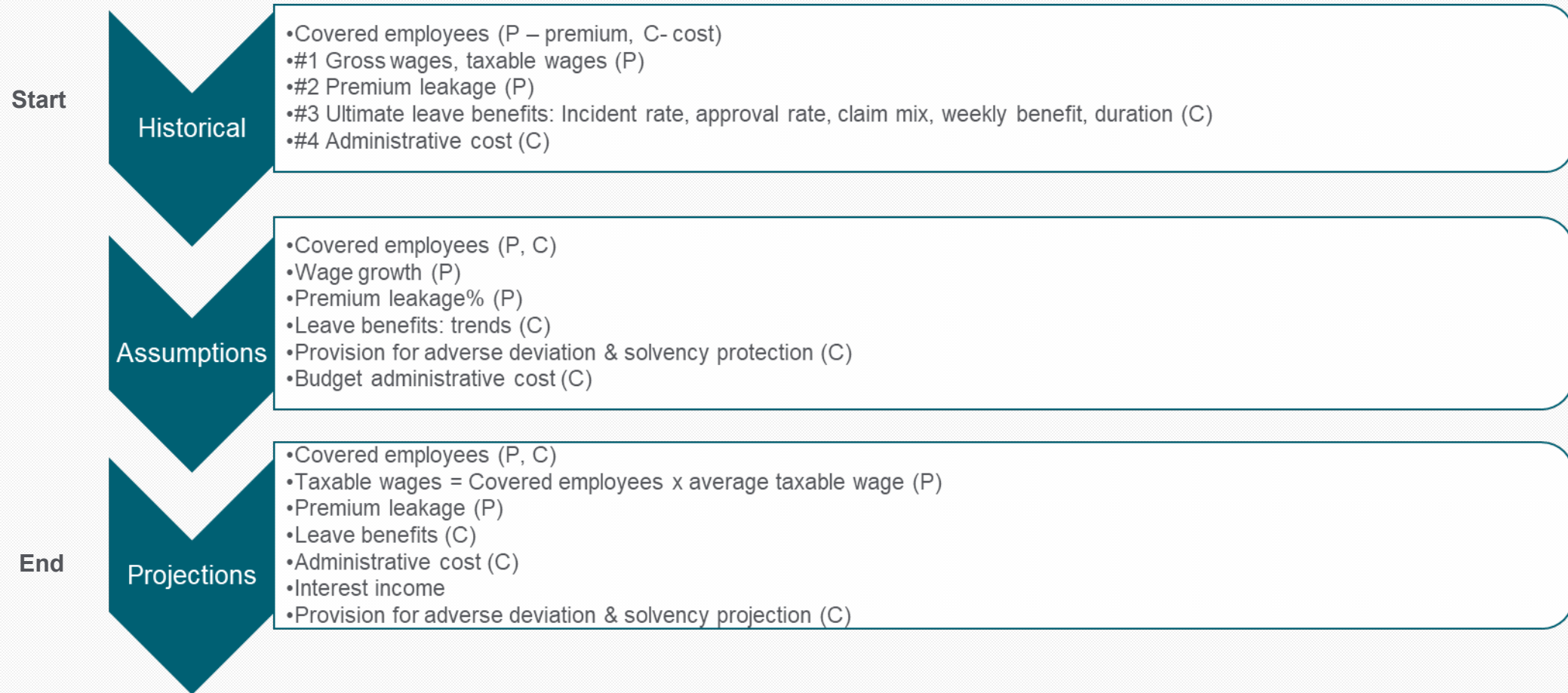
*Actuarial Premium Rate*

$$= \frac{\text{Ultimate Leave Benefit} + \text{Administrative Cost} + \text{Provision} - \text{Interest Income}}{\text{Taxable Wages} \times (1 + \text{Premium Leakage}\%)}$$

*Ultimate Leave Benefit*

$$= \text{Covered Employees} \times \text{Incident Rate} \times \text{Approval Rate} \times \text{Weekly Benefit} \times \text{Leave Duration}$$

# How do we know what the future will be?



Known

Estimated

# Premium: What's the starting point for #1 & #2

1. Taxable Wage  
(Covered Employees, Average Wage)

2. Premium Leakage%

$$\text{Premium Leakage}\% = \frac{\text{Effective Rate}}{\text{Implemented Rate}}$$

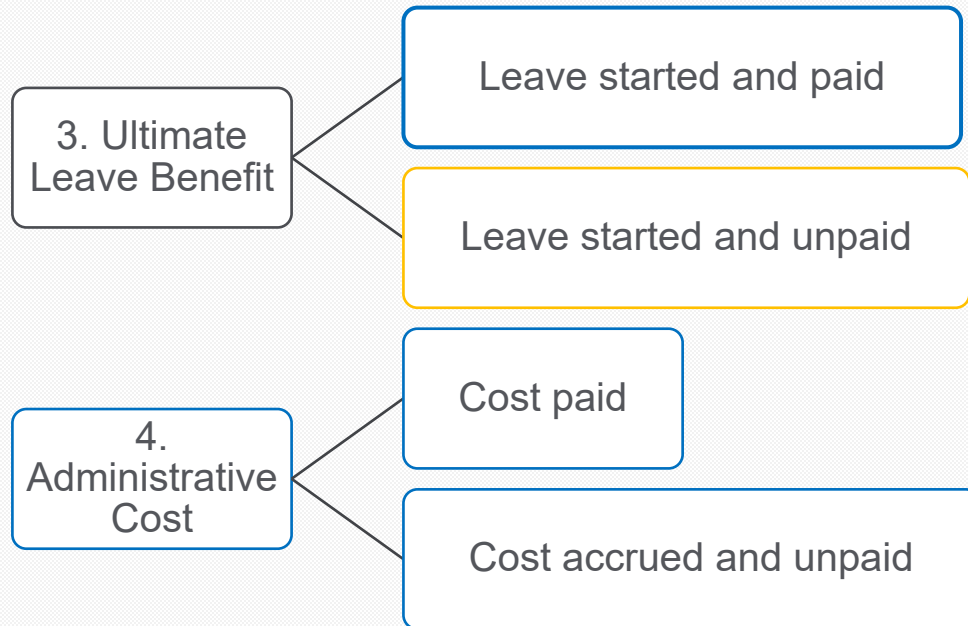
$$\text{Effective Rate} = \frac{\text{Premium}}{\text{Taxable Wage}}$$

Calendar Year	Implemented Rate	Effective Rate	Leakage %	Leakage \$
2021	0.4000%	0.3600%	-10%	-\$78.7 mil
2022	0.6000%	0.5558%	-7.4%	-\$95.4 mil

Known

Estimated

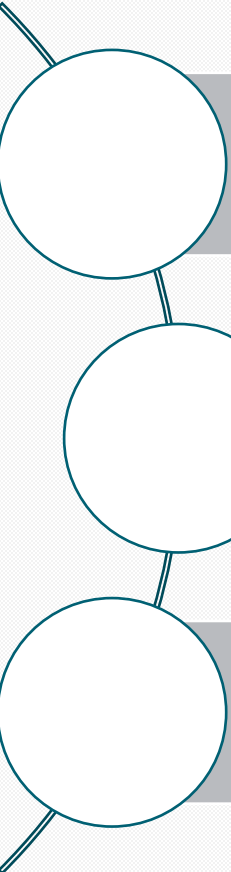
# Cost: What's the starting point for #3 & #4



## Unknown – Incurred but not Reserved (IBNR)

- Leave started and not reported
- Leave started, reported and not fully paid
- Leave started, reported and unpaid

# Agenda



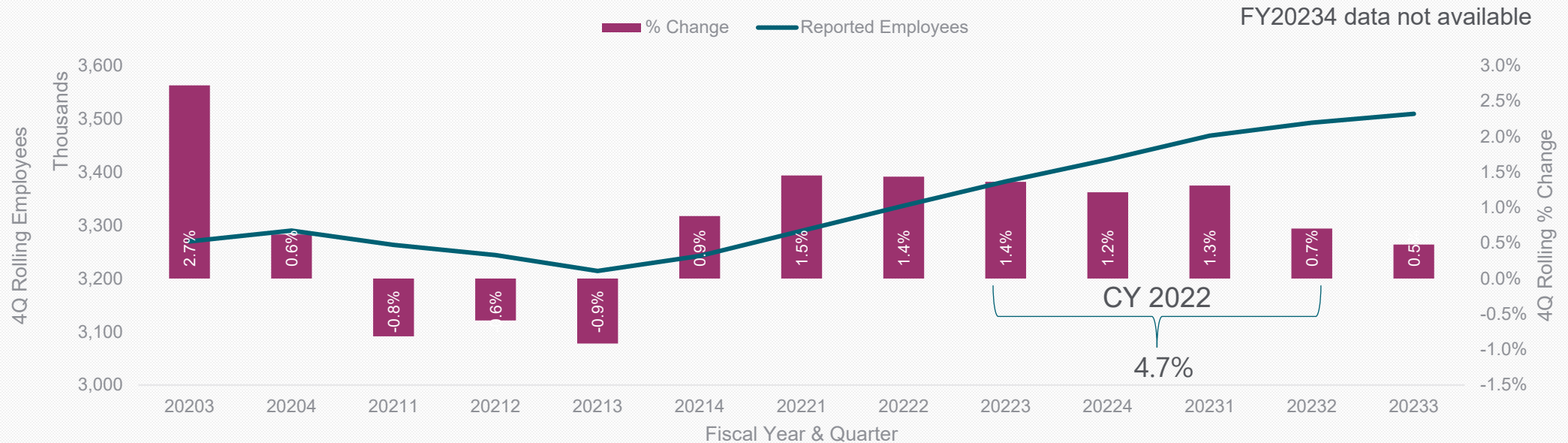
Actuarial Premium Rate

Employees, wage

Leave Benefit

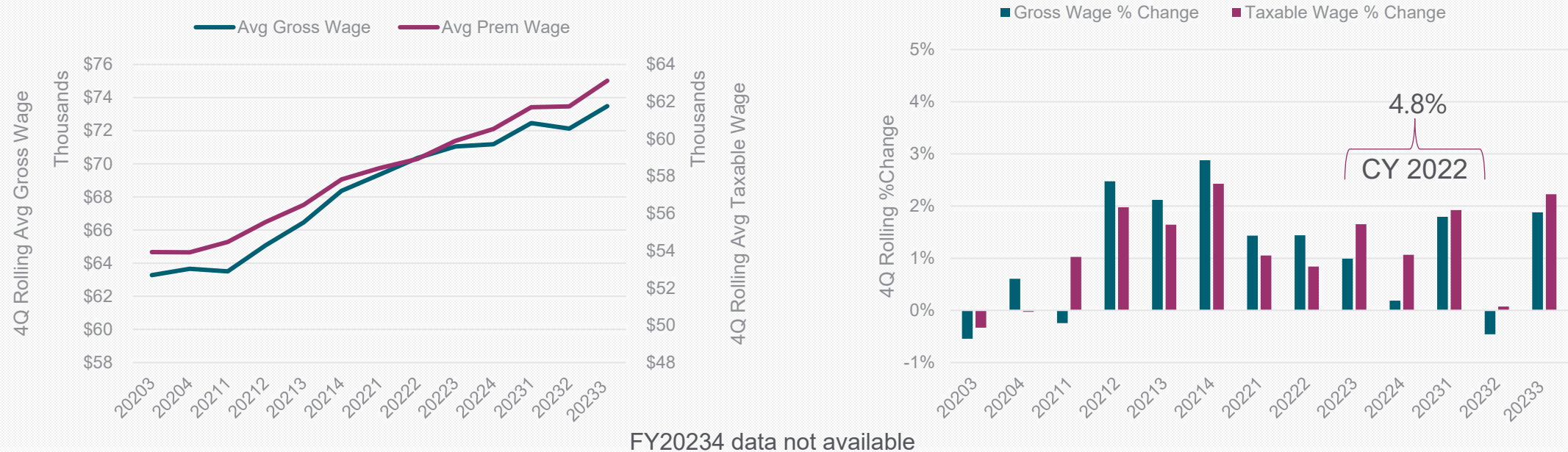


# #1: Employees Growth Slowing Down in Recent Quarters



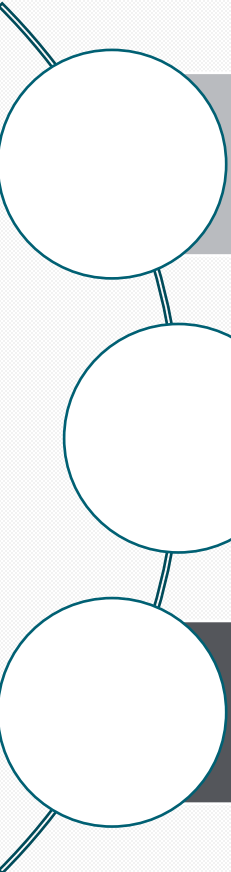
- Economic and Revenue Forecast Council projected growth similar to what we observed
  - 2022 at 4.7%
  - 2023 at 2.1%

# #1 Average Wage Growth Higher in Recent Quarter



- Economic and Revenue Forecast Council projected growth higher than what we observed
  - 2022 at 6.6%
  - 2023 at 3.7%

# Agenda



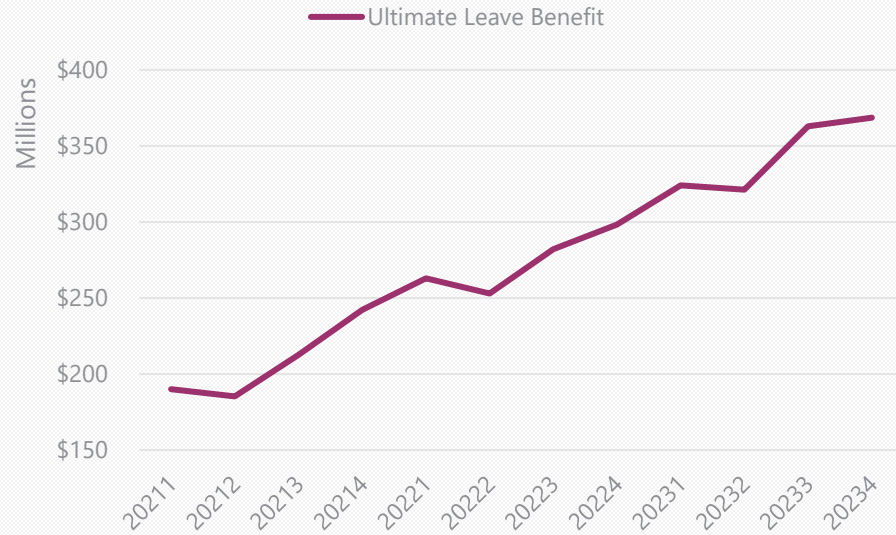
Actuarial Premium Rate

Covered employees, wage

Leave Benefit

# #3: Leave Benefit by Fiscal Quarter

*Estimated ultimate payout for all the leaves first started in the quarter*

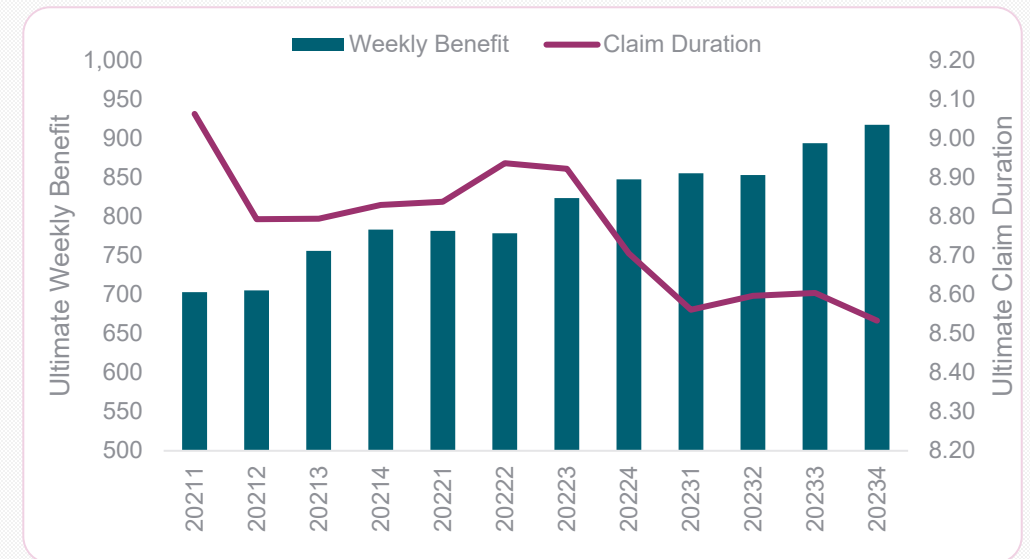
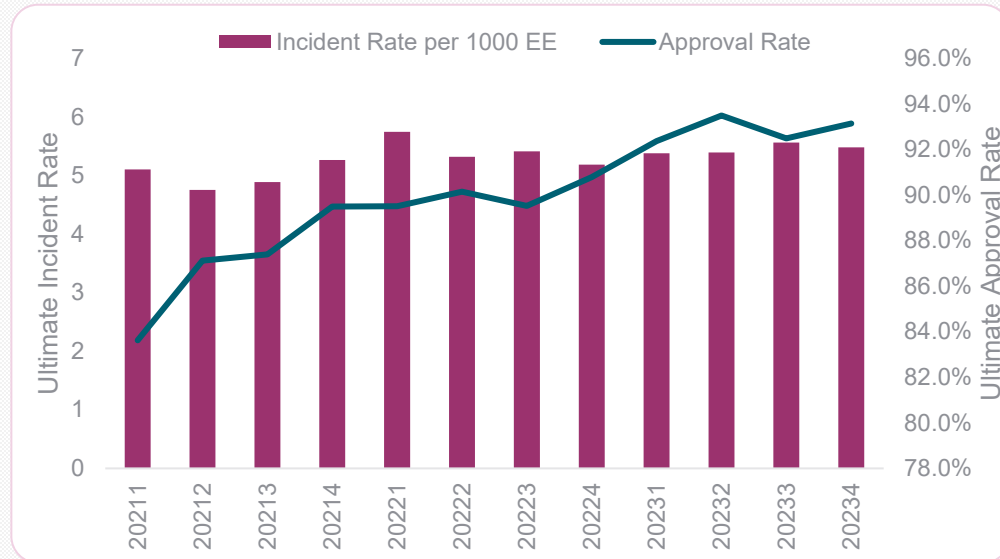


2022 & 2023 are actuarial estimates

- Actuarial Ultimate
  - Align risk/cost with premium (exposures)
  - Capture most recent trend
  - Mitigate operation, or process impacts
  - Adjust for mix change
  - Assess claim obligation regardless paid or reporting status
- Year of year growth ranges 20%~ 30% excluding wage and employment growth
- Assume no provision:
  - Premium is short by \$154 mil for FY 2021 and \$128.5 mil for FY 2022
  - Expect surplus of \$29.4 mil for the first three quarters of FY 2023

- Question – do we expect similar trend for coming year?

# Bonding Trend x weekly benefit Flat in Recent Quarters

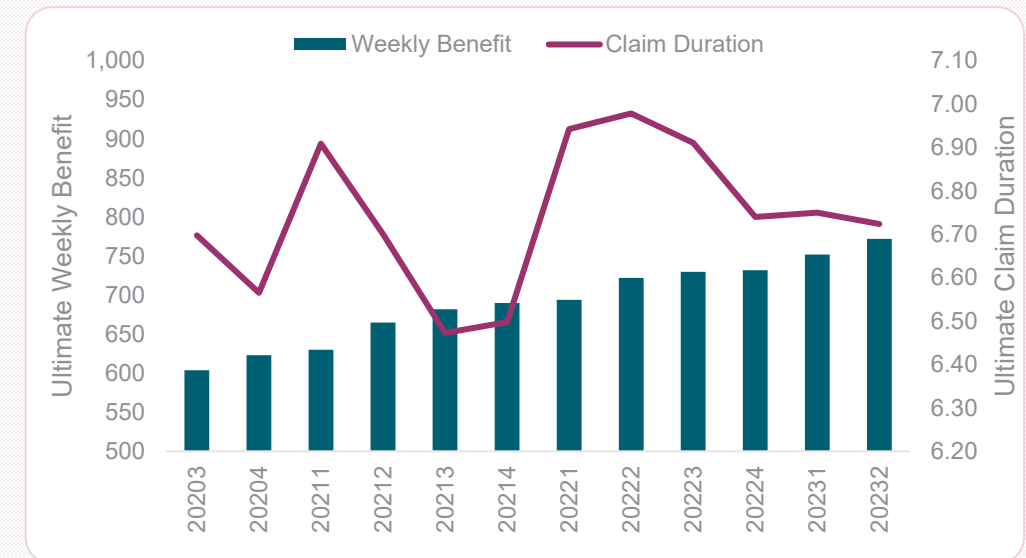
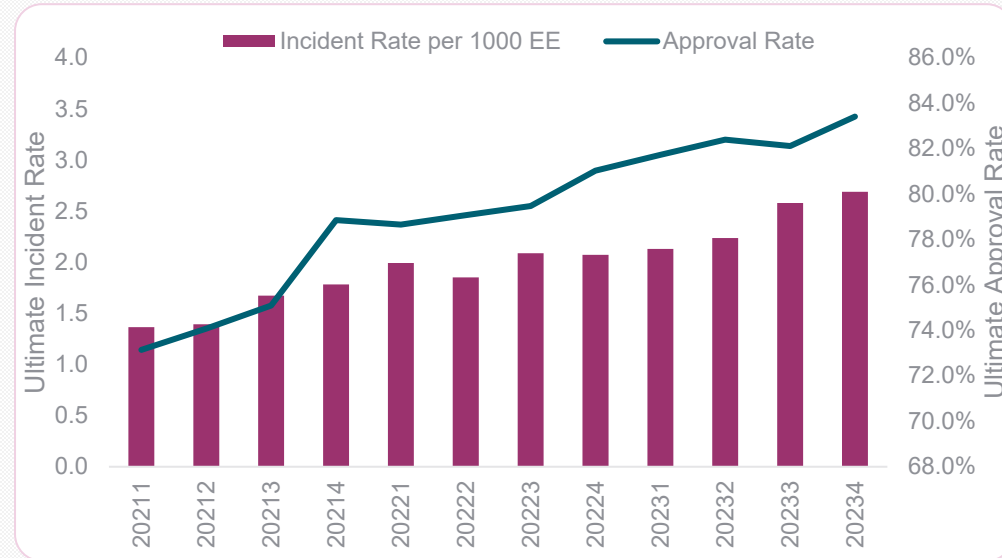


2022 & 2023 are actuarial estimates

## Highlight

- Weekly benefit growth at 10.8% for most recent year, double taxable wage growth
- Observed more male leave taker than female
- Duration dropped slightly from legislature changes

# Care Trend Accelerated in Recent Quarters

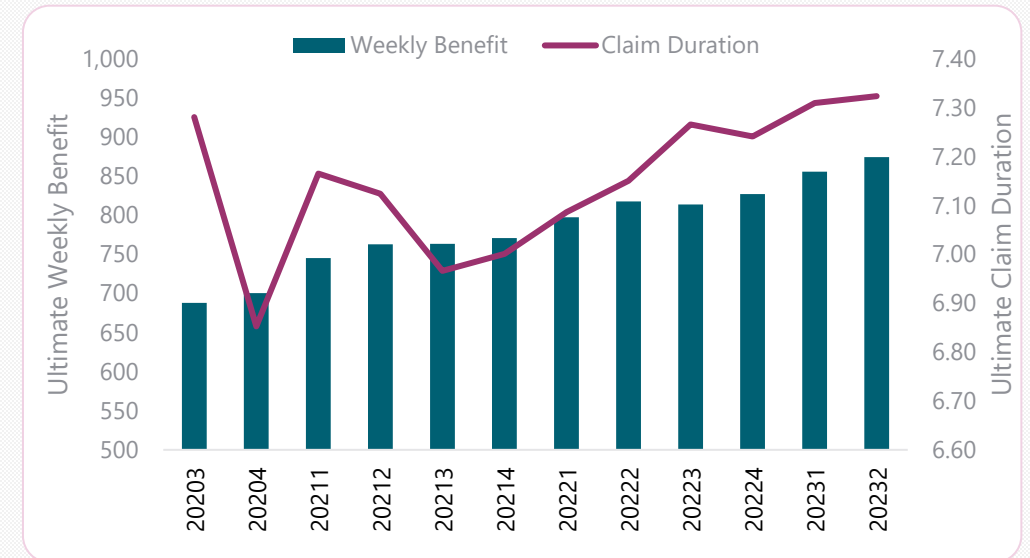
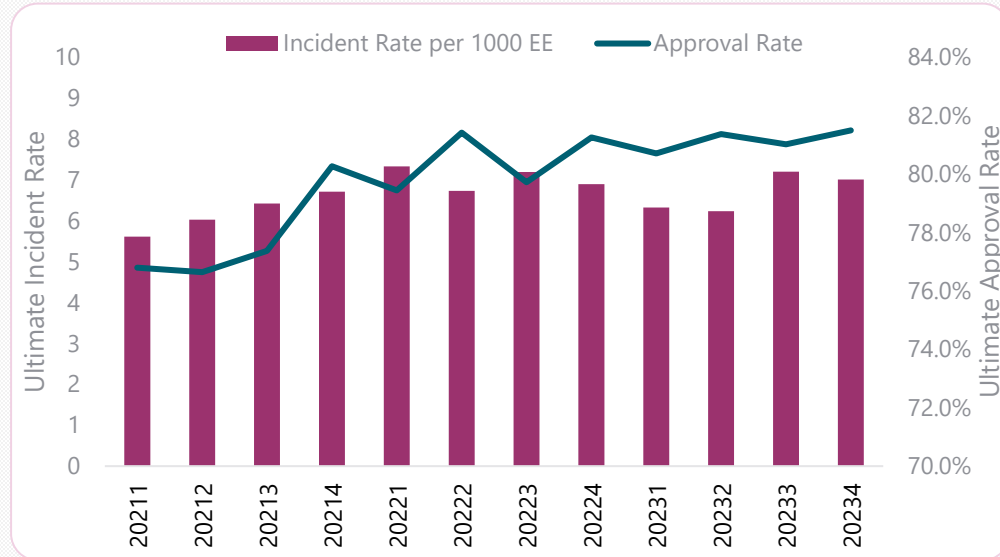


2022 & 2023 are actuarial estimates

## Highlight

- Weekly benefit growth at 8.1% for most recent year, much higher than taxable wage growth
- Approval rate improved 2+ points during past 6 months
- Social dynamics could drive the care trend, but the recent movement is a little abrupt

# SelfMed Leaves Get Longer

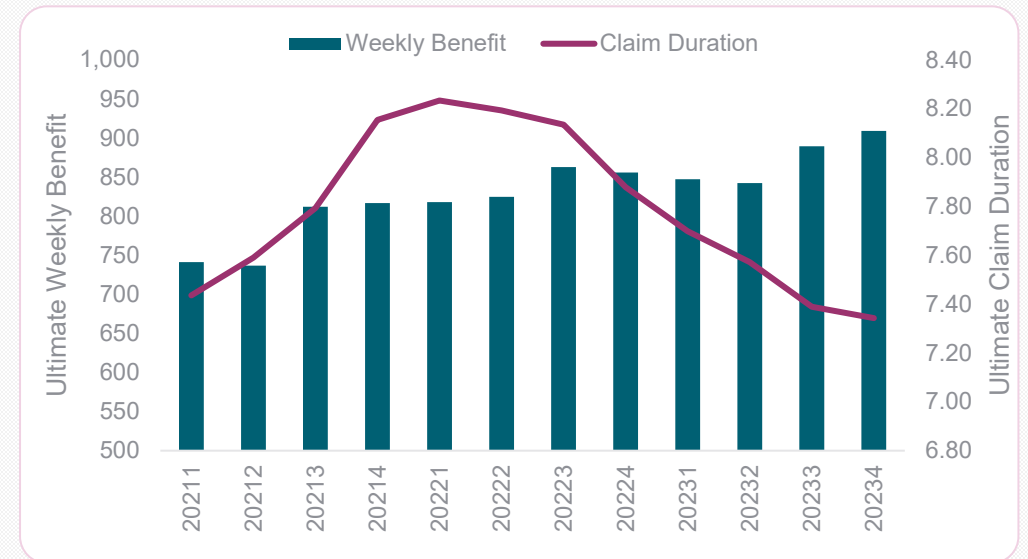
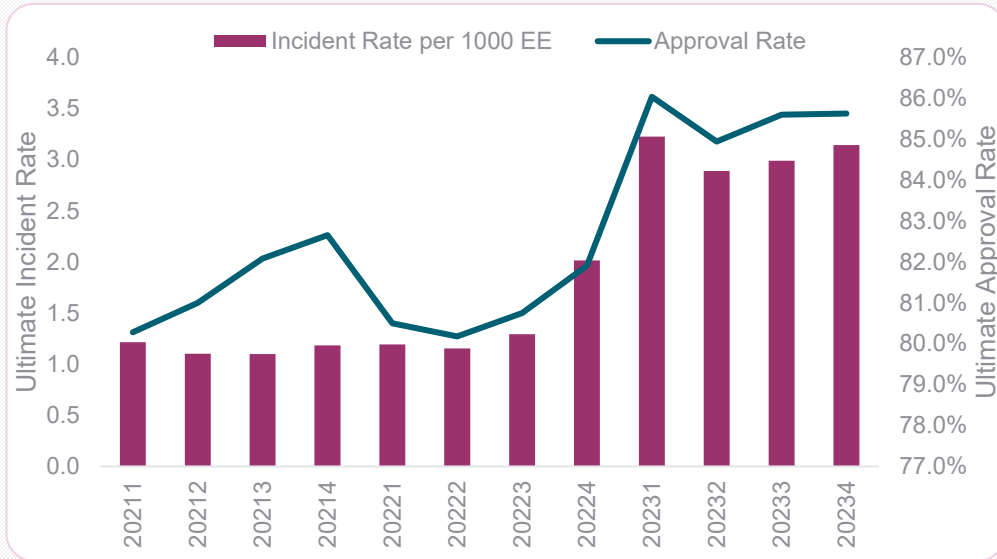


2022 & 2023 are actuarial estimates

## Highlight

- Weekly benefit growth at 10.5% for most recent year, double taxable wage growth

# xSelfMed Trend Continues with Shorter Duration



2022 & 2023 are actuarial estimates

## Highlight

- Weekly benefit growth at 11.2% for most recent year, more than double the taxable wage growth

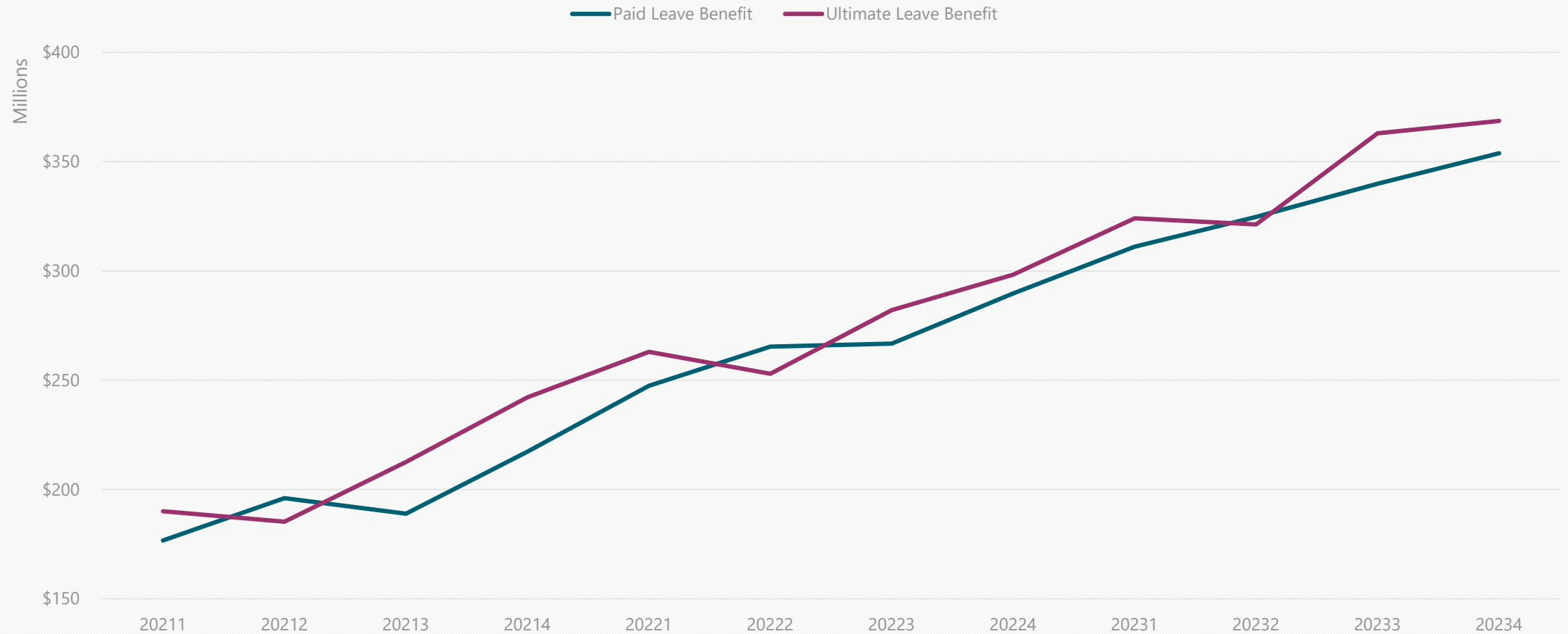


## Q: Do we expect similar trend for coming year?

- We expect the trend x employment & wage growth milder than 20~30%
- Continue expect higher weekly benefit growth than wage growth
- Most uncertainties sit in:
  - Care
  - Increasing approval rate in general
  - xSelfMed

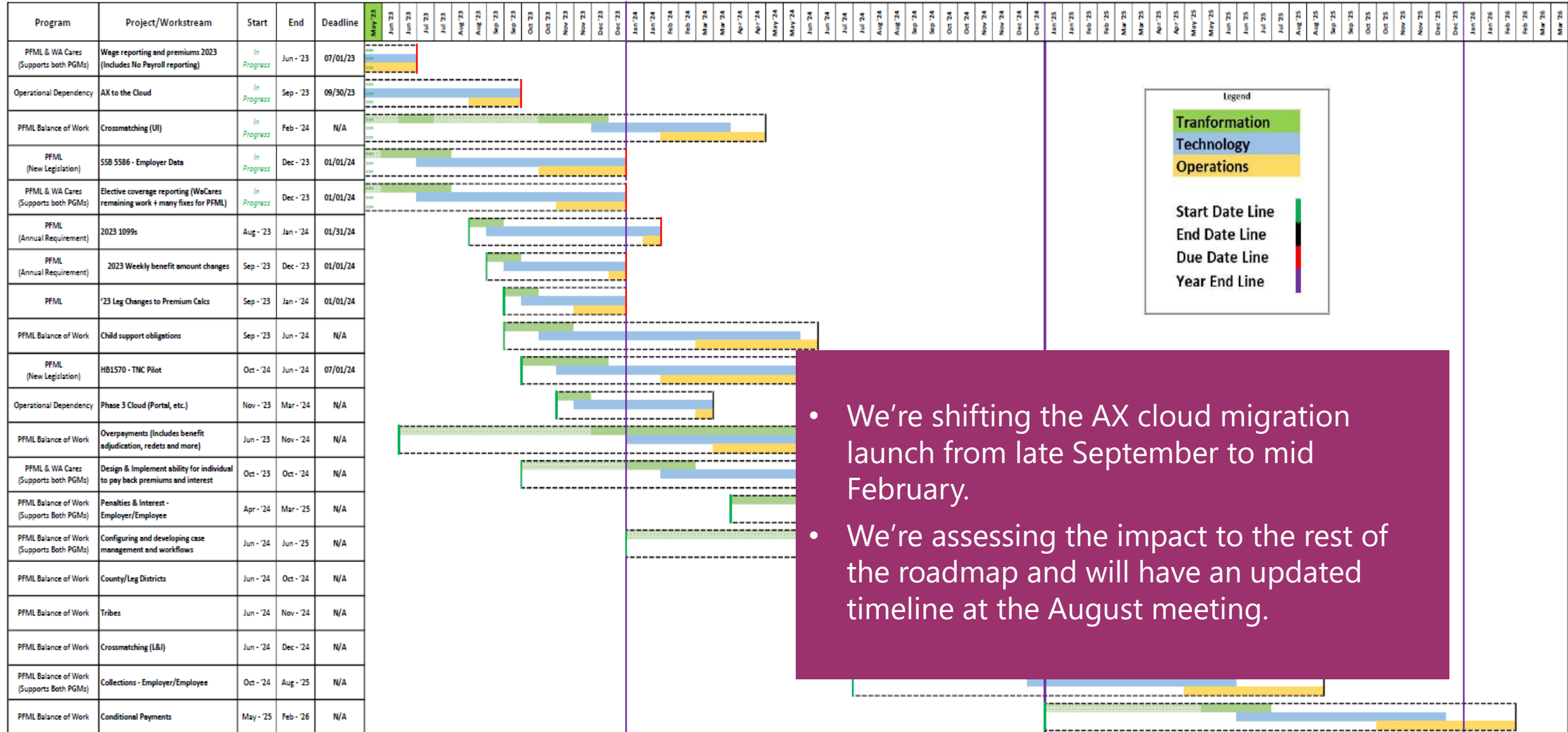
# Appendix

# Leave Benefit – Actuarial vs. Paid



# Current program priorities

Justin DeFour, Director



- We're shifting the AX cloud migration launch from late September to mid February.
- We're assessing the impact to the rest of the roadmap and will have an updated timeline at the August meeting.

# Current priorities

Theme	Project name	Project Status	End date
Sub-projects	Benefit Specialist implementation (Agency Strategy)	In Progress	07/31/2023
	Unclaimed property (Finance)	In Progress	10/31/2023
Legislative	Expanded family member report	Nearing Close	06/01/2023
	WA Cares electing coverage	In Progress	07/15/2023
	WA Cares wage reporting and premiums collection	In Progress	10/15/2023
	Paid Leave staffing needs and resources	In Progress	09/01/2023
	Expiring CBA provisions for Paid Leave	In Progress	12/31/2023
	WA Cares elective coverage reporting and payments	In Progress	01/01/2024
Program and Service Delivery	Enable remaining employers to report online	In Progress	08/30/2023
	Enable employers to have multiple contact types	In Progress	08/30/2023
	Cloud migration CRM	Nearing Close	08/30/2023
	Cloud migration AX	In Progress	10/01/2023
Community Engagement, Outreach, and Strengthening Partnerships	Culture of leave	Nearing Close	06/30/2023
	Washington worker comparison	Nearing Close	06/30/2023
	Caregivers non-birthing leave	Nearing Close	08/30/2023
	Increase Paid Leave support in WorkSource centers	In Progress	09/01/2023
	Partnership to increase equitable benefit access using data	In Progress	09/19/2023
	Community engagement model for Paid Leave benefits	In Progress	04/01/2024

# Future work

## Next

- **Benefit application and redetermination improvements**
- Annual changes
  - 1099s
  - Premium rate calculation (includes SS cap adjustment)
  - Weekly benefit amount change
- Employer access to benefit data (SSB 5586)
- TNC Pilot (HB 1570)
- Develop a division employee engagement plan
- Support performance management
- **Withhold child support from Paid Leave benefits**
- **Crossmatch UI with Paid Leave benefits**

## Later

- Portal to cloud
- **Benefit overpayments**
- **Penalties and interest (employer and employee)**
- **Adding county & legislative district to database**
- **Elective coverage for tribes**
- **Crossmatching L&I with Paid Leave benefits**
- **Collections (employer & employee)**
- **Conditional benefit payments**
- Pre-application for benefits
- Implement community engagement program
- Implement comprehensive authorized representative process

# Legislative and Policy Updates



# Advisory Committee meeting planning

Caitlyn Jekel, Government Affairs Director

Late July/Early August	<ul style="list-style-type: none"> <li>- Job protection research design overview (2023)</li> <li>- Quarterly account update (premiums/expenses)</li> <li>- Quarterly program volumes, wait times update</li> <li>- Project, Priorities, &amp; Rulemaking updates</li> </ul>	January	<ul style="list-style-type: none"> <li>- Quarterly account update (premiums/expenses)</li> <li>- Quarterly program volumes, wait times update</li> <li>- Fiscal projections update</li> <li>- Calendar year-end program highlights</li> <li>- Legislative session check in</li> <li>- Project, Priorities, &amp; Rulemaking updates</li> </ul>
September	<ul style="list-style-type: none"> <li>- Annual fiscal projections &amp; actuarial report preview</li> <li>- Budget overview</li> <li>- FTE &amp; Budget requests</li> <li>- Legislative &amp; budget submissions to OFM/Gov office: Likely committee action</li> <li>- Project, Priorities, &amp; Rulemaking updates</li> </ul>	February	<ul style="list-style-type: none"> <li>- Legislative session check in</li> <li>- Project, Priorities, &amp; Rulemaking updates</li> </ul>
Late October	<ul style="list-style-type: none"> <li>- Annual changes update – 2024 rate calculation, family-medical split, taxable wage cap, maximum benefit amount</li> <li>- Project, Priorities, &amp; Rulemaking updates</li> </ul>	March	<ul style="list-style-type: none"> <li>- Legislative session check in</li> <li>- Ombuds annual report out</li> <li>- Project, Priorities, &amp; Rulemaking updates</li> </ul>
December	<ul style="list-style-type: none"> <li>- Job protection interim report (2023) and final report (2024)</li> <li>- Program annual report highlights</li> <li>- Governor’s budget</li> <li>- Legislative session prep</li> <li>- Quarterly account update (premiums/expenses)</li> <li>- Quarterly program volumes, wait times update</li> <li>- Project, Priorities, &amp; Rulemaking updates</li> </ul>	May	<ul style="list-style-type: none"> <li>- Quarterly account update (premiums/expenses)</li> <li>- Quarterly program volumes, wait times update</li> <li>- Fiscal projections update</li> <li>- Legislative session wrap-up</li> <li>- Project, Priorities, &amp; Rulemaking updates</li> </ul>

# Meeting cadence proposal

- Rather than same meeting schedule and length throughout year, plan around needs and anticipated agenda topics
- Input welcomed on what else to include and/or what to move to a different communication vehicle
  - e.g., could email updates in January and hold a shorter targeted legislative session meeting

# August meeting

Details: **(Until further notice of any changes)**

- Wednesday, August 30, 1 to 3 p.m. **In person option**

## Agenda

- Call for Topics

# Open comment

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Reminders    Please frame your questions as a comment.

---

If online -“Raise your hand” virtually

In person – let us know and we will give you the floor

---

The meeting host will unmute online individuals to allow for the open comment.

In person we will call on you

---

# Continue the conversation

## **Justin DeFour**

Director, Paid Family & Medical Leave  
Employment Security Department

[Justin.defour@esd.wa.gov](mailto:Justin.defour@esd.wa.gov)



Visit us online at  
[www.paidleave.wa.gov](http://www.paidleave.wa.gov)



Join our listserv at  
[bit.ly/PaidLeaveList](http://bit.ly/PaidLeaveList)