

Washington
Paid Family & Medical Leave



Employment Security Department
WASHINGTON STATE

Advisory Committee Meeting

Wednesday, January 22, 2025

Agenda

Introductions and approval of December minutes

LCD Director update

Governor's budget

ESD response to JLARC report

Paid Leave Annual Report

Legislative updates

Open comment

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 December minutes



Division director updates

Beth Marchand, Interim Division Director

Paid Leave rebase in Gov. Inslee's budget

Danielle Cruver, CFO

Governor Inslee's 25-27 Budget

PFML Program Operations –

- ESD requested the expansion of FTEs to accommodate program growth and meet customer and stakeholder expectations.
- Governor's budget generally funds the Operations customer service staff and employer services staff.
- The request for additional Paid Leave program administration staff for process improvements, system stabilization, and automated processes was not funded in the Governor's budget.

Customer Compliance Integration –

- ESD requested additional staffing to improve the fraud detection for the Paid Leave, as well as overpayment collections.
- Governor's budget focuses on funding employer audit staff (with a phase in) and phasing in of collection staff for a pilot that ESD plans to roll-out based on the expected completion date of PFML collections system implementation of June 2026.

PFML System Completion –

- ESD requested resources for the project be moved from FY25 to 25-27 to complete the balance of remaining legal requirements.
- Governor's budget fully supported this request.

PFML Decision Packages

Decision Package	ESD Request	Governor's Budget
PFML Program Operations	\$22,122,000 FTE: 80.9	\$10,823,000 FTE: 43.0
Customer Compliance	\$8,546,000 FTE: 32.0	\$5,893,000 FTE: 22.1 (FY26 is phased in)
PFML System Completion (informally submitted)	\$8,966,000 FTE: 28.5	\$8,966,000 FTE: 28.5

ESD response to JLARC findings

Beth Marchand, Interim Division Director

Recommendation 1: The Legislature should implement a forward-looking rate-setting approach that maintains a sufficient financial reserve for the PFML program.

- Agency Position: Concur
- ESD Actions Steps and Timelines
 - Continue to monitor solvency while developing rate setting for 2027 leg session
 - Work with stakeholders to develop objectives, set parameters, model/test various approaches, and implement technology is necessary.
 - Reduce solvency risks and limit year over year fluctuations
 - Anticipates forward-looking rate based on actuarial principals developed and in place for the 2028 calendar year.

Recommendation 2: Employment Security should adopt criteria for its compliance audit program.

- Agency Position: Concur
- ESD Actions Steps and Timelines
 - In late 2023, centralized compliance activities across the agency
 - By 2026, implement an audit case management system to automate processes. Currently they are calculated, tracked, and worked manually.
 - Currently, ESD meet's Unemployment Insurance best practices and federal standards, intend to extend those to Paid Leave as capacity allows.
 - ESD needs additional staffing and resources for Paid Leave compliance activities.
 - By June 2027, with adequate resourcing, ESD expects to have implemented uniform employer audit practices across UI and Paid Leave.

Recommendation 3: Employment Security should adopt quantifiable customer-oriented performance measures for claims processing and call center management.

- Agency Position: Concur
- ESD Actions Steps and Timelines
 - Currently, informal metrics exist and are reported on.
 - Early 2025, define strategic performance metrics including:
 - Application processing,
 - Payment timeliness, and
 - Call hold times.
 - Currently engaged with stakeholders to gather feedback.
 - ESD needs additional resources to maintain existing customer services levels and identity, plan, and implement process improvements.

Recommendation 4: Employment Security should develop a documented and transparent process for prioritizing projects.

- Agency Position: Concur
- ESD Actions Steps and Timelines
 - ESD's 2024-2028 strategic plan includes refining and improving project management approaches, processes, and tools.
 - By June 2025:
 - Develop work-in-progress limits determining staff capacity and risk
 - Prioritize projects based on costs, duration, strategic plan alignment, customer impacts, and deadlines
 - Create guide that documents project management process, including prioritization guidelines

Paid Leave Annual Report

Julie York, Program Research & Evaluation Analyst

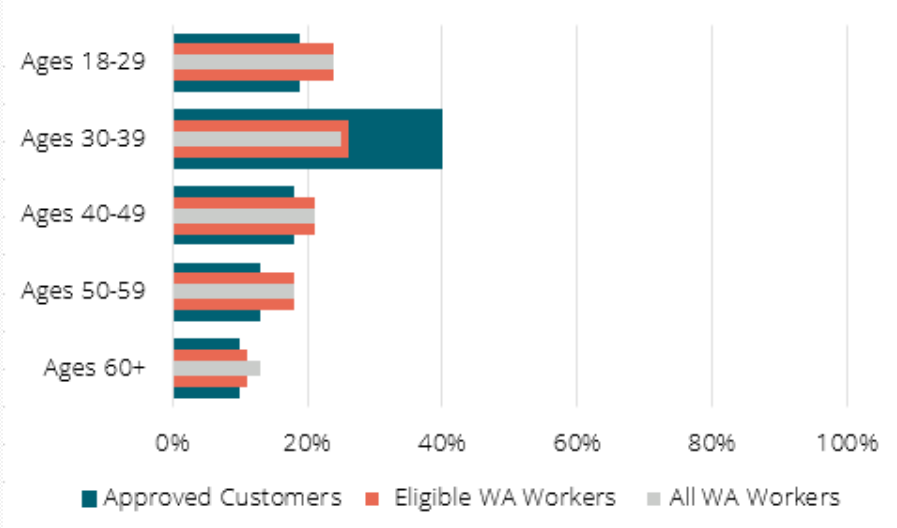
Customer demographic analysis overview

- We looked at the demographics of approximately 180,000 customers who submitted applications from July 2023 - June 2024 AND were approved with at least one payment.
- American Community Survey census data and Paid Leave wage report data were used to construct estimates of all workers and eligible workers in Washington.
- We looked at participation by age, gender, racial-ethnic identity, language preference, average hourly wage, employer size, and employer industry.
- [The full report is available on the ESD website.](#)

Customers ages 30-39 appear to have the highest participation.

- Workers ages 30 to 39 appear to have much higher participation rates.
- Those in all other age groups appear to have lower participation.
- Younger workers tend to have more Family Bonding and Medical Pregnancy claims, whereas older workers (40+) tend to have more Family Care and Medical claims.

Paid Leave customer comparison to eligible and all workers by age



Paid Leave claims by leave type and age

Age	Family Bonding	Family Care	Family Military	Medical	Medical Pregnancy
Ages 18-29	45%	6%	0.05%	22%	27%
Ages 30-39	48%	8%	0.03%	20%	23%
Ages 40-49	20%	21%	0.02%	53%	6%
Ages 50-59	2%	27%	0.04%	71%	0.1%
Ages 60+	0.3%	22%	0.02%	78%	0.02%
Not available	36%	13%	-	40%	11%
Overall	33%	13%	0.03%	37%	16%

Sources: American Community Survey Year Public Use Microdata, 2022 & WA Paid Leave Administrative Data, 7/1/2023- 6/30/2024.

Female customers appear to have the highest participation.

- Those who identify as female have the highest participation rates
- Female workers tend to have more Medical Pregnancy claims, whereas male workers tend to have more Family Bonding claims.

Paid Leave customer comparison to eligible and all workers by gender



Paid Leave claims by leave type and gender

Gender	Family Bonding	Family Care	Family Military	Medical	Medical Pregnancy
Female	25%	13%	0.04%	36%	27%
Male	48%	14%	0.01%	38%	0.1%
Nonbinary	8%	7%	-	81%	4%
Prefer not to say	27%	14%	-	55%	4.1%
Overall	33%	13%	0.03%	37%	16%

Sources: American Community Survey Year Public Use Microdata, 2022 & WA Paid Leave Administrative Data, 7/1/2023- 6/30/2024.

Workers in the lowest and highest wage groups appear to have the lowest participation.

- Workers in the lowest wage group (up to \$18) appear to have lower participation and lower rates of eligibility.
- Workers in the highest wage group (more than \$60) also appear to have lower participation but slightly higher rates of eligibility.
- Not pictured here: these participation patterns persist for the lowest and highest wage groups across all employer sizes.
- Lower wage workers tend to have more Medical Pregnancy and Medical claims. Higher wage workers to have more Family Bonding claims.

Paid Leave customer comparison to eligible and all workers by average hourly wage



Paid Leave claims by leave type and average hourly wage

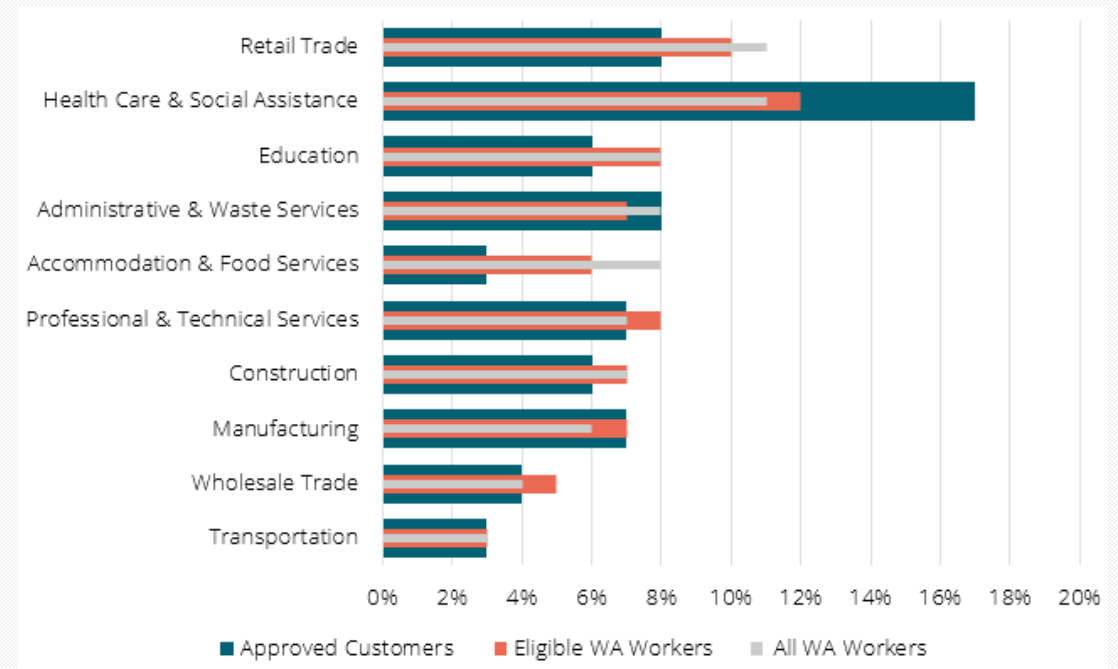
Average Hourly Wage	Family Bonding	Family Care	Family Military	Medical	Medical Pregnancy
Up to \$18	29%	14%	0.04%	34%	23%
\$18 - \$24	28%	16%	0.02%	39%	18%
\$24 - \$35	29%	15%	0.05%	42%	14%
\$35 - \$60	36%	13%	0.04%	36%	15%
More than \$60	44%	8%	0.01%	30%	17%
Overall	33%	13%	0.03%	37%	16%

Sources: American Community Survey Year Public Use Microdata, 2022 & WA Paid Leave Administrative Data, 7/1/2023- 6/30/2024.

Workers in Accommodation & Food Services and Retail Trade have both lower rates of participation and lower rates of eligibility.

- Those who work in Accommodation & Food Services and Retail Trade have lower rates of participation and lower rates of eligibility.
- Those who work in Health Care & Social Assistance have the highest rates of participation by far. They also have slightly higher rates of eligibility relative to their share of all Washington workers.

Paid Leave customer comparison to eligible and all workers by employer industry (top 10 industries of all Washington workers)



Sources: American Community Survey Year Public Use Microdata, 2022 & WA Paid Leave Administrative Data, 7/1/2023- 6/30/2024.

Key takeaways

- Age and gender continue to be the most significant drivers behind program participation. Customers who are between the ages of 30-39 and who identify as female have higher participation.
- Workers making up to \$18 appear to have lower participation and lower rates of eligibility. Those making more than \$60 also appear to have lower participation, but higher rates of eligibility. These patterns persist across all employer sizes.
- Those who work in Accommodation & Food Services and Retail Trade appear to have lower participation relative to the eligible worker population, as well as lower rates of eligibility.
- [The full report is available on the ESD website.](#)

Family

Legislative update

Josh Dye, Interim Director Government Relations

Paid Leave bills ESD's tracking

HB 1213: job protection and 8 consecutive hours

- Reduces minimum claim duration for payment from 8 to 4 consecutive hours
- Expands job protection eligibility: current employment history of 90 days
- Addresses stacking of job protection benefits from the WA Paid Leave and federal FMLA programs
- Requires employer outreach, employer notification, and audits

SB 5191: premium collection for dockworkers

- Amends the definition of employer to include representative for employers of dockworkers report/pay premiums for those under a CBA

SB 5292: premium rate setting

- Premium rate to be set based on actuarial report
- Lowest rate necessary to maintain solvency and close with a 3-month reserve

Next meeting

2 to 3 p.m. on **Wednesday, February 26th**

Proposed topics

- Program performance targets
- Federal IRS Guidance

Open comment

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 participants to allow for the open comment.

In-person we will call on you.

Continue the conversation

Beth Marchand, Interim Director
Leave & Care Division
Employment Security Department
Beth.marchand@esd.wa.gov



Visit us online at
www.paidleave.wa.gov



Join our listserv at
bit.ly/PaidLeaveList

Appendix

Current program priorities

Leave and Care | Portfolio Dashboard Status Report

As of January 5, 2024

Sch: Schedule ; Res = Resources

Close Out

On Target

At Risk

High Risk

Overall Health

Report Date

N/A (planning)

Complete

Lvl	Project Description	Theme	Sch	Res	Risk	Q3 - 2024	Q4 - 2024	Q1 - 2025	Q2 - 2025
1	ITIN/Dialect Updates to Applications	Enhancement	●	●	●		12/31/2024 ★		
0	Community engagement model for Paid Leave benefits	Engagement	●	●	●		12/15/2024 ★		
1	Decision Package Hiring	Balance of Work	●	●	●		12/31/2024		
1	Migration to SharePoint Online	Enhancement	●	●	●		01/01/2025		
3	TNC Pilot SHB1570	Legislation	●	●	●		01/31/2025		
2	2025 Annual Changes	Annual work	●	●	●		01/31/2025		
0	Expanded Paid Leave and WorkSource Collaboration	Partnership	●	●	●		02/28/2025		
1	2024 1099-Gs	Annual work	●	●	●		03/01/2025		
3	Claim year redetermination improvements	Balance of Work	●	●	●			04/01/2025	
3	Paid Leave Child Support Withholding	Balance of Work	●	●	●			04/15/2025	
1	2025 Legislative Session	Legislation	●	●	●				06/01/2025
3	Cloud Migration Portal	Enhancement	●	●	●				Q2 2025
0	Racial Equity Data Collection Proviso	Legislation	●	●	●				06/30/2025
2	Identify Overpayments in Weekly Claim Redeterminations	Balance of Work	○	○	○				
4	WA Cares Contribution Determination	WA Cares	●	●	●				11/30/2025

Future work

Next

- **Benefit overpayments**
- Quality assurance revamp
- Stable data infrastructure
- Benefit application improvements
- Implement community engagement program
- **Penalties and interest (employer)**
- **Penalties and interest (employee)**

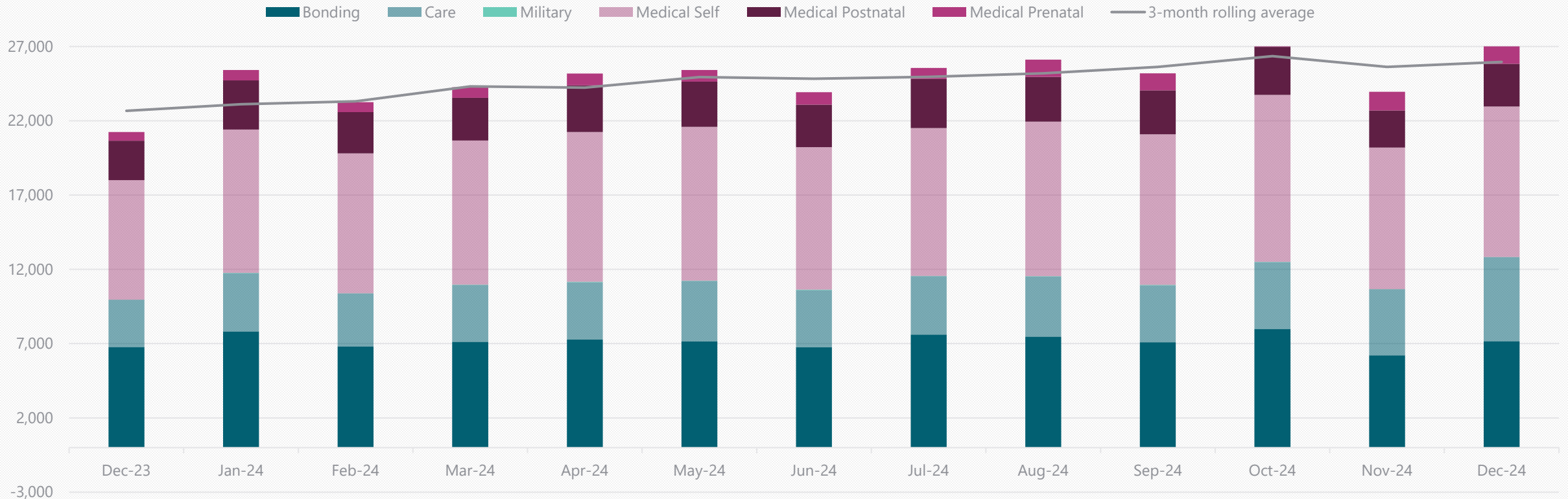
Later

- 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.

Financial & program updates

Claim applications submitted by type

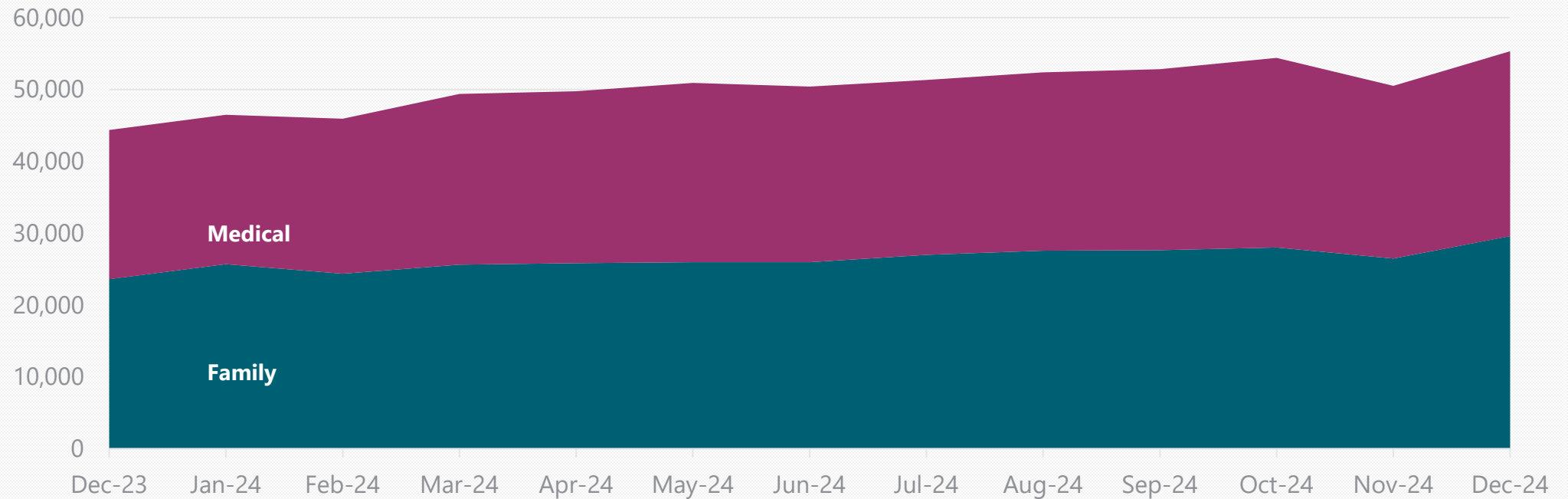


- December 2024, we received 26,206 applications
 - 9% more than the previous month
 - 33% more than December 2023
- 45% family, 55% medical
- Three-month rolling average ~ 26K claim applications

Approval rate and monthly claims with payment(s)

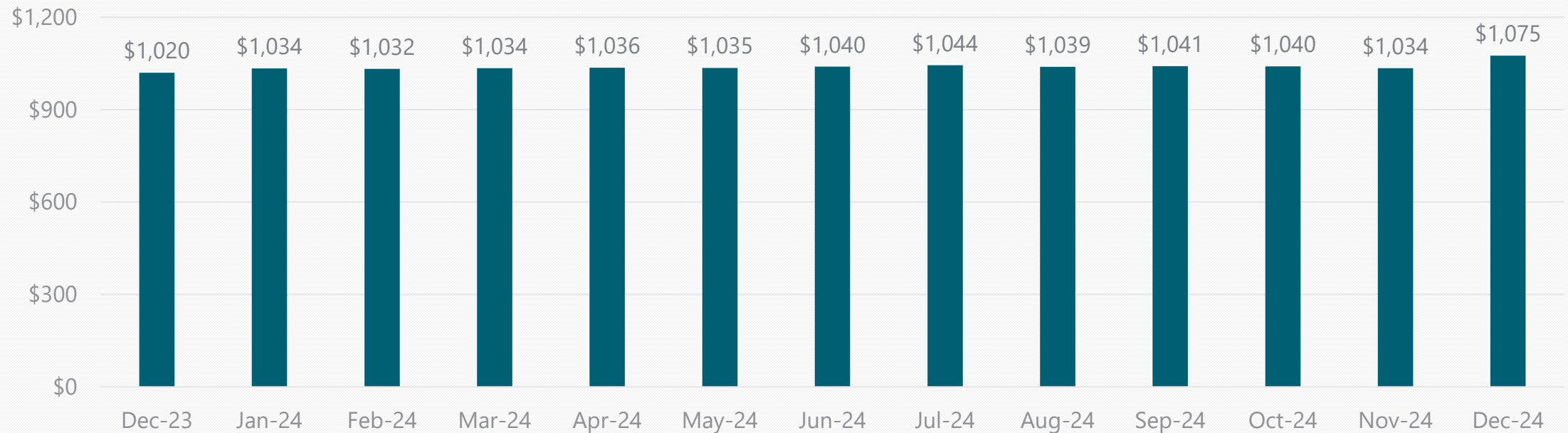
- 85% of claims were approved in December 2024
 - 86% the previous month
- December 2024 total unique claims that received payment: 55,324
 - 25% more than December of 2023

Claims with at least one payment in month
by type



Weekly benefit levels

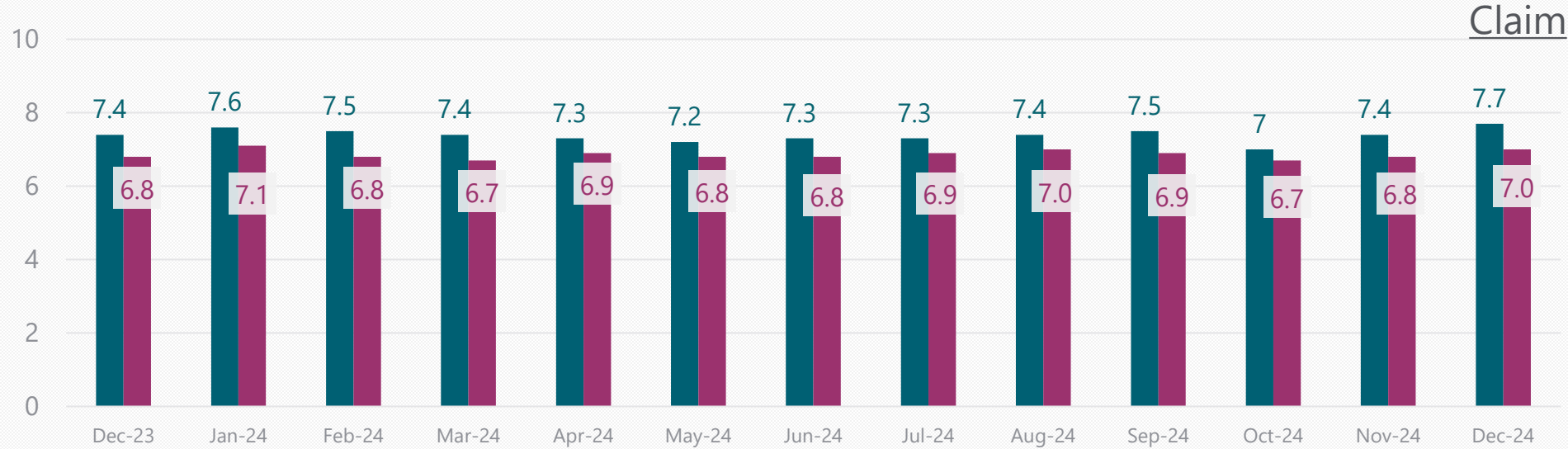
- December 2024 average weekly benefit for new claim years: \$1,075
 - 5% higher than December 2023.



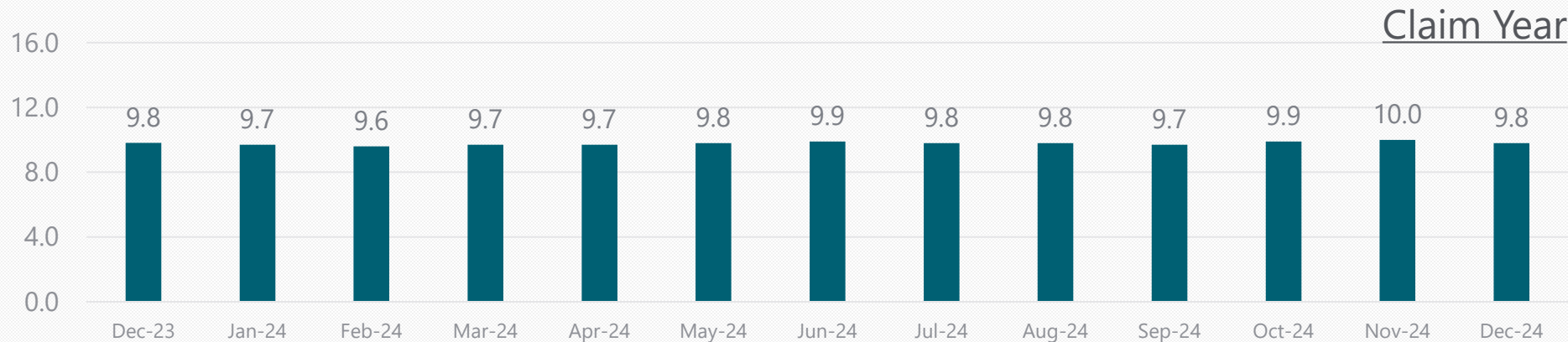
Technical note: Average weekly benefit amount for approved claims grouped by claim year start month, most recent months typically drop slightly as data matures.

Lengths of leave (average)

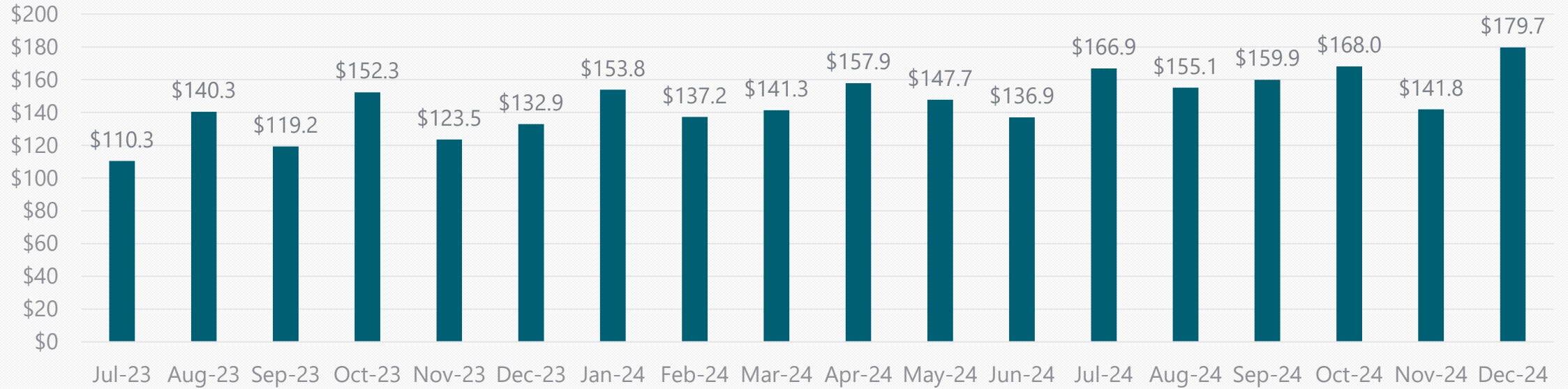
- December 2024
 - Family: 7.7 weeks
 - Medical: 7.0 weeks



- December 2024
 - 10 weeks

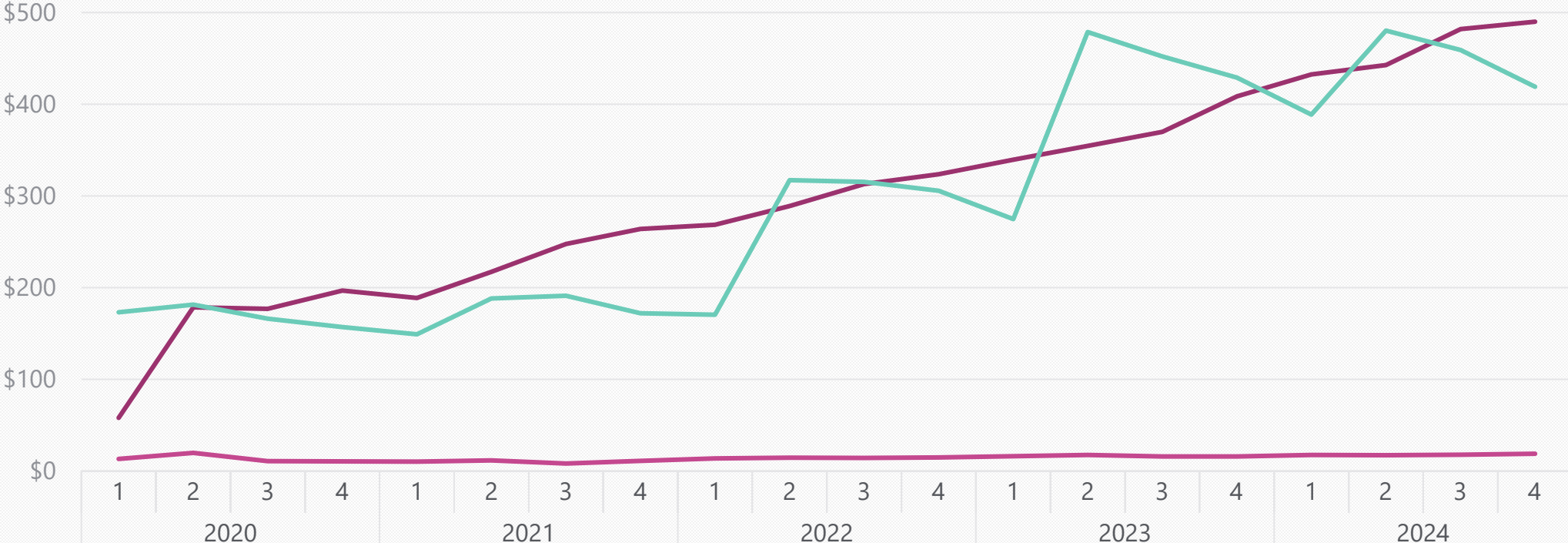


Monthly benefits paid (millions)



- December 2024 had \$179.7 million in benefits paid
 - 27% more than the previous month
 - 35% more than December of the previous year
- \$153.9 million average monthly benefits paid over last twelve months

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

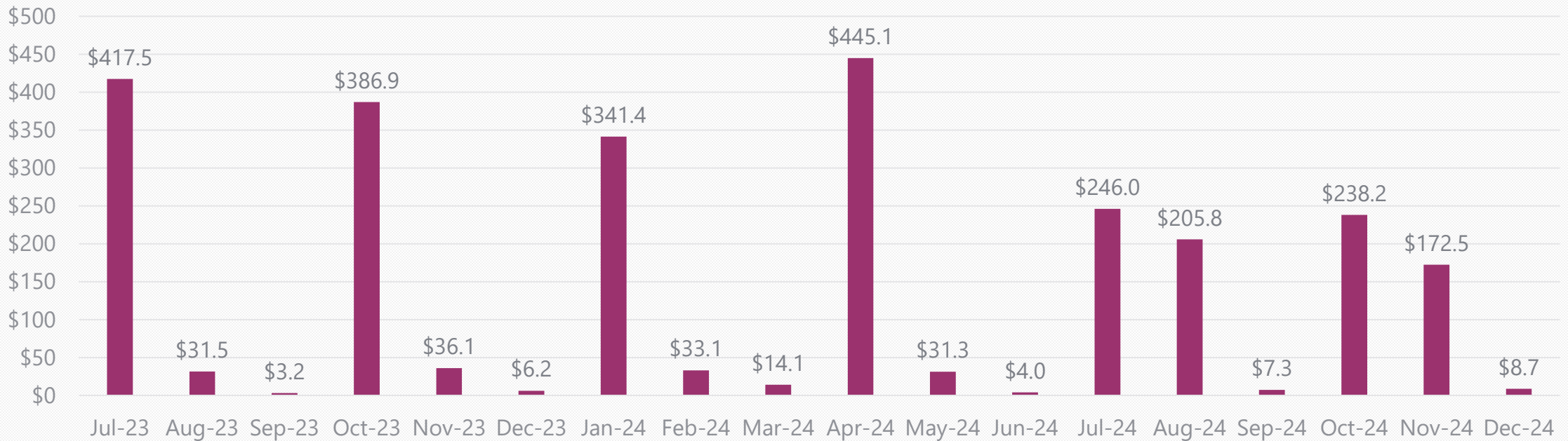


	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	2020				2021				2022				2023				2024			
Benefits	\$58	\$179	\$177	\$197	\$189	\$217	\$248	\$264	\$269	\$289	\$313	\$324	\$339	\$355	\$370	\$409	\$432	\$443	\$482	\$490
Premiums	\$173	\$181	\$166	\$157	\$149	\$188	\$191	\$172	\$170	\$317	\$315	\$306	\$275	\$479	\$452	\$429	\$389	\$480	\$459	\$419
Operating	\$13	\$20	\$11	\$11	\$10	\$12	\$8	\$11	\$14	\$15	\$14	\$15	\$16	\$18	\$16	\$16	\$18	\$17	\$18	\$19
Account Balance	\$467	\$454	\$427	\$376	\$327	\$287	\$222	\$123	\$19	\$32	\$17	-\$19	-\$98	\$211	\$278	\$284	\$222	\$237	\$209	\$97

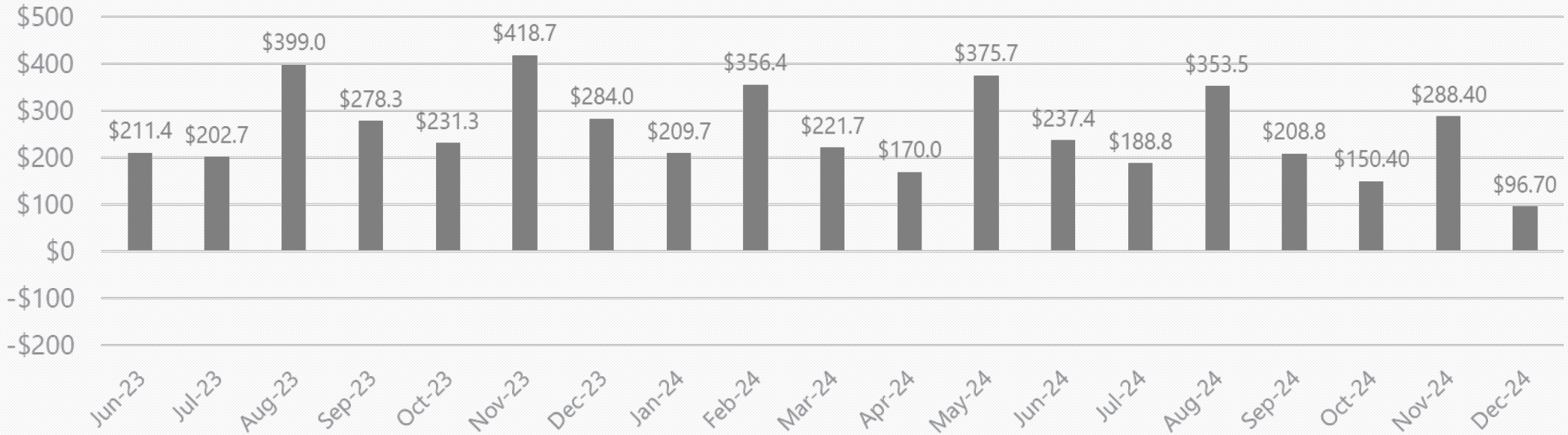
Technical note: Operating expenses in recent quarter are preliminary. Account balance, premiums, and expenses data are from different data systems so numbers will not exactly total within a quarter.

Monthly 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
- \$8.7 million in premiums remitted in December 2024
- Premium remittance in 2024: \$1.75 billion



Monthly ending account balance (millions)



- December 2024 ending balance was \$96.7 million
- Compared to December 2023, fund balance is \$187.3 million less

Time from application submission to first payment

Month	Average weeks	Median weeks
Dec. 2023	4.5	3.3
Dec. 2024	4.9	3.4

Month	Average weeks	Median weeks
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
October 2024	4.1	2.7
November 2024	4.5	3
December 2024	4.9	3.4

Phones

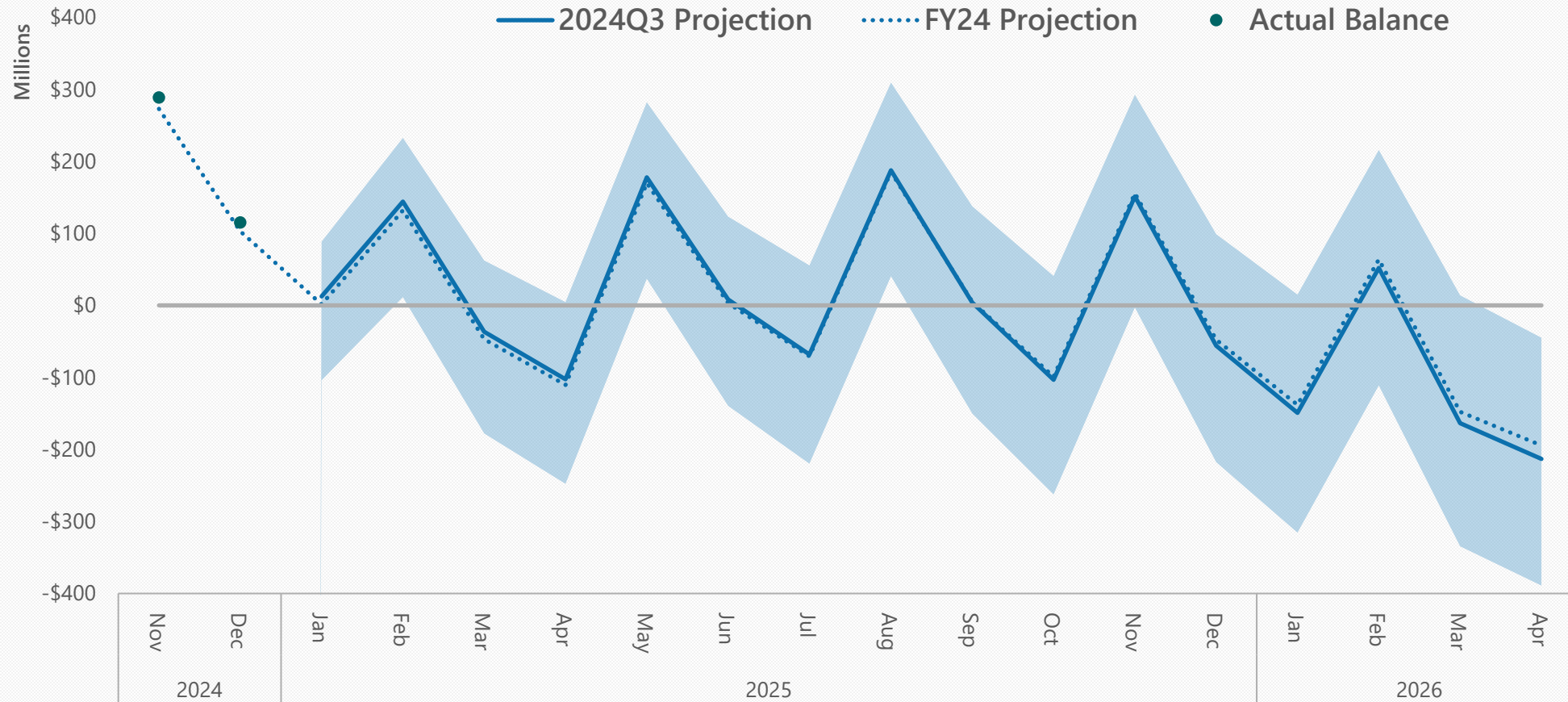
Month	Number of calls received for Paid Leave	Percentage of calls into queue*	Percentage of calls answered from Paid Leave queue	Queue time for Paid Leave
December 2023	64,453	42%	57%	28:54
January 2024	88,449	35%	65%	25:38
February 2024	77,697	35%	63%	26:41
March 2024	72,791	38%	69%	18:56
April 2024	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
October 2024	69,056	53%	59%	26:50
November 2024	66,767	42%	58%	30:05
December 2024	72,384	45%	60%	28:13

- **5,617 more calls received for Paid Leave in December 2024 than in November 2024**
- **Percentage of Paid Leave calls into queue and answered increased slightly, while queue time decreased**

Account balance

Account Balance 2024+

2024Q3 projection is not materially different from FY24 projection. Intermittent deficits are still projected starting in 2025Q1.



FY24 Projection is based on 2024 PFML Annual Actuarial Report, including the final 2025 premium rate.
 2024Q3 Projection is updated based on data through 2024Q3, with PFML account balance as of 12/2024.
 High and low ranges may be adjusted as more data is received.