



Paid Family and Medical Leave Advisory Committee

Meeting Details: Date: Wednesday, September 27, 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
- Taiyler Pyle
- Alison Eldridge
- Brian Kennedy

Meeting Opening and Notes Approval

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

Notes for the July meeting motion to approve by Julia Gorton. Seconded by Joe Kendo

July meeting Notes approved All in favor.

University of Washington Job Protection Study: Follow-Up

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

Follow-up questions were provided by members of the Advisory after the last meeting and Dr Hill was invited back to add further clarity to questions the Advisory had about the study. (Memo attached)

Dr Hill also provided a written response to the Advisory responding to their questions (Memo attached)

Questions and feedback were requested by Bob Battles, Christine Brewer, Julia Gorton, and Tammie Hedrick,

Question One: *The budget proviso that authorizes the study includes these parameters: “race, gender, income, geography, primary language, and industry or job sector”. We’d like to note that you have omitted gender, income, primary language.*

A: Dr Hill noted that data is pulled from wage reports. This data consists of general data such as wage level, industry and geography but also has certain limits. ESD data does not capture ethnicity, gender, or other issues through wage reports. In this case the goal is to capture employment rates from wage reports from PFML - not unemployment rates from Unemployment data.

The purpose of this study is to understand whether individuals legal job protection status is related to all employment outcomes. For example – many that do not return to work are not receiving Unemployment (only 3 in 10 will apply for Unemployment)

For the purposes of this study – the general data that will be examined from this data will be focused on wage level, industry, and geography.

Question Two: *Advisory raised some concerns about the use of Focus groups as an effective methodology and whether this would give an accurate representation of actual behavior.*

A: Dr Hill noted that Focus groups are a proven and conventional research and program evaluation tool. It can be especially useful in the case of the type of qualitative data we need from people accessing PFML when we need to hear from people about their experiences. Dr Hill also noted this data will not be the only data the study will rely on – there will also be quantifiable data from wage reports.

Overall Feedback: *Advisory noted that as was raised at the July Advisory meeting, there are several other important worker protections that overlap with the Paid Family and Medical Leave program, both state and federal. While a worker may not be entitled to job retention under PFML, there may still be requirements on employers. We believe this study would be strengthened with an overview prepared by an employment law attorney with extensive experience in this area.*

A: Dr Hill noted that she will consult with UW Law Department with specialists who are well-educated in job protection laws.

No further questions from the Advisory. Written responses from Dr Hill were sent to Advisory and are attached to these Notes.

ACTION ITEM: Roberta Kowald will send out written response from Dr Hill to Advisory members. (DONE: Sent by email 10/13/2023))

Program and Fiscal Updates

Steve Zawoysky, Treasury Manager and Brian Kennedy, Forecast & Economic Analyst

- August has the most working business days in 2023
- August 2023, we received 23,157 applications – Highest monthly applications
- Weekly Benefit Levels are 7% higher than Jan-Aug of 2022
- August 2023 had \$140.3 million in benefits paid
- Monthly Premiums Remitted- Premiums assessed for each quarter are remitted in the following quarter
 - Q2 Premiums remitted in July and August were \$449 million compared to \$311.5 million in same period of 2022.
 - Q2 premiums thus far are 5.2% lower than Q1 primarily due to increasing number of employees hitting SS wage cap.
 - August premiums of \$31.5 million are \$48.1 million less than last August (July 2023 reporting period occurred mid-week)
- Monthly ending account balance
 - August 2022 ending balance was \$121.2 million.
 - Ending August 2023 account balance was \$399.0 million.
 - August year over year increase in account balance due to:
 - \$200 million FY23 supplemental budget transfer
 - \$77.8 million excess of total revenues over expenditures (includes benefits and administrative expenses)

John Mattes: Leave & Care Operations Manager: Phones and Application Updates

- **Time from application submission to first payment**
 - ✓ Average weeks August 2022: 4.0
 - ✓ Average weeks August 2023: 5.3
- **Phones**
 - ✓ July 2023-Queue time for Paid Leave 27:23
 - ✓ August 2023- Queue time for Paid Leave 25:24
- **Since August 2022**
 - ✓ 5% increase in calls into queue
 - ✓ 30% decrease in calls answered.

We continue to see very high application volumes, and most calls continue to be “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.

Mitigation Measures:

- To alleviate long wait times and processing times for applications the phone hold messages are being updated for those calling about status or application updates, freeing up the phones for those needing assistance with more complex claims issues.
- Operations teams are monitoring data consistently to ensure changes in workflow are taking place as needed.
- A new SAW guidance video was released in August to assist customers in navigating systems.
- Resources are shifting staff to more FTE processing applications than answering phones.

Actuarial Update

Eve Sheng- Managing Actuary

- PFML has about 3.5 years' experience as of June 2023, a period with great uncertainty
- Where is the PFML program headed?
 - Wage and covered employees' growth continue but slower than initially anticipated.
 - Social dynamics continue evolving, especially Care leave.
 - Pandemic phenomena are finally slowing down, e.g., Bonding leave.
 - Impact from pre-2023 legislative changes decelerate or stabilizes.
 - Program awareness improvement continues.

Summary of Results – Rates & Fund Balance

Projected rates

- Baseline rate down by 8% in 2024, up by 27% in 2025
- Actuarial rate up by 3~6% per year

Projected fund balance

- Fund balance estimates at \$272 mil as of Dec 2023
- Fund balance (B) down to \$122 mil by FY2025, then up to \$475 mil by FY2027
- Fund balance (A) up gradually to \$340 mil by FY2027

Recommendation

- Align premium rate with expected future expenditures.
- Improve program financial health with gradual approach.
- Mitigate risks as early as possible.

Historical Financial Conditions

Inadequate rates before 2023 weakened the program's financial health, but 2023 rate action and cash injection helped it rebound.

Eve shared a few different Actuarial models which can be found in the presentation.

Current Program Priorities and Updates

Alison Eldridge: Leave & Care Transformation Manager

Due to time constraints – Only highlights were shared.

- Sharing employee benefit data with employers (5586) is on track
- Premium rate and weekly benefit amount must be completed by January 1-highest priority right now

<u>Current project</u>	<u>Status</u>	<u>Due date</u>
Increase equitable benefit access using data	Nearing close	9/30/2023
WA Cares: Wage reporting and premiums collection	Nearing close	10/15/2023
Increasing Paid Leave support in WorkSource Centers	In progress	10/31/2023
Enable remaining employers to report online	In progress	10/31/2023
Unclaimed property	In progress	10/31/2023
Employer webinars	In progress	12/31/2023
Expiring CBA provisions for Paid Leave	In progress	12/31/2023
WA Cares: Elective coverage reporting and payments	In progress	12/31/2023
Annual changes 2024	In initiation	1/15/2023
Sharing employee benefit data with employers (5586) 2023 1099s	In progress	1/15/2023
Cloud migration: AX and portal	In progress	1/31/2024
Community engagement model for Paid Leave benefits	In progress	3/1/2024

Budget and Staffing Updates

Justin DeFour, Director ESDS Leave & Care Division

- **ESD has requested a Paid Leave Caseload adjustment of \$0, 49 FTE.**
 - Requested adjustment of full time equivalent (FTE) authority to align with expected caseload growth in the program.
 - This will resource three teams of customer support staff.
 - ESD will absorb the costs of the additional FTEs for FY 2024 within the current appropriation level.
- **ESD has requested a Paid Leave System Completion of \$8.3M, 48 FTE.**
 - Requested expenditure authority increase to support the completion of program implementation.
 - The balance of legal requirements, including collections, recovery, compliance, and service improvements, must be completed to uphold the full intention of the program.
 - This funding will resource Technology, Transformation, and implementation support staff.

Accountability Audit Findings:

- ESD does not have the ability to assess penalties and interest or collect overpayments.
- Currently there is no way to systematically exclude someone who is receiving Unemployment and PFML benefits at the same time.

ACTION ITEM: Roberta Kowald will send out decision packages and Sept 1 report to advisory committee members. (DONE: Sent by email 10/5/2023)

Advisory Planning Future Meetings

Roberta Kowald Legislative Coordinator Leave and Care Division

- Currently the December meeting is scheduled for two days after Christmas.

Discussion with Advisory and staff about finding a new date for the December meeting and cancelling the November meeting.

January and February meetings can be shorter and more focused meetings given legislative session.

March will need to be a longer meeting to wrap up legislative short session.

ACTION ITEM: Roberta Kowald will update and send out new date.

UPDATE: The November Advisory Meeting has been cancelled.

December Advisory has been moved to Wednesday December 15 at 1 PM. This is a Hybrid meeting via Zoom or in person at our Maple Park Building.

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 2:53 PM

*Next meeting: Wednesday October 25, 1 PM
(Hybrid: Zoom and In-person 212 Maple Park Ave SE, Olympia, WA 98501)*
