

Washington  
**Paid Family & Medical Leave**



**Employment Security Department**  
WASHINGTON STATE

# Advisory Committee Meeting

Wednesday, October 23, 2024

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# Agenda

Introductions and approval of September minutes

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LCD Director update

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Financial and program updates

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Customer data and analysis

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2025 Premium rate

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Customer Compliance Division update

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Current program priorities

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Legislative update

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Open comment

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# Meeting structure

Only committee members and presenters will be unmuted during the meeting.

We ask members of the public to hold comments until Open Comment.

Comments and questions in chat will not be reviewed during Open Comment.

# Introductions

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



# Approve September minutes



# Division director updates

Beth Marchand, Interim Division Director

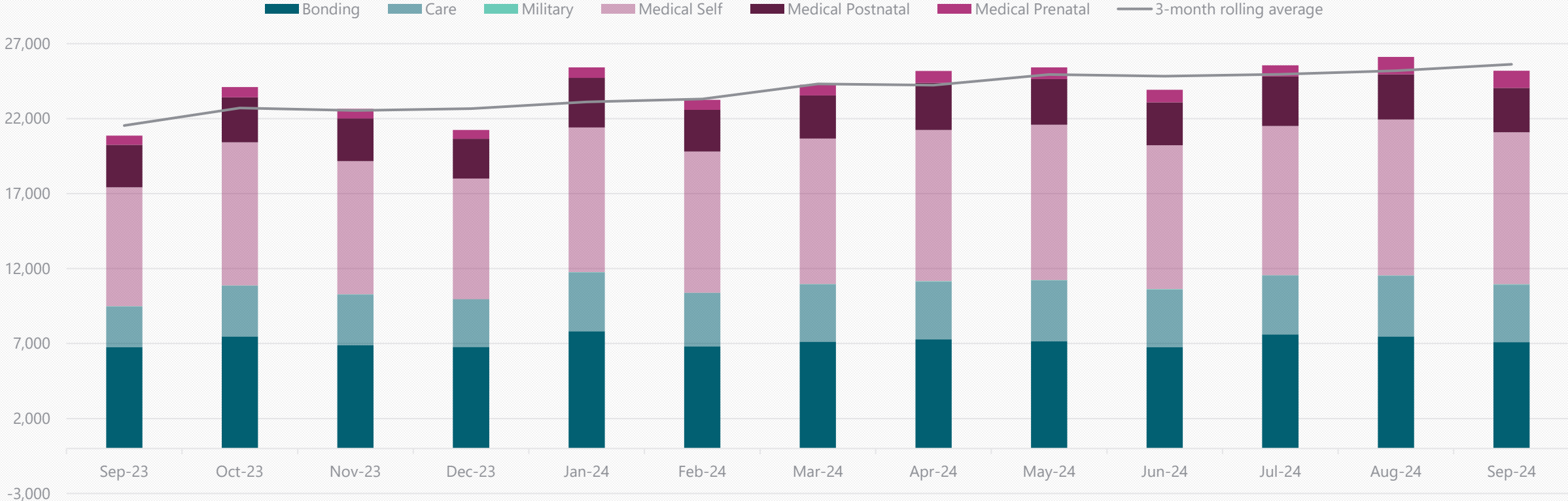
# Financial & program update

Rebecca Grady, Research & Data Manager

Steve Zawoysky, Treasury Manager

John Mattes, Customer Service Manager

# Claim applications submitted by type



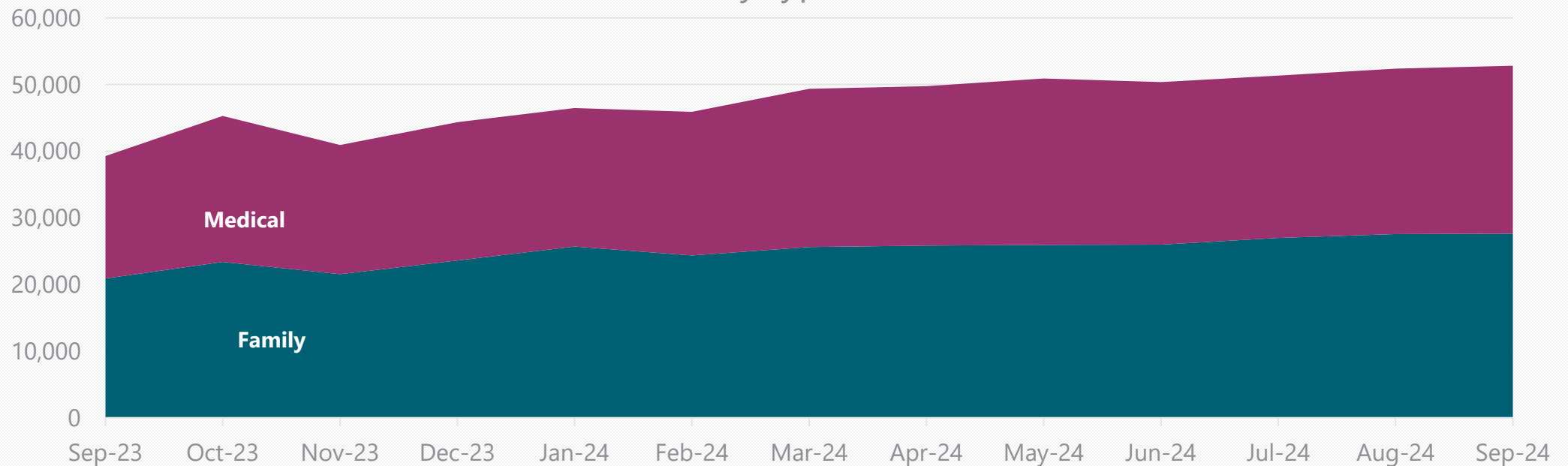
- September 2024, we received 25,194 applications
  - 4% less than the previous month
  - 21% more than September of last year
- 43% family, 57% medical
- Three-month rolling average ~ 26K claim applications



# Approval rate and monthly claims with payment(s)

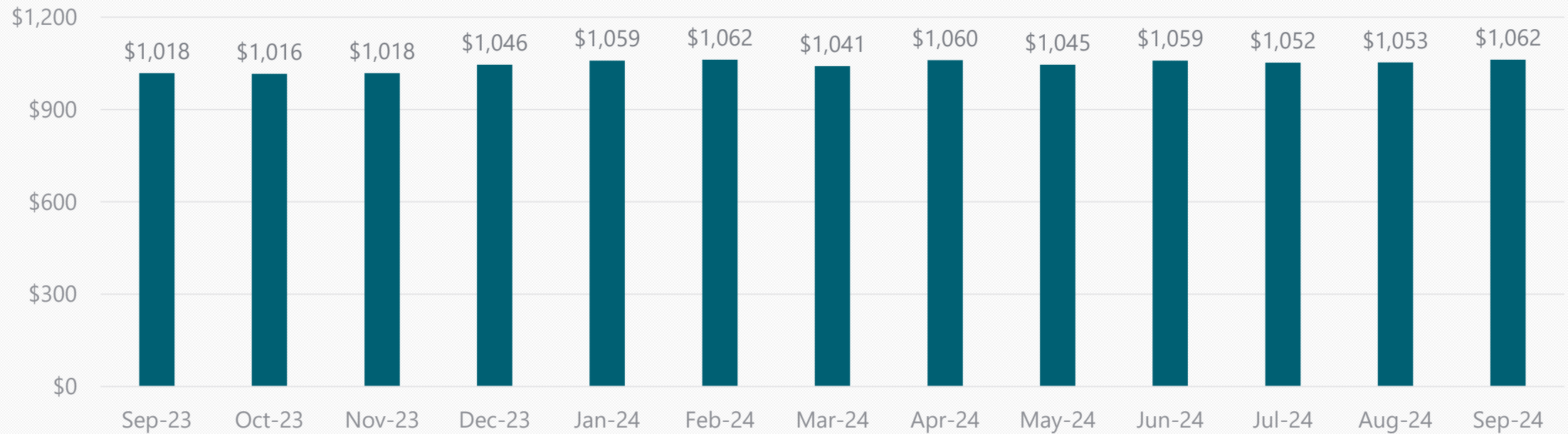
- 85% of claims were approved in September 2024
  - Slightly lower than 87-88% the previous three months
- September 2024 total unique claims that received payment: 52,823
  - 34% more than September of last year

Claims with at least one payment in month  
by type



# Weekly benefit levels

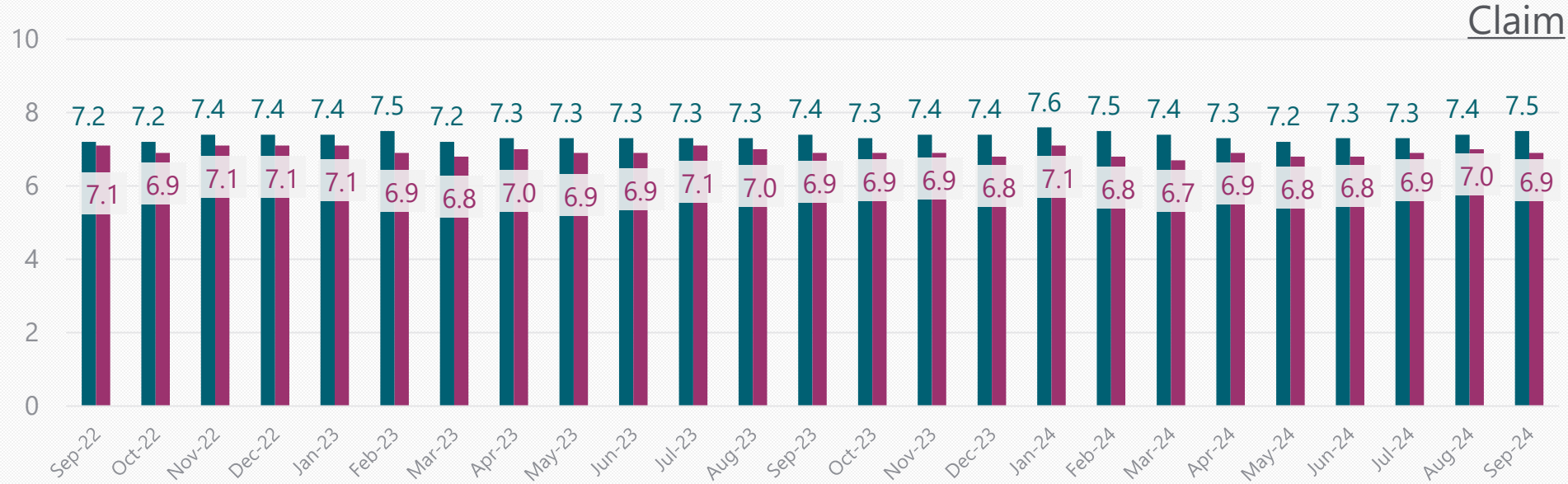
- September 2024 average weekly benefit for new claim years: \$1,062
  - 2024 running average to date is 5% higher than calendar year 2023



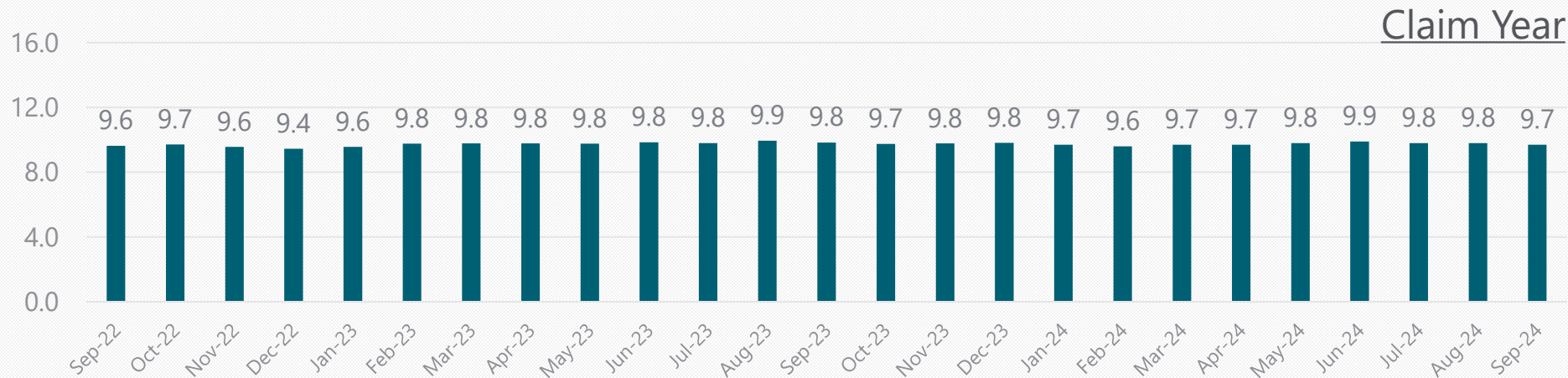
*Technical note: Average weekly benefit amount for approved claims grouped by claim year start month, most recent months typically drop slightly as data matures.*

# Lengths of leave (average)

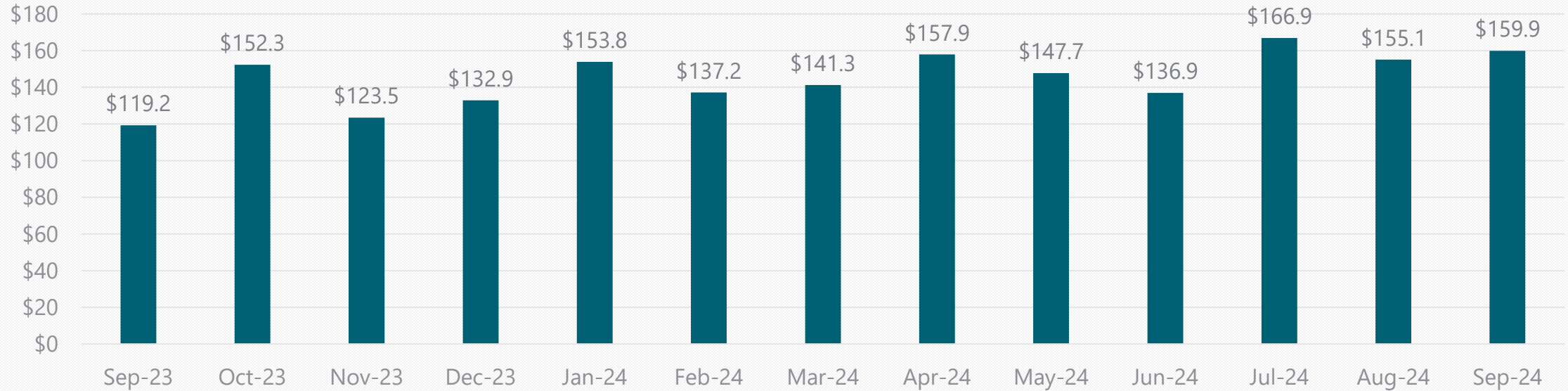
- September 2024
  - Family: 7.5 weeks
  - Medical: 6.9 weeks



- September 2024
  - 9.7 weeks



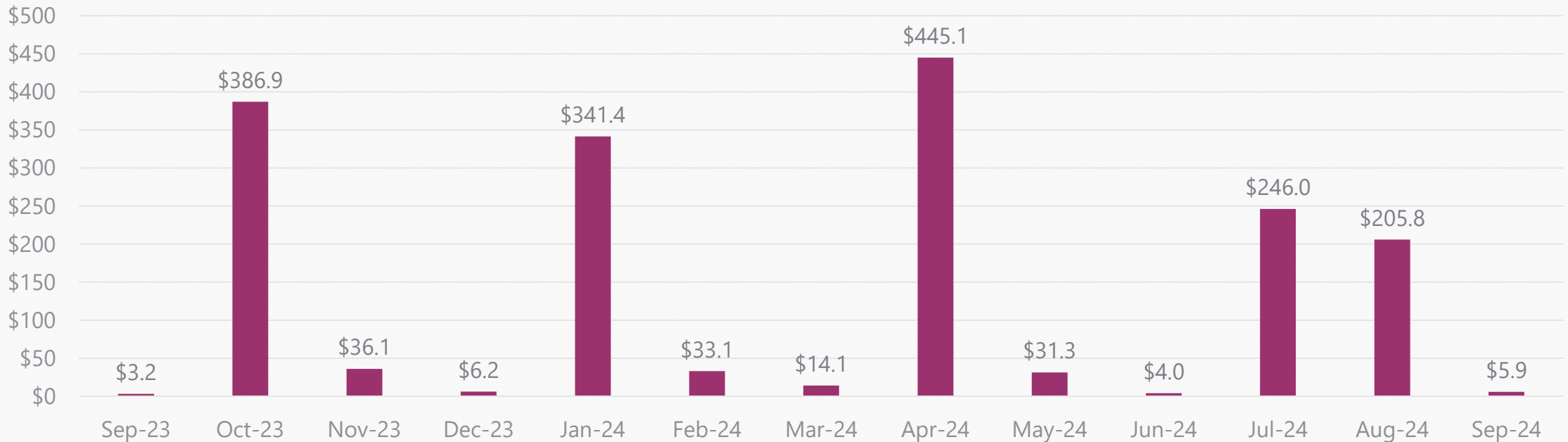
# Monthly benefits paid (millions)



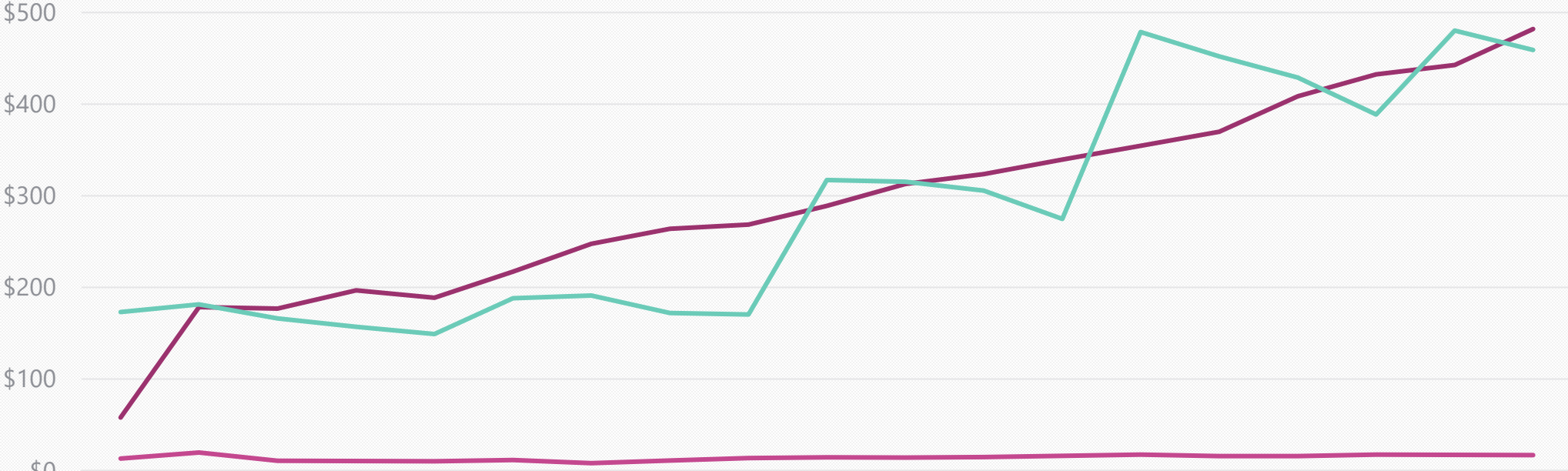
- September 2024 had \$159.9 million in benefits paid
  - 3% more than the previous month
  - 34% more than September 2023
- \$147.1 million average monthly benefits paid over last twelve months
- During the preceding twelve months, \$1.77 billion in benefits paid

# 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
- \$5.9 million in premiums remitted in September 2024
- Premium remittance over previous twelve months: \$1.76 billion



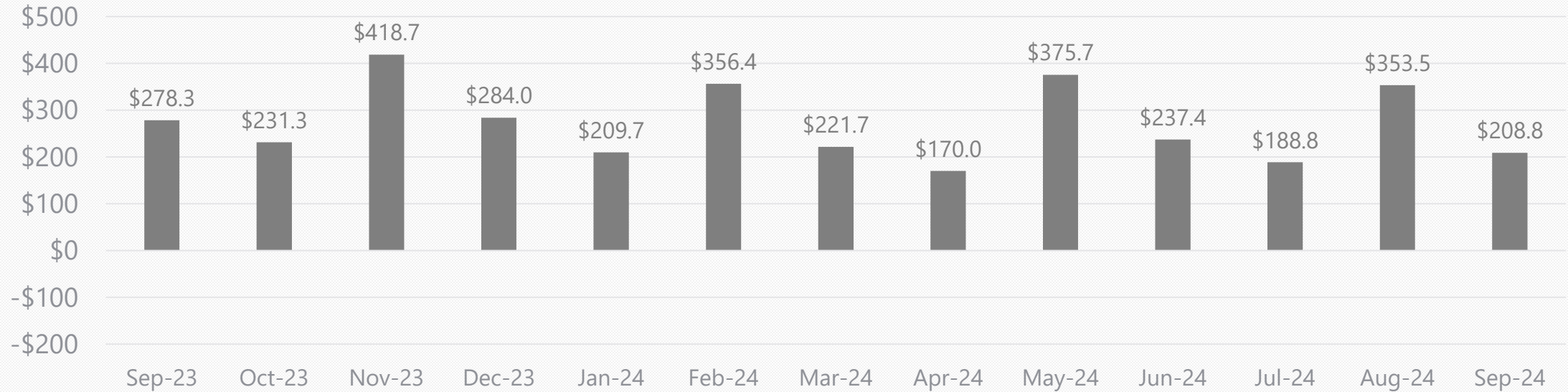
# Premiums, benefits, operating expenses, and account balance by quarter (millions)



	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3
	2020				2021				2022				2023				2024		
Benefits	\$58	\$179	\$177	\$197	\$189	\$217	\$248	\$264	\$269	\$289	\$313	\$324	\$339	\$355	\$370	\$409	\$432	\$443	\$482
Premiums	\$173	\$181	\$166	\$157	\$149	\$188	\$191	\$172	\$170	\$317	\$315	\$306	\$275	\$479	\$452	\$429	\$389	\$480	\$459
Operating	\$13	\$20	\$11	\$11	\$10	\$12	\$8	\$11	\$14	\$15	\$14	\$15	\$16	\$18	\$16	\$16	\$18	\$17	\$17
Account Balance	\$467	\$454	\$427	\$376	\$327	\$287	\$222	\$123	\$19	\$32	\$17	-\$19	-\$98	\$211	\$278	\$284	\$222	\$237	\$209

Technical note: Operating expenses in recent quarter are preliminary. Account balance, premiums, and expenses data are from different data systems so numbers will not exactly total within a quarter.

# Monthly ending account balance (millions)



- September 2024 ending fund balance was \$208.8 million
  - \$69.5 million less than end of September 2023
- This decrease is a result of growth in benefits outpacing growth in premiums

# Time from application submission to first payment

Month	Average weeks	Median weeks
Sept. 2023	5.2	4.4
Sept. 2024	4.4	3.1

Month	Average weeks	Median weeks
Oct 2023	4.3	3.3
Nov 2023	4.6	3.4
Dec 2023	4.5	3.4
Jan 2024	4.9	3.6
Feb 2024	4.2	3
Mar 2024	3.9	2.7
Apr 2024	3.9	2.7
May 2024	3.7	2.6
June 2024	4	2.7
July 2024	4.2	3
August 2024	4.1	2.9
September 2024	4.4	3.1



# Phones

Month	Number of calls received for Paid Leave	Percentage of calls into queue*	Percentage of calls answered from Paid Leave queue	Queue time for Paid Leave
September 2023	74,570	48%	46%	29:20
October 2023	99,476	31%	56%	28:27
November 2023	73,937	37%	57%	28:19
December 2023	64,453	42%	57%	28:54
January 2024	88,449	35%	65%	25:38
February 2024	77,697	35%	63%	26:41
March 2024	72,791	38%	69%	18:56
April 2024	83,440	37%	64%	24:04
May 2024	73,629	38%	65%	23:46
June 2024	81,217	37%	62%	26:58
July 2024	81,611	42%	58%	27:27
August 2024	66,391	53%	58%	27:19
September 2024	60,042	53%	60%	25:38

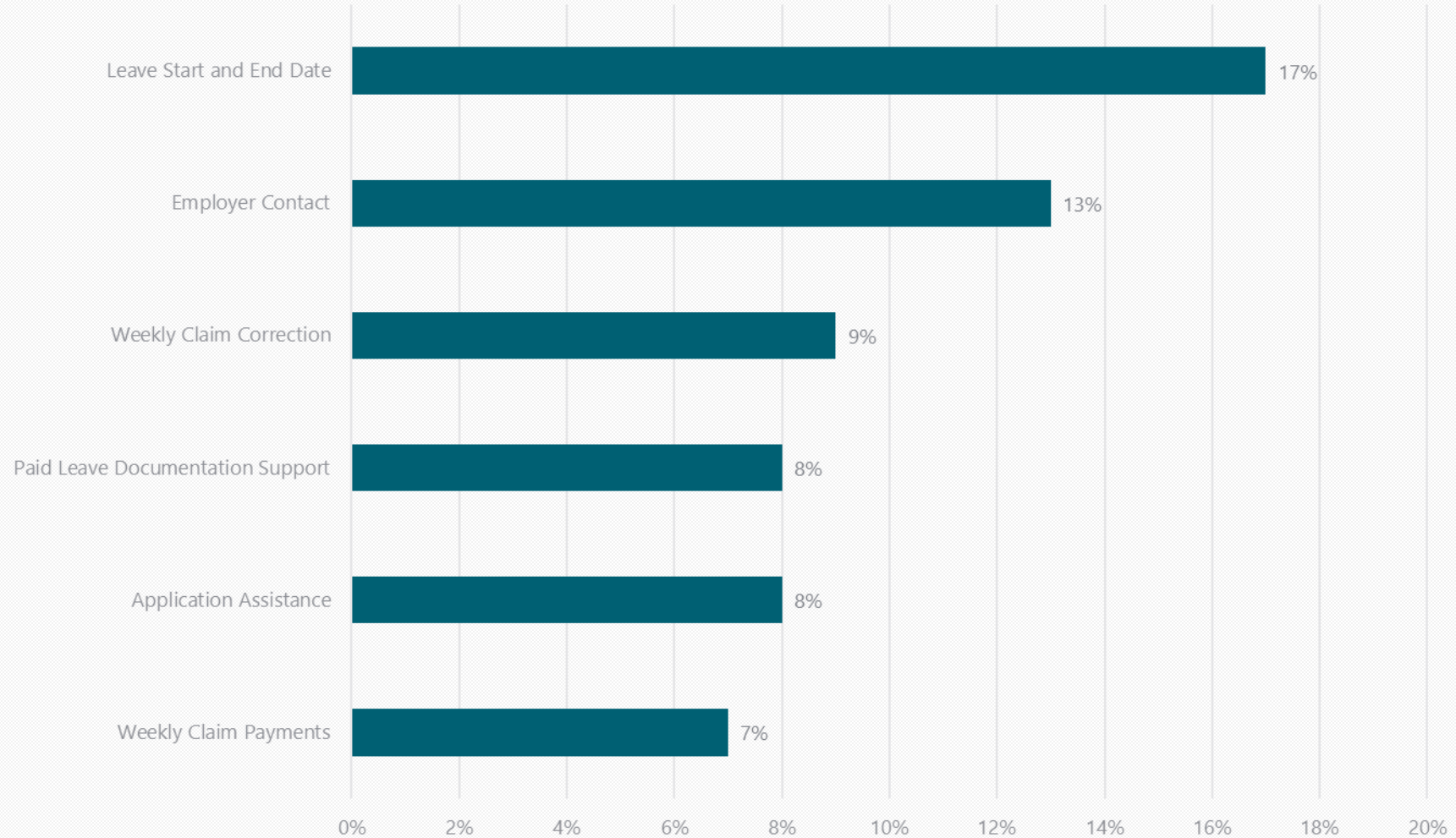
- 10% fewer Paid Leave calls received in September than in August
- Percentage of calls answered from Paid Leave queue increased 2 points from August 2024

\*Includes WA Cares

# Customer contact analysis

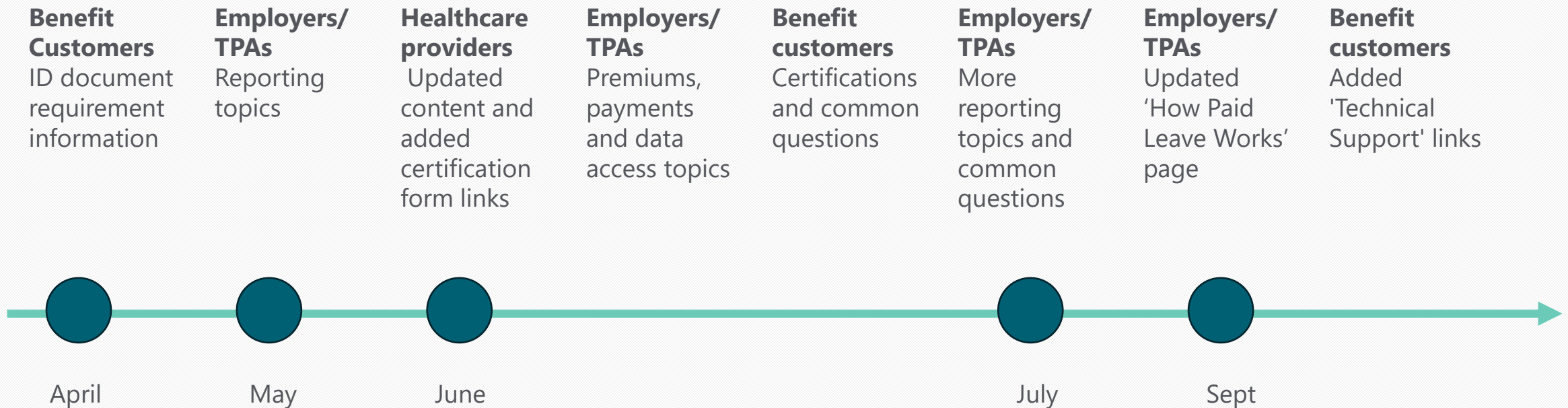
John Mattes, Operations Manager  
Cezanne Levesque, Transformation Manager

# Leading Call Reasons



# Website updates (April – Sept. 2024)

- Goal: Improve self-service to reduce phone calls on common topics.
- Strategy: Update content to answer common questions and embed links to forms, guides and technical support within relevant pages.



# More product improvements (June – Sept 2024)

- Goals: Improve rates of self-service to reduce phone calls.
- Strategies: Updates to customer accounts, guides and letters.

## **Certification forms and paper benefit applications**

Side-by-side  
English/Spanish and 24 other languages

## **Benefit guide**

Significant revisions, simplified navigation

## **Employer notifications**

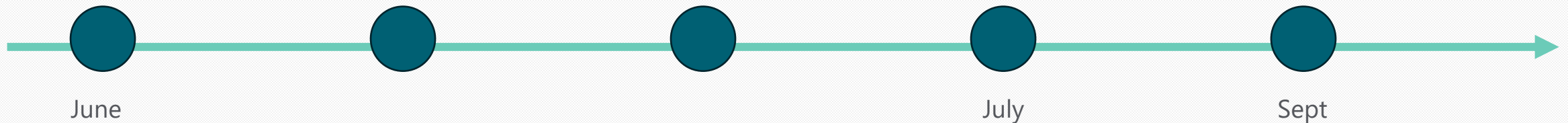
Added 1-pager answering common questions about workers using benefits

## **Benefit customer portal**

Show when customers requested benefit application reviews

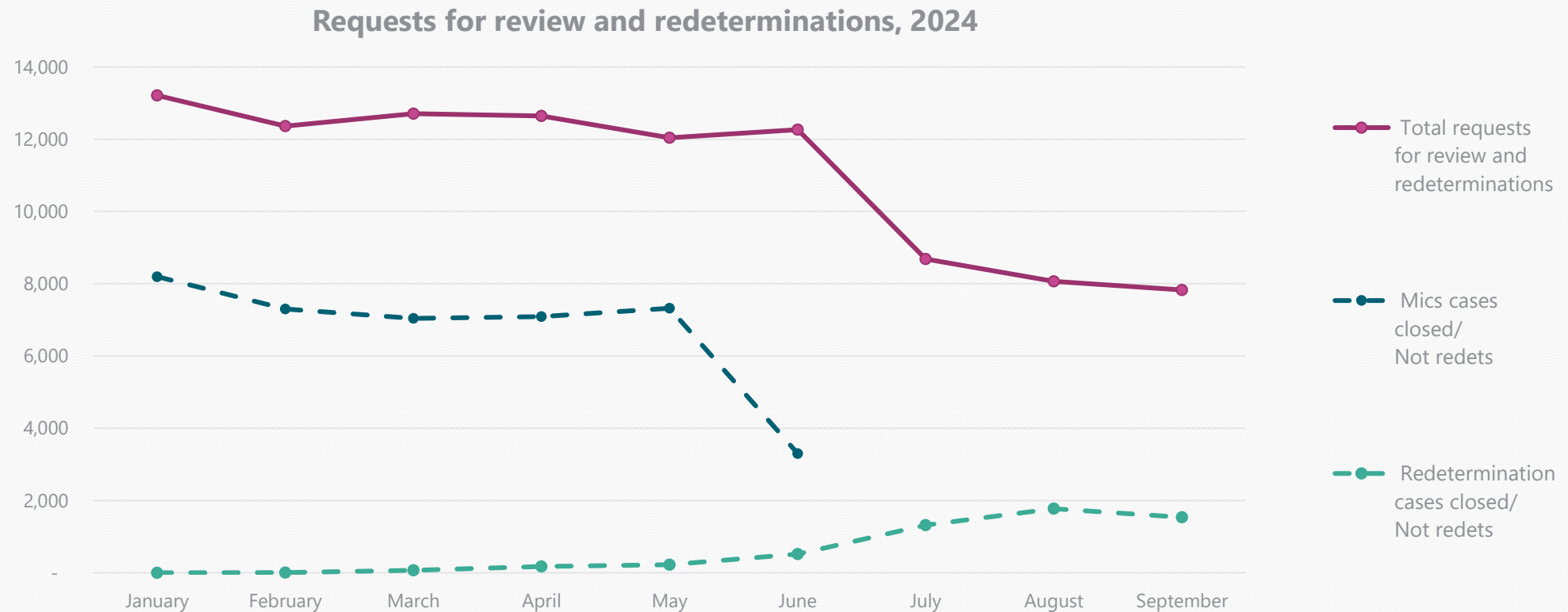
## **Benefit approval letters**

Simplified letter, added 2-page insert about how paid leave works and weekly claims

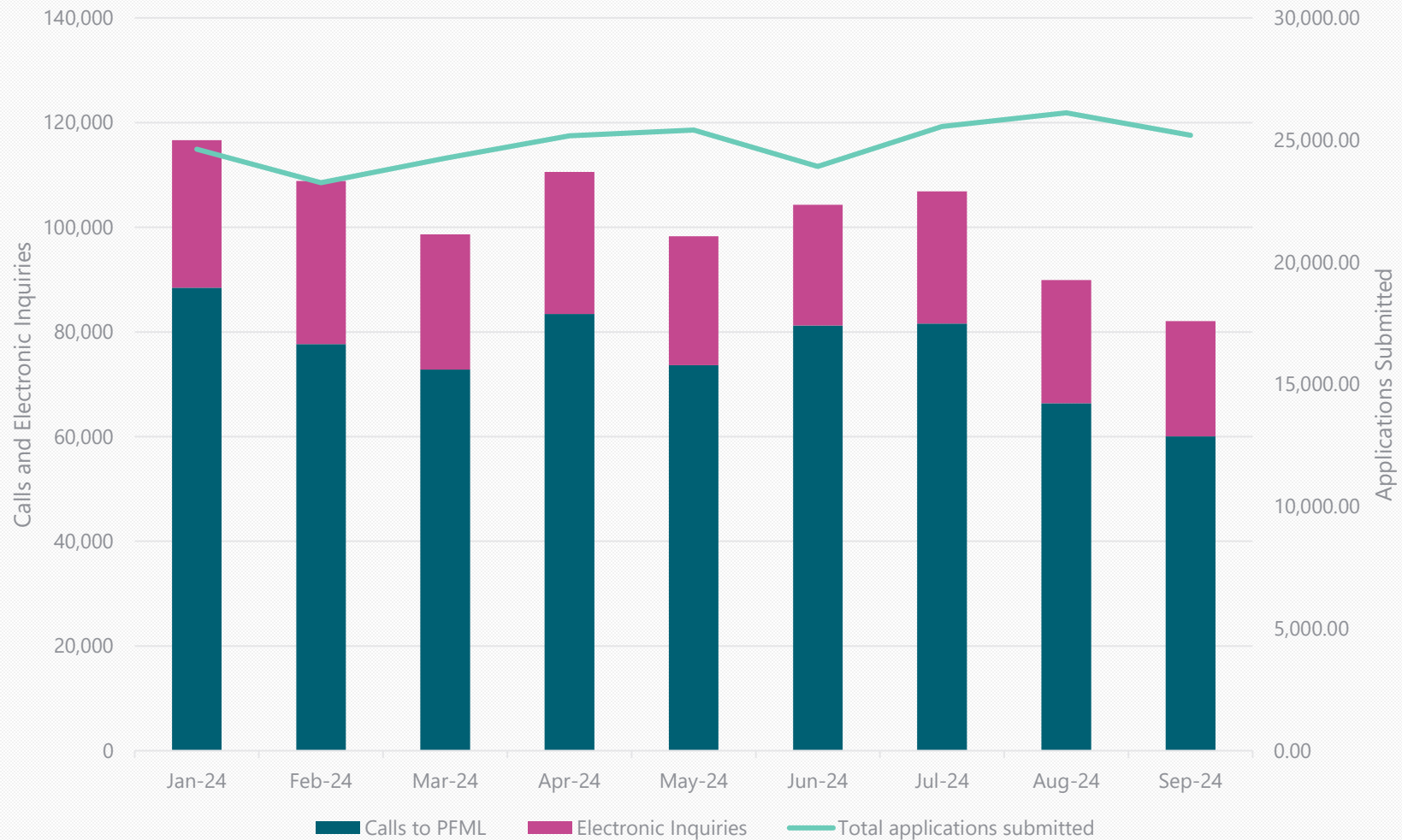


# Requests for review improvements (June 2024)

- Goals: Simplify staff processes and decrease status calls and duplicate requests.
- Strategy: Show customers submitted date, topic and status within their account.



# Incoming Work and Customer Contact



# 2025 premium rate

Karissa Burgess, Actuary



# 2025 Premium Rate Calculation

*Second rate year under new formula, final 2025 rate is 0.92%.*

$$\frac{140\% (\text{benefits paid} + \text{admin costs}) - \text{Sept 30 account balance}}{\text{taxable wages}} = \text{Total Premium Rate}$$



$$\frac{140\% (\$1,653,501,020 + \$69,192,763) - \$208,783,874}{\$242,002,809,498} = 0.92\%$$

Does not include SBA grants which are immaterial to rate calculation.

# Projected to Actual 2025 Premium Rate

*Actual 2025 rate is close to projected, .01% difference.*

Projected 2025 Rate: **0.91%**

*As of 2024Q2 Annual Actuarial Projection*

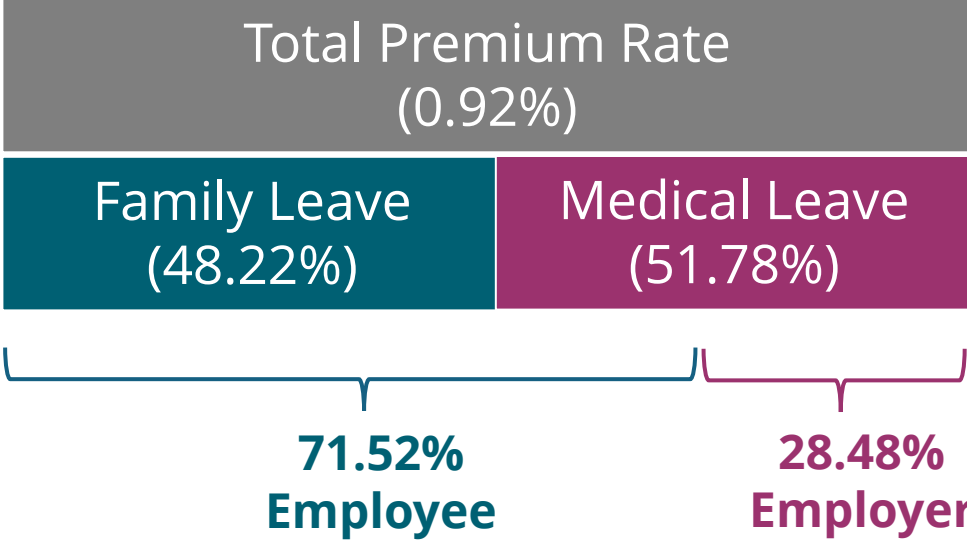
Actual 2025 Rate: **0.92%**

- Actual rate is close to what was projected
- Before rounding the actual rate up to nearest .01%, the rate is .9104%, near the cutoff for 0.91% rate.

# 2025 Premium Rate Details

*Small shift in Family and Medical leave paid claims results in small shift in employer-employee portion of premium.*

- 0.92% premium rate
  - Higher than 2024 rate (0.74%). Magnitude of change was expected.
  - Projected short-term deficits → projected to start 2025 Q1 through 2026
- Employer-employee portion of contributions stayed relatively the same
  - Employee portion grew by roughly 0.1% (71.43% → 71.52%)
  - Inversely, employer portion decreased by roughly 0.1% (28.57% → 28.48%)



# Premium per Employee Examples

*Most of rate change in dollars is covered by employees due to their larger share of total premium.*

	<u>Employee Premiums</u>		<u>Employer Premiums</u>
	Weekly	Annual	Annual
<b>2024</b>			
<b>0.74% rate with 48% Family and 52% Medical</b>			
2025 Minimum Wage (16.66/hr or \$34,653/yr)	\$3.52	\$183.17	\$73.26
<b>Average Wage (\$89,138/yr)</b>	<b>\$9.06</b>	<b>\$471.17</b>	<b>\$188.45</b>
2025 Social Security Cap (\$176,100/yr)	\$17.90	\$930.83	\$372.31
<b>2025</b>			
<b>0.92% rate with 48% Family and 52% Medical</b>			
2025 Minimum Wage (16.66/hr or \$34,653/yr)	\$4.38	\$228.01	\$90.80
<b>Average Wage (\$89,138/yr)</b>	<b>\$11.28</b>	<b>\$586.51</b>	<b>\$233.56</b>
2025 Social Security Cap (\$176,100/yr)	\$22.28	\$1,158.71	\$461.41

Weekly estimate is based on 52 weeks in a year.  
Monthly estimate is based on 12 months in a year.

# Annual Premium on Median Payroll for Employers

*Premium payments will change from previous year due to rate change and any wage shifts.*

## 2024

**0.74% rate with 48% Family and 52% Medical**


## Employer Premium

Small <50 (est. taxable wages \$118,977)	\$252
Medium 50-150 (est. taxable wages \$3,817,824)	\$8,072
Large >150 (est. taxable wages \$16,686,968)	\$35,279
<b>Per \$1 million payroll</b>	<b>\$2,114</b>

## 2025

**0.92% rate with 48% Family and 52% Medical**

Small <50 (est. taxable wages \$118,977)	\$312
Medium 50-150 (est. taxable wages \$3,817,824)	\$10,003
Large >150 (est. taxable wages \$16,686,968)	\$43,723
<b>Per \$1 million payroll</b>	<b>\$2,620</b>



Please note that small employers are not required to pay employer premium unless they receive a grant, but they may optionally elect to pay.

# Customer Compliance Division

Matt Buelow, Customer Compliance Director

# Customer compliance division's work

## Now

- Fraud management (including UI/Paid Leave overlap investigations)
- Employer audit
- Illegal acts investigations

## + Paid Leave balance of work

- Employer premium collections
- Employee overpayment collections
- Paid Leave/LNI crossmatch

## + current DP request

- Small team to proactively assist customers to the right program(s)

# Why centralize compliance activities?

Protect integrity of agency's trust funds/accounts.

Look at compliance holistically across programs and increase efficiencies.

Improved and accelerated fraud detection and prevention.

Better ability to proactively prevent duplication of benefits through customer service.

Better meet expected service levels and ensure more consistent and equitable outcomes for customers.



# Decision package

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32 new  
FTE for  
Paid  
Leave  
activities,  
including:

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14.5 Benefit Specialist 3s (auditors and illegal acts investigators)

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3.5 Benefit Specialist 4s (supervisors for audit, illegal acts, and prevention of duplication of benefits)

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One Financial Examiner (audit)

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One Investigator 3 and one Investigator 4 (fraud team)

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Six Program Coordinator 2s and one Program Coordinator 3 (collections team)

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Four support positions for administrative, training, analytics and intelligence functions.

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# Current program priorities

Alison Eldridge, Deputy Director

# Current projects

One new project: Expanded Paid Leave/WorkSource collaboration

Project	Status
<i>Employer access to benefit data (SSB 5586)</i>	<i>On target</i>
<i>TNC Pilot (SHB 1570)</i>	<i>On target</i>
<i>Annual program report</i>	<i>On target</i>
<b>Claim year redetermination improvements</b>	<b>On target</b>
<i>Cloud migration phase 3 (portal, etc.)</i>	<i>On target</i>
<b>Decision package hiring</b>	<b>On target</b>
Developing a community engagement model for Paid Leave benefits	Close out
<i>Employer sizing calculation</i>	<i>On target</i>
<b>Withholding child support from Paid Leave benefits</b>	<b>On target</b>
<i>Actuarial report</i>	<i>On target</i>
<i>Unclaimed property 2024</i>	<i>On target</i>
<i>2025 annual changes (premium rate, weekly benefit amount, SS cap)</i>	<i>On target</i>
<i>Migration to SharePoint online</i>	<i>On target</i>
<i>ITIN &amp; dialect updates to benefit application</i>	<i>On target</i>
<i>2024 1099s</i>	<i>Initiating</i>
Expanded Paid Leave/WorkSource collaboration	Initiating

# Future work

## Next

- 2025 legislative session
- **Weekly claim redeterminations**
- **Benefit overpayments**
- Quality assurance revamp
- Stable data infrastructure
- Benefit application improvements
- Implement community engagement program
- **Penalties and interest (employer)**
- **Penalties and interest (employee)**

## Later

- Benefit duplication prevention and automation
- **Adding county & legislative district to database**
- **Elective coverage for tribes**
- **Crossmatch L&I with Paid Leave benefits**
- **Collections (employer & employee)**
- **Conditional benefit payments**
- Pre-application for benefits
- Implement comprehensive authorized representative process

***Bolded** items are, or enable, Paid Leave balance of work.*

# Legislative update

Brian Kennedy, LCD Legislative Manager

# Legislative update

- Legislative reports on the horizon
  - Nov. 1: Actuarial Report
  - Dec. 1: Annual Report
- Preparing for legislative session
  - No agency request legislation
  - Good time to analyze impacts of potential policy changes for 2025 session

# Next meeting

1 to 3 p.m. on Wednesday, December 18, 2024

## Proposed topics

- Program performance targets
- Paid Leave Annual Report
- UW Job Protection Report

# Open comment

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Reminders Please frame your questions as a comment.

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If online, “raise your hand” virtually.

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

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

In-person we will call on you.

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# Continue the conversation

**Beth Marchand**, Interim Director  
Leave & Care Division  
Employment Security Department  
[Beth.marchand@esd.wa.gov](mailto:Beth.marchand@esd.wa.gov)



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# Appendix

# Account Balance 2024+

*Intermittent deficits projected starting in 2025Q1*

