



## Paid Family and Medical Leave (PFML) Advisory Committee

Meeting Details: Date: Wednesday, July 26, 2023,  
Time: 1:00pm - 3:00 pm  
Location: Hybrid: Zoom and In-Person  
212 Maple Park Ave SE, Olympia, WA 98501

### Guest Speaker:

- Dr Heather Hill Evans School of Public Policy & Governance, University of Washington

### Committee members present:

- Justin DeFour, Director ESD Leave & Care
- Edsonya Charles, PFML Ombuds

### Employee Representatives

- Samantha Grad, Teamsters 117
- Maggie Humphreys, Moms Rising
- Joe Kendo, Washington State Labor Council
- Gabriela Quintana, Economic Opportunity Institute

### Employer Representatives

- Christine Brewer, Brewer Public Affairs
- Bob Battles, Association of WA Business

- Julia Gorton, Washington Hospitality Association
- Tammie Hetrick, WA Food Industry Association

### ESD Staff

- Caitlyn Jekel
- Steve Zawoysky
- John Mattes
- Rebecca Grady
- Eve Sheng
- Roberta Kowald
- April Amundsen
- Erika Ayala

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## Meeting Opening and Minutes Approval

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ESD Leave & Care Director Justin DeFour opened the meeting at 1:07 PM welcoming those in person and those participating by Zoom.

Given the full agenda and guest speakers from the University of WA and the Actuarial report, the regular Program Financial update would be forgone in the interest of time.

Minutes for the June meeting were approved by Samantha with minor editing changes (Christine still shows her former job title, Maggie's last name was incorrect in one spot) and the new format was approved by the Advisory as informative and much easier to read.

## University of Washington Job Protection Study

### Presented by: Dr Heather D Hill Evans School of Public Policy and Governance

Originally attempted through a Legislative proposal, when that Bill was unsuccessful ESD contracted directly with the UW to move forward with the 18-month study to examine the level of Job protection PFML offers participants.

- The study will take place from July 1, 2023, to December 31, 2024 with 4 phases of work:
  - PHASE One: Developing work plan and data-sharing agreements.
  - PHASE Two: Analysis of Program Data
  - PHASE Three: Collecting Data from Workers
  - PHASE Four: Synthesizing data and presenting results.
- The UW will be seeking input from the Advisory at three points:
  - The July Advisory on the workplan
  - Early 2024 on the progress of the project
  - Fall 2024 on the Final report.

WA Workers are eligible for Job protection during paid leave if they:

1. Work for an employer with 50 or more employees
2. Have worked for that employer for 12 months or longer and at least 1250 hours in the year preceding the claim.

Currently there is limited evidence of Job Protection. This study will ask:

- 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?

These questions will be answered in two ways:

- Analyzing WA Paid Leave Program Data
- Collecting Data from Workers in WA state

### Analyzing Paid Leave Data:

- UW will obtain and prepare wage reports and claims records. These records can and reports and can assist in estimating who is protected and who is not.
- Analyzing whether there is job protection can predict two outcomes - whether a worker takes paid leave and whether a worker is employed /employed by the same employer in the quarter after taking leave.

### Collecting Data from WA Workers:

*Challenge: Finding workers who have not used the program and finding people who do not have job protection. Those who have not used to program have proved harder to find.*

### 3 Focus groups on *Balancing Work, Family & Health*

- 10 participants each in three counties and three specific industries.
  - Yakima (Agricultural)

- Lewis (Service)
- Whatcom (Construction/Manufacturing)
- Participants will be recruited through community organization and groups will be conducted in Spanish and English
- Participants will receive a \$20 incentive and refreshments will be served.

**30 Interviews on Experiences with Negotiating Leave**

- 30 individual interviews with paid leave users between those with and without job protection
- Recruited by email.
- Zoom interviews.
- \$30 incentive

**Question: Bob Battle: You said we have no job protection data really. Have you taken into account pregnancy discrimination laws and other statutes?**

**ANSWER Dr Hill:** We don't have good evidence of who does and who doesn't have job protection and inequities. We are only evaluating which workers have legal entitlement to job protection, but it does not tell us all employers who give job protection if not legally required. The study will involve those who haven't used PFML and those who have.

**Question: Julia Gorton: Having a total of 60 people, do you think that is a valid group (sample size) to gather the data needed?**

**ANSWER Dr Hill:** In order to be able to understand individual workers experience and their perspectives, this is a reasonable sample size for this type of work. Focus group data is different. A survey would provide larger numbers of information/data but it's difficult to survey a larger number of workers due to budget.

**Question: Tammie Hetrick: If an employee is not eligible for PFML they may end up on UI – and there will be data there – is that a way they receive job protection?**

**ANSWER Dr Hill:** UI is a part of the Data sharing agreement, and we will get both UI wage reports and PFML data. UI wage reports will hopefully provide backup data for employee history.

**Question: Maggie Humphreys: With the scope of the survey narrowed - how large is the total data set?**

**ANSWER Dr Hill:** Every worker that is in PFML and every worker using the program since the start of the program.

**ANSWER Rebecca Grady PFML Staff:** We have over 4 million workers in wage reports quarterly and 350-400 thousand employees taking leave since the beginning of the program.

**Question: Justin DeFour: Director ESD Leave & Care: How were the three counties chosen?**

**ANSWER Dr Hill:** We are looking to get outside of King and Pierce County. We wanted to reach more workers who were more likely to be in industries where they may not have job protection. In addition, we were looking for areas of the state where certain industries were strongly represented.

**Question: Julia Gorton: Other laws offer job protection benefits, we aren't discussing those or using that data?**

**ANSWER: Dr Hill:** This study is designed to understand job protection in PFML only, not other aspects of job protection or statutes providing job protection.

**Question: Julia Gorton: I heard you say that you were trying to capture all folks paying into the program. Are you going to limit that by the folks eligible to access the program or everyone paying in?**

**ANSWER: Dr Hill:** We are looking at who is protected for those paying in vs who is protected with qualifying hours.

**Question: Maggie Humphreys: For the research questions, will you be taking work in stages or pursuing multiple at once? What will be in the update in early 2024 timeline?**

**ANSWER: Dr Hill:** Phase one consists of-prep data sharing agreements, work through work plan, advisory input. Phase two consists of starting work 9/2023-9/2024. It will be probably a full year of mostly working on analyzing data in the fall and winter of 2023-2024. Data groups will start in Spring 2024. By summer 2024, we will be synthesizing results and writing reports. In early 2024 we will have our plans about how we recruit and conduct

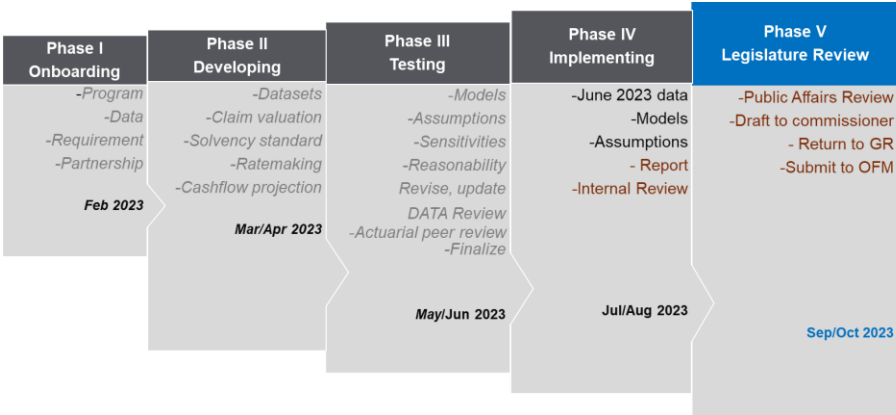
**No further questions, presentation ends at 1:45pm**

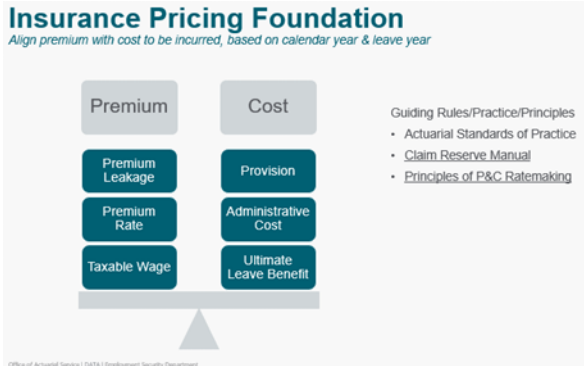
## Actuarial Update

**Eve Sheng- Managing Actuary**

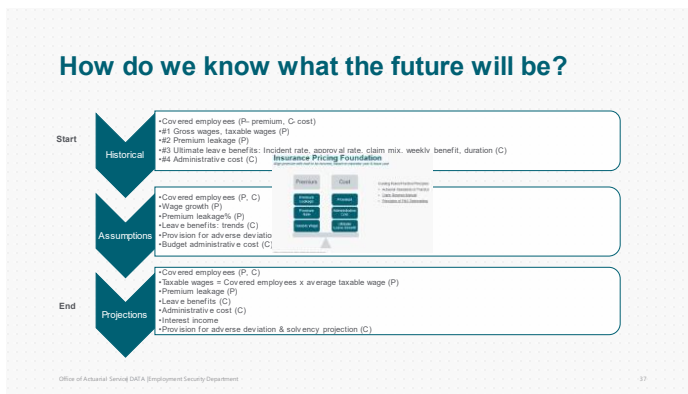
Currently in Phase 2 of the Actuarial Service Timeline. “Developing Phase” (see chart below)

Waiting for wage and ratemaking data to come in. Aligning Premium rate and cost on scale





Eve walked the Advisory Board through the process of Insurance Pricing. Premiums are aligned with cost to be incurred, based on the calendar year and the leave year. There are 6 building blocks. You have to start at the bottom and move upward so that Premium and Cost align. Provision- a buffer to prevents volatility and protect the program from insolvency. To determine premium rate, you must know the five blocks above.



How are we able to use Actuarial tools to “predict” the future of a program?

- 1) **Historical data:** We can look at where we are now and trend data from where we began.
- 2) **Assumptions:** Based on data we have
- 3) **Projections:** Based on historical data and data we can assume

**Question: Christine Brewer: Can you define “leakage” again?**

**ANSWER: Eve Sheng:** Premium leakage is the portion of premiums not collected - example: when a small business does not have to pay the medical portion.

**Question: Bob Battles: How is Leakage a loss to funds if it was never accounted for in the first place?**

**ANSWER: Eve Sheng:** It’s the definition of leakage that may be misleading. The goal is to better understand the shift between medical vs family leave and how these two types of leave will impact how much money we need to match the cost. The only thing changing will be on the premium side. We have to look at premiums coming in vs cost going out that is always the same.

**Question: Christine Brewer: Small Business’ not paying in (leakage?) has not been taken into account in past projections?**

**ANSWER: Rebecca Grady: ESD STAFF:** We use a different approach – “leakage” in this context doesn’t imply we aren’t collecting something we should be – but ensuring we are accurate as to what is the true amount of premiums collected.

### Employee growth and Wages:

- We have seen Employee growth slowing down in recent quarters from 4.2% in 2022 to 2.1% in 2023. The large spike we saw in 2022 has gone down in 2023.
- Average Wages have grown higher in the recent Quarter.

### Benefit Trends:

- Expect a surplus of \$29.4 million for the first 3 quarters of FY 2023

### Other trends:

#### Bonding Leave

- Weekly benefit growth at 10.8% for most recent year – double the tax wage growth.
- More Males taking leave than females.
- Duration of leave dropping slightly after legislative changes

**Question: Tammie Hetrick: Why would the approval rate [on the chart] be higher than the number of claims?**

**ANSWER: Eve Sheng:** Not every claim will be approved. The approval rate is saying how many we approve divided by the number of claims reported to us.

### Care Trends:

- 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.
- While Social dynamics could drive some of the trends in this care category, the recent movement is a little abrupt.
- Leaves for Self/medical care are getting longer. Weekly benefit growth at 10.5% for most recent year – double taxable wage growth.
- Leave for Care for others (not Self) continue the trend of shorter duration but at a steady incident and approval rate.

### Do we expect current trends to continue?

- We expect the current trend of employment and wage growth to stay milder than 20-30%
- We Expect to see weekly benefit growth continue to be higher than wage growth.

Uncertainties still lie in:

- **Care trends**
- **Approval rates in general**
- **Care for others (not self-care)**

**No further questions, presentation ends at 2:25pm**

## Program and Fiscal Updates

Rebecca Grady Research and Data Manager and Steve Zawoysky Treasury Manager

With time allowing, Justin DeFour asked the Board to allow staff time to present these updates.

### Claim Applications by Type:

- **June 2023, we received 21,360 applications – 4th highest outside the 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 Payments:

- 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
  - Approval rates differ depending on type of leave and extent of documentation.
  - Not meeting the required 820 hours worked is the biggest reason for denials.

### Weekly benefit levels

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

### 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

- 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

- 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

### Monthly ending account balance

- 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.
- End of April 2023 reporting months was on a Sunday. You will see payments trickling in the following month.

- Rate increase contributes to a 3rd of the increase, but we are seeing lower levels of unemployment and wage growth.

### Phones:

#### Time from Application Submission to First payment:

- June 2022 Average weeks 4.2
- June 2023 Average weeks 4.7

Application volumes continue to be very high, and most calls are “status” calls. Ideally, these numbers are not where we want to be, and we have placed phone hold messages to assist customers with status alerts etc. to help them navigate the system and get answers more quickly.

## Current Program Priorities and Updates

### **Justin DeFour Director Leave & Care Division**

Our essential roadmap of program priorities has not changed, but the AX Cloud Migration will be shifting timeframes. We cannot meet the September 2023 release and are targeting the Cloud Migration for February 2024.

**Question: Joe Kendo: Can you share what the impact of postponing the AX Cloud Migration may be?**

**Answer: Mike Juhl: ESD IT Senior Manager:** We are still working through the near-term impacts to the schedule. We have key PFML work between this year’s legislative mandates and other ongoing work as discussed. Cloud is important but not important enough to stand in the way of leg mandates and the backlog of PFML work. We are mapping out plans - not stopping any work – just reorganizing the order.

**Question Bob Battles: January is set for data access for employers – does this affect that?**

**ANSWER: Mike Juhl:** SB 5586 will go into production on time – Part of the reason we moved the date for the Cloud migration was to ensure that this was completed on time. This data will be collected elsewhere vs the cloud migration.

### **Advisory Committee Meeting Planning:**

**We want to make the most of everyone’s time and ensure that the time we spend together is valuable. We suggested a new cadence for future advisory meetings:**

### **DISCUSSION:**

*Roberta Kowald Legislative Coordinator Leave & Care:* There are many updates that can better be served by e-mail instead of meeting. Considering the times during the year we could have more targeted meetings as opposed to regular scheduled meetings.

*Christine Brewer:* Are you proposing quarterly meetings instead of monthly?

*Justin DeFour:* Not necessarily quarterly, more like targeted time. Other communications can come during the year that can be communicated through e-mail. We want to make sure we are having the right meetings at the right times.



*Roberta Kowald:* In September, for example, there are a lot of reports coming in, budgets and legislative updates. This would be beneficial to have in person and we'd have a full agenda.

*Bob Battles:* During session monthly meetings are critical. Maybe we can do shorter meetings?

*Advisory- we are not ready for quarterly meetings yet.*

*Caitlyn Jekel Government Relations Director -* We proposed potential new cadence. UI is doing monthly but shorter meetings around leg and longer meetings will take place still but be more stretched out in between.

*Joe Kendo:* Very regular check ins are better than quarterly, seems sufficient and months missing on the cadence made sense.

*Christine Brewer:* There is a current statute that states that Advisory has to meet at minimum one time per quarter.

*Samantha Grad:* A timeline that works for PFML, labor may have other evens outside of PFML work. We want to ensure that that advisory meetings match everyone's schedule. No one wants to miss the longer more key meetings.

*Bob Battles:* Agreed

*Gabriella Quintana:* Are we skipping August because August is still on the calendar?

*Bob Battles:* Is August still zoom only?

*Justin DeFour:* No, all meetings moving forward will be in person if possible. Hybrid will be an option as always.

*Roberta Kowald:* Many of PFM staff and advisory members will be out of office during the currently scheduled August 30th meeting. Maybe we can move it to a different day?

*Gabriella* will be gone for the August 30<sup>th</sup> meeting.

*End goal- will work towards a more fitting cadence for everyone.*

***NOTE: Post this meeting the August Advisory meeting has been Cancelled.***

***Public Comments Asked for. No Public Comments.***

***No Further Questions or Comments from Advisory members***

***No Further Questions or Comments from PFML staff***

***Advisory Meeting end 2:58 PM***

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***Next meeting: Wednesday September 27, 1 PM (Hybrid: Zoom and In-person 212 Maple Park Ave SE, Olympia, WA 98501)***

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