

# Advisory Committee Meeting- 01/22/2025

## Attendance

### Committee Members Present

- Beth Marchand, Interim Director ESD Leave and Care
- Edsonya Charles, PFML Ombuds

### Employee Representatives

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

### Employer Representatives

- Rose Gunderson, Washington Retail Association
- Lindsey Huer-Association of WA business
- Julia Gorton, Washington Hospitality Association
- Tammie Hetrick, WA Food Industry Association

### ESD Staff

- Alison Eldridge Leave and Care Deputy Director
- Eve Sheng- Managing Actuary
- Josh Dye, Interim Director Government Relations
- Brian Kennedy- Leave and Care Government Relations
- April Amundson- Leave and Care Policy Manager
- Matt Buelow- Customer Compliance Director
- Kaylene Flynn- Employer Audit Manager
- Julie York- Economic Analyst 3
- Josh Dye, Interim Director Government Relations
- Danielle Cruver- Chief Financial Officer
- Amanda Siemandel, MA3- running slides
- Rachel Turner, Administrative Assistant 4- taking notes

## 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

## Introduction & Approval of December Minutes

DISCUSSION	Start time – 2:02 PM
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- Rose Gunderson moves to approve December meeting minutes
- Tammie Hetrick motions 2<sup>nd</sup> to approve
- All in favor to approve December meeting minutes

## LCD Director Update

<b>NAME</b>	Beth Marchand
<ul style="list-style-type: none"> <li>• Director Hiring <ul style="list-style-type: none"> <li>○ Announcement will be coming by end of week from Commissioner Feek</li> </ul> </li> <li>• Budget Freeze Directive <ul style="list-style-type: none"> <li>○ Working through hiring freeze.</li> <li>○ Exemptions granted for revenue generating positions such as Employer Services</li> </ul> </li> </ul>	
<b>DECISIONS</b>	
<b>ACTION ITEMS</b>	

## Governor's Inslee's 25-27 Budget

<b>NAME</b>	Danielle Cruver
<b>PFML Program Operations –</b> <ul style="list-style-type: none"> <li>• ESD requested the expansion of FTEs to accommodate program growth and meet customer and stakeholder expectations.</li> <li>• Governor's budget generally funds the Operations customer service staff and employer services staff.</li> <li>• 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.</li> </ul>	
<b>Customer Compliance Integration –</b> <ul style="list-style-type: none"> <li>• ESD requested additional staffing to improve the fraud detection for the Paid Leave, as well as overpayment collections.</li> <li>• 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.</li> </ul>	
<b>PFML System Completion –</b>	

- 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.

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

## JLARC

NAME	Eve Shang, Matt Buelow, Kaylene Flynn, Beth Marchand
<p>Recommendation 1: The Legislature should implement a forward-looking rate-setting approach that maintains a sufficient financial reserve for the PFML program.</p> <ul style="list-style-type: none"> <li>• Agency Position: Concur</li> <li>• ESD Actions Steps and Timelines</li> <li>• Continue to monitor solvency while developing rate setting for 2027 leg session</li> <li>• Work with stakeholders to develop objectives, set parameters, model/test various approaches, and implement technology is necessary.</li> <li>• Reduce solvency risks and limit year over year fluctuations</li> <li>• Anticipates forward-looking rate based on actuarial principals developed and in place for the 2028 calendar year.</li> </ul> <p>Recommendation 2: Employment Security should adopt criteria for its compliance audit program.</p>	

- 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.

Tammie Hetrick-Will we have full checks and balances?

Matt Buelow- We are starting with UI and Fraud and will expand from there.

Maggie Humphries- Uniformed employer audit meeting?

Matt Buelow-When we gather information from employers we shouldn't be doing independently, rather at once for all programs.

Rose Gunderson- Can you share metrics? UI vs. Paid Leave isn't best practice. Where is fraud hotline?

Matt Buelow- We are referring to employer audits, not fraud audits. Will follow up with you to connect with fraud manager.

Tammie Hetrick-We need a report from worker fraud dept. on how to set up and where at in process.

Beth Marchand-Noted, will add to next agenda.

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

<ul style="list-style-type: none"> <li>Create guide that documents project management process, including prioritization guidelines</li> </ul>	
DECISIONS	
ACTION ITEMS	

## Paid Leave Annual Report

NAME	Julie York
<p>Customer demographic analysis overview</p> <ul style="list-style-type: none"> <li>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.</li> <li>American Community Survey census data and Paid Leave wage report data were used to construct estimates of all workers and eligible workers in Washington.</li> <li>We looked at participation by age, gender, racial-ethnic identity, language preference, average hourly wage, employer size, and employer industry.</li> <li><a href="#">The full report is available on the ESD website.</a></li> </ul> <p>Customers ages 30-39 appear to have the highest participation.</p> <ul style="list-style-type: none"> <li>Workers ages 30 to 39 appear to have much higher participation rates.</li> <li>Those in all other age groups appear to have lower participation.</li> <li>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.</li> </ul> <p>Female customers appear to have the highest participation.</p> <ul style="list-style-type: none"> <li>Those who identify as female have the highest participation rates</li> <li>Female workers tend to have more Medical Pregnancy claims, whereas male workers tend to have more Family Bonding claims.</li> </ul> <p>Workers in the lowest and highest wage groups appear to have the lowest participation.</p> <ul style="list-style-type: none"> <li>Workers in the lowest wage group (up to \$18) appear to have lower participation and lower rates of eligibility.</li> <li>Workers in the highest wage group (more than \$60) also appear to have lower participation but slightly higher rates of eligibility.</li> </ul>	

- 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.

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.

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.](#)

<b>DECISIONS</b>	
<b>ACTION ITEMS</b>	

## Legislative Update

<b>NAME</b>	Josh Dye
Paid Leave bills ESD's tracking	
<ul style="list-style-type: none"> <li>• HB 1213: job protection and 8 consecutive hours <ul style="list-style-type: none"> <li>○ Reduces minimum claim duration for payment from 8 to 4 consecutive hours</li> <li>○ Expands job protection eligibility: current employment history of 90 days</li> <li>○ Addresses stacking of job protection benefits from the WA Paid Leave and federal FMLA programs</li> <li>○ Requires employer outreach, employer notification, and audits</li> </ul> </li> <li>• SB 5191: premium collection for dockworkers</li> </ul>	

- 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

Julia Gorton- What is the fiscal impact to 5378- expansion of school districts?

Josh Dye- 180 potential school districts impacted. Should have more info tomorrow and will send out via email.

DECISIONS	
ACTION ITEMS	

Next Meeting/Open Comment

NAME	
	<ul style="list-style-type: none"><li>• 2-3pm 2/26/25</li><li>• Proposed Topics: Program performance targets and Federal IRS Guidance</li><li>• No Open Comment</li><li>• Adjourn</li></ul>