

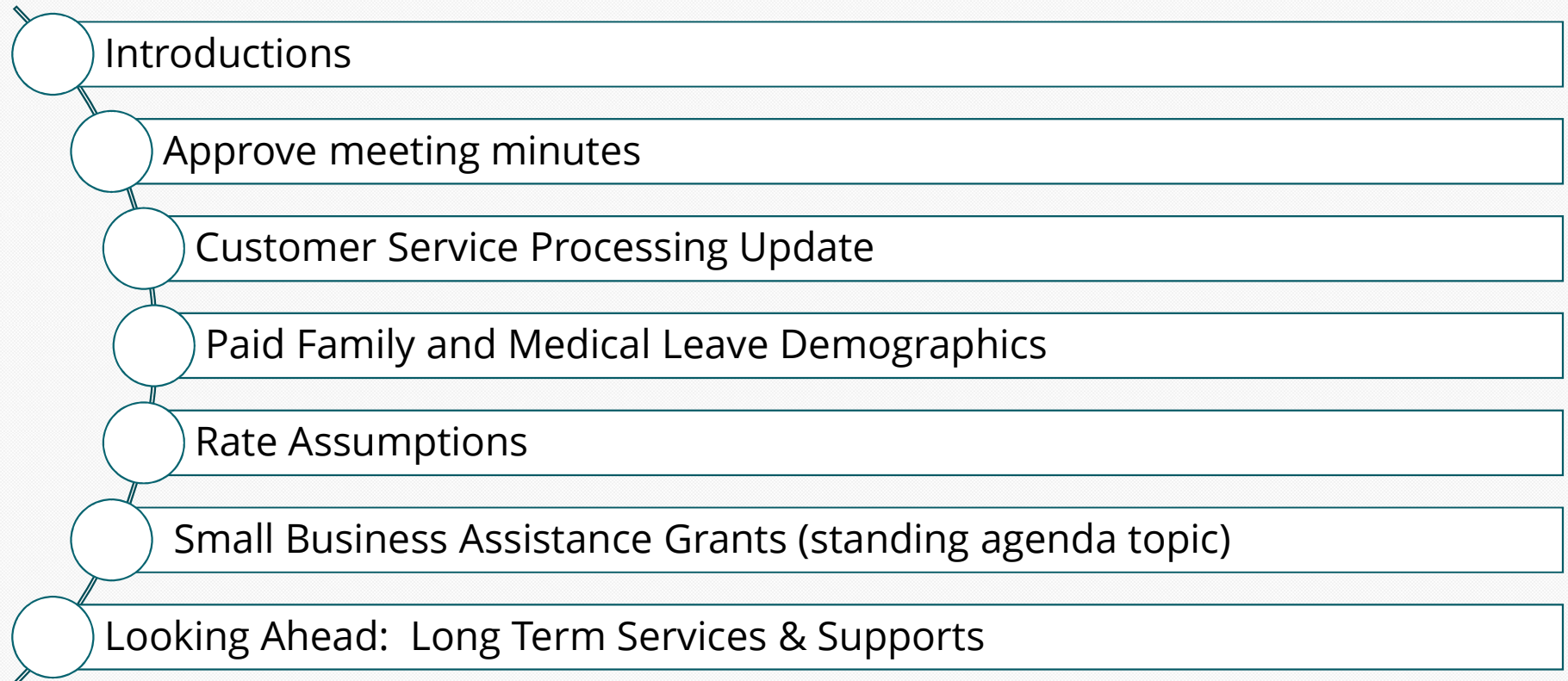
Washington  
**Paid Family & Medical Leave**



Advisory Committee Meeting  
**July 16, 2020**



# Presentation overview



# Introductions

- Advisory Committee
- In-person attendees

*(Note: We will use the conference call feature to identify who is on the phone rather than announcing during meeting)*

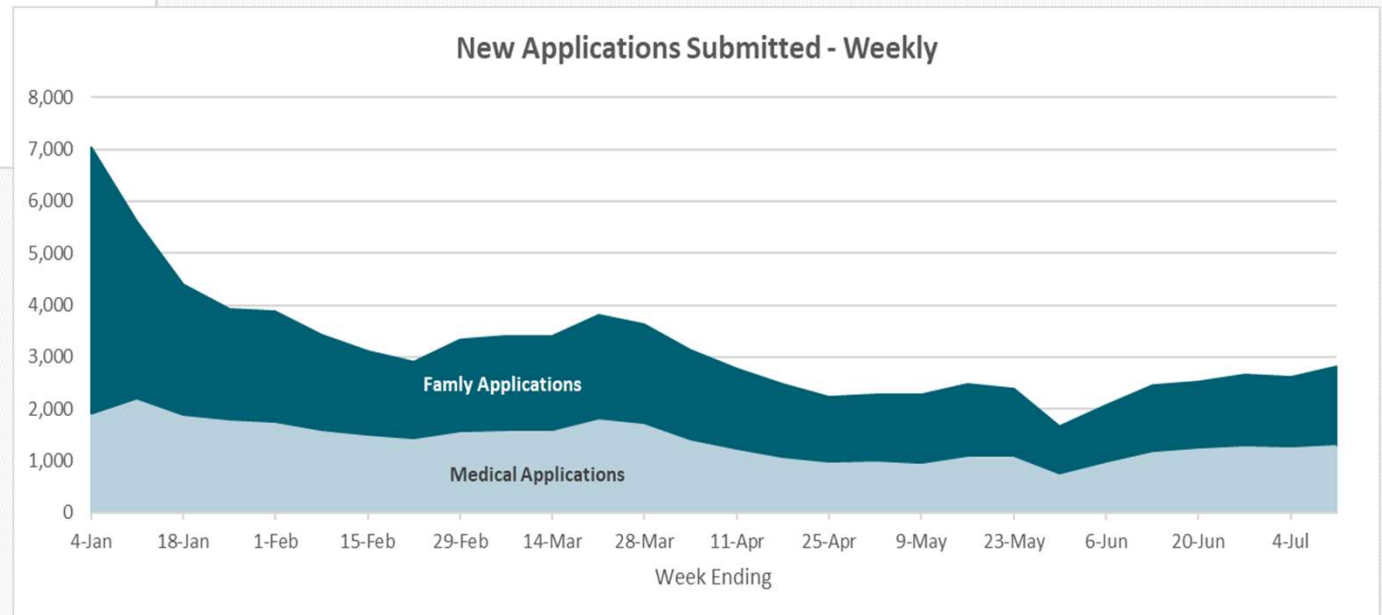
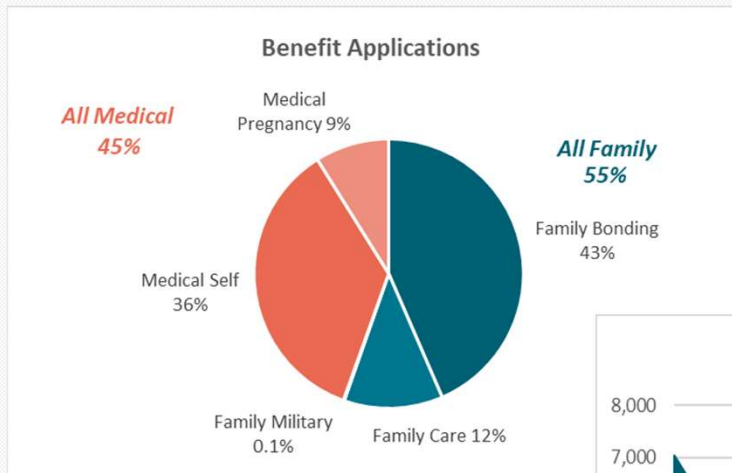
# Conference Call Structure

- Advisory Committee and the presenters will only be unmuted during the meeting, until Open Comment.
- Public to hold all feedback until the Open Comment period.
- Comments and questions in the Chat will not be reviewed as part of the meeting structure, rather:
  - 20 minutes dedicated to Open Comment
  - Please frame your questions as a comment.
  - “Raise your hand” if you have a comment.
  - The meeting host will unmute individual line to allow for the Public Comment.

# Approve June minutes

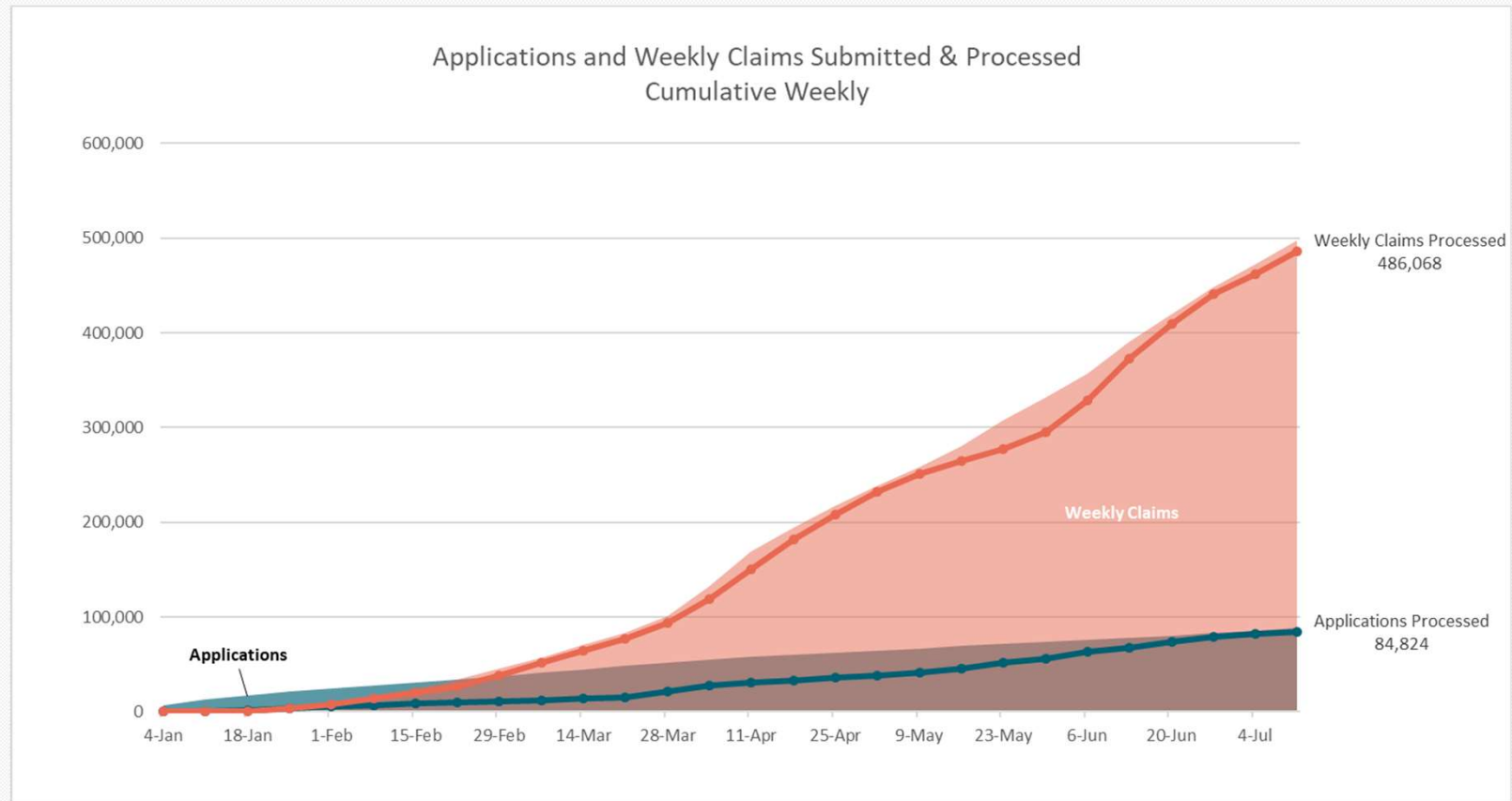
- Discussion

# Application & Weekly Claim data – through 7/11/2020





# Application & Weekly Claim data – through 7/11/2020



# Customer Service Processing Update

- Phones / Processing & Workload Split
  - Starting July 1 we added additional teams to phone coverage
  - We have shifted overtime focus to get through email backlog
  - Training for newest groups hired
- Hiring Continues, but mostly to sustain vacancies
  - Hiring Extravaganza has paused (for now)



# Call Data

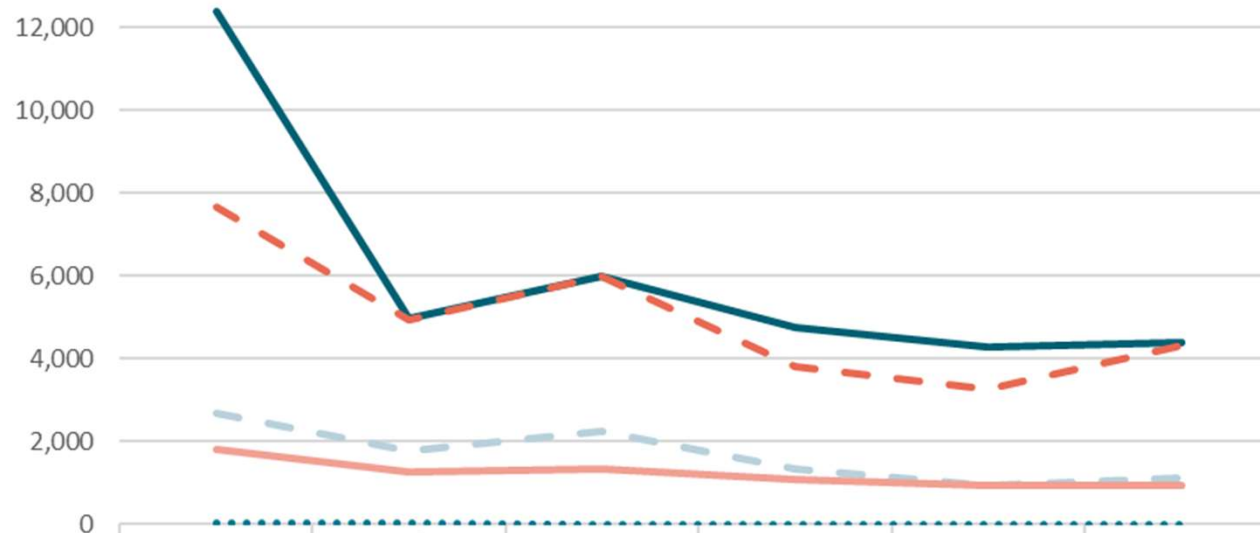
Customer Care Call Processing	Week 23 31-May 6-Jun	Week 24 7-Jun 13-Jun	Week 25 14-Jun 20-Jun	Week 26 21-Jun 27-Jun	Week 27 28-Jun 4-Jul	Week 28 5-Jul 11-Jul
Calls Presented	5,014	5,186	5,551	5,225	4,474	5,199
Calls Answered	2,433	2,365	2,311	2,164	1,946	2,155
Calls Abandoned	2,581	2,821	3,240	3,061	2,528	3,044
Average Handle Time	0:11:21	0:12:44	0:12:39	0:12:10	0:11:28	0:11:54
Max Handle Time	1:24:00	1:48:34	1:33:54	1:48:23	2:38:13	2:59:19
Average Abandoned Time	0:34:58	0:42:19	0:32:08	0:37:37	0:26:03	0:18:49
Max Abandon Time	3:12:46	2:41:39	2:36:52	3:05:28	2:52:04	2:56:54
Average Speed Answered	1:41:12	1:41:48	1:35:54	1:46:00	1:04:14	0:44:06
Average Queue Time	0:59:28	1:03:41	0:53:05	1:01:44	0:40:48	0:27:44
Max Queue Time	3:22:35	2:49:29	2:44:40	3:17:30	3:03:24	3:07:28

# Paid Family and Medical Leave Applications & Demographics

- The following slides based on:
  - All submitted applications for leave through June 30, 2020, with data as of 7/13/2020
  - Benefit Amount from approved applications
  - Except where clarified, looking at counts or percentages of applications, not distinct individuals

## Paid Family and Medical Leave Monthly Applications Submitted by Type

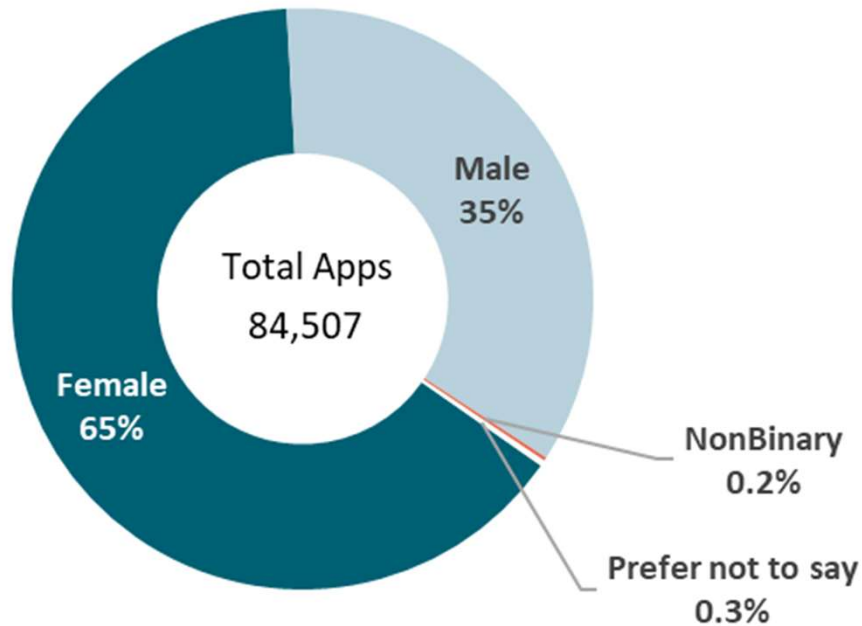
*January-June  
2020 Total:  
84,507*



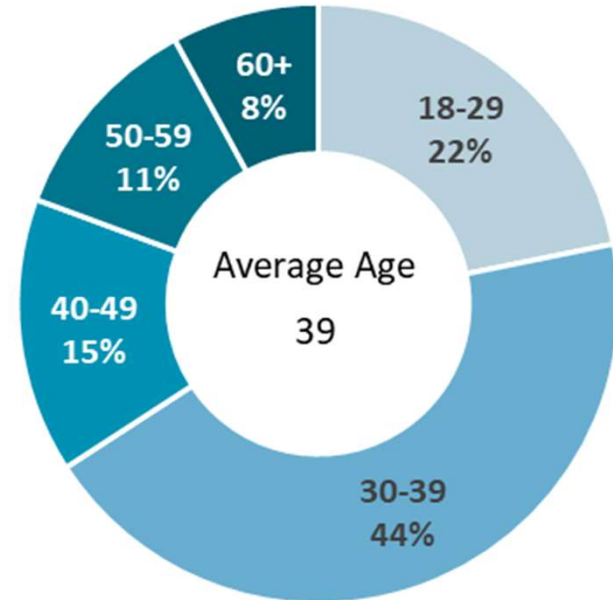
	Jan	Feb	Mar	Apr	May	Jun
<span style="color: #005566;">—</span> Bonding	12,397	4,969	6,002	4,774	4,297	4,383
<span style="color: #87CEEB;">- - -</span> Family Care	2,687	1,773	2,244	1,337	954	1,123
<span style="color: #00008B;">. . . . .</span> Family Military	40	19	11	11	6	8
<span style="color: #FF0000;">- - -</span> Medical (excl. pregnancy)	7,678	4,945	5,998	3,819	3,285	4,340
<span style="color: #FF0000;">—</span> Medical Pregnancy	1,825	1,271	1,338	1,083	947	943
<b>Total</b>	<b>24,627</b>	<b>12,977</b>	<b>15,593</b>	<b>11,024</b>	<b>9,489</b>	<b>10,797</b>

# All applications – Gender Identity & Age

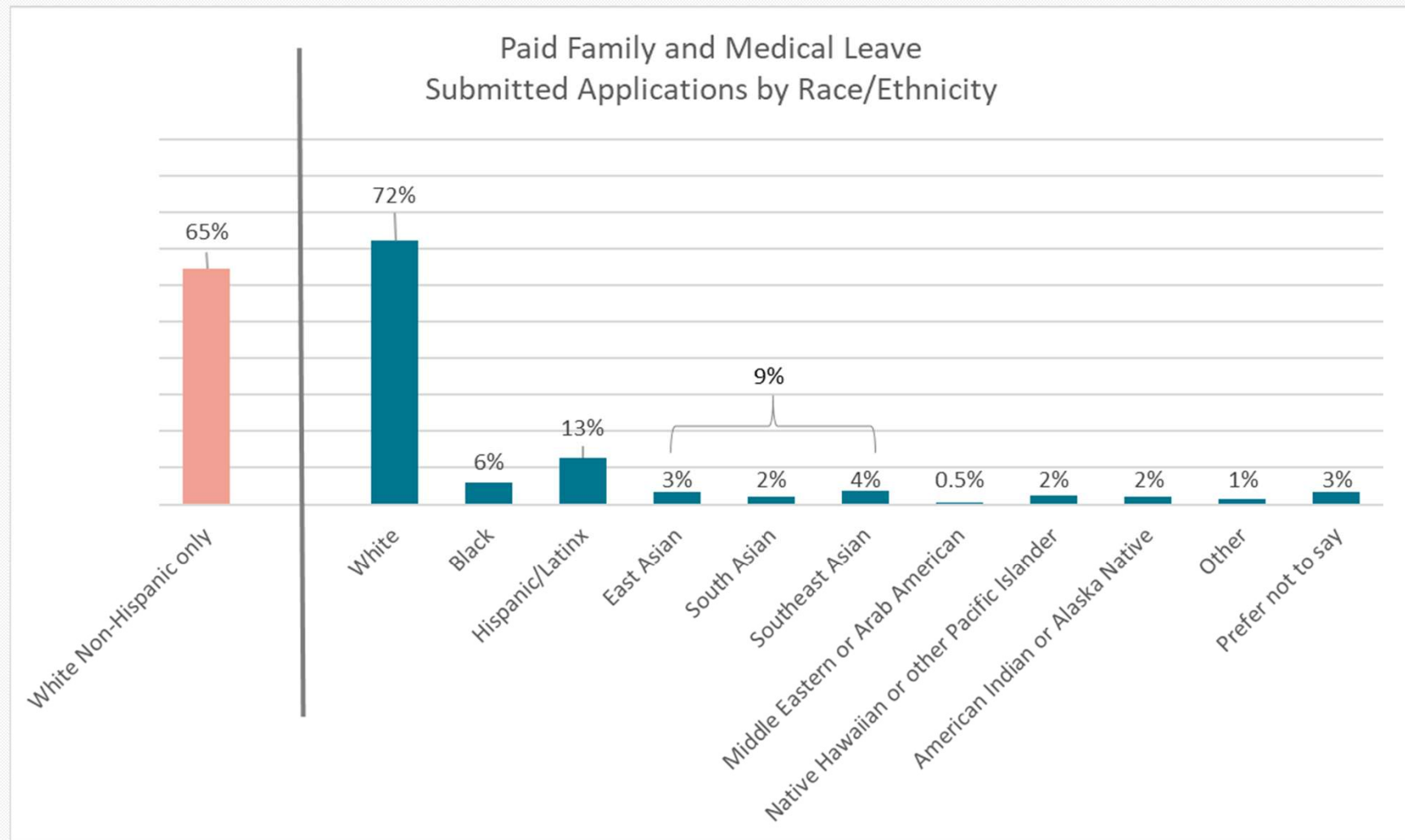
Paid Family and Medical Leave  
Submitted Applications by Gender



Paid Family and Medical Leave  
Submitted Applications by Age

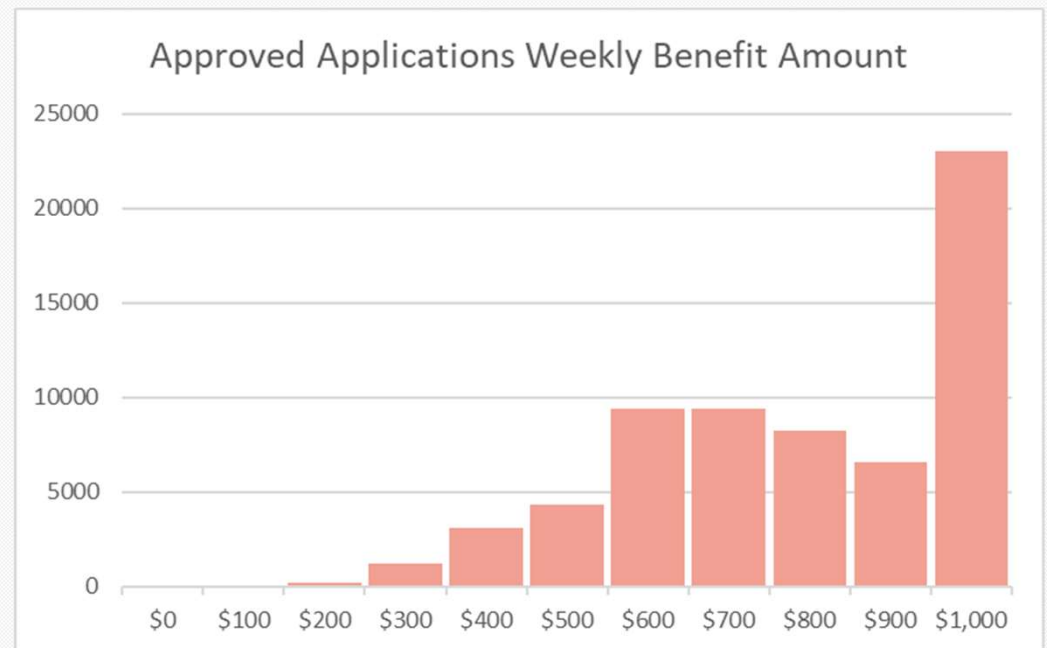


# All applications – Race/Ethnicity



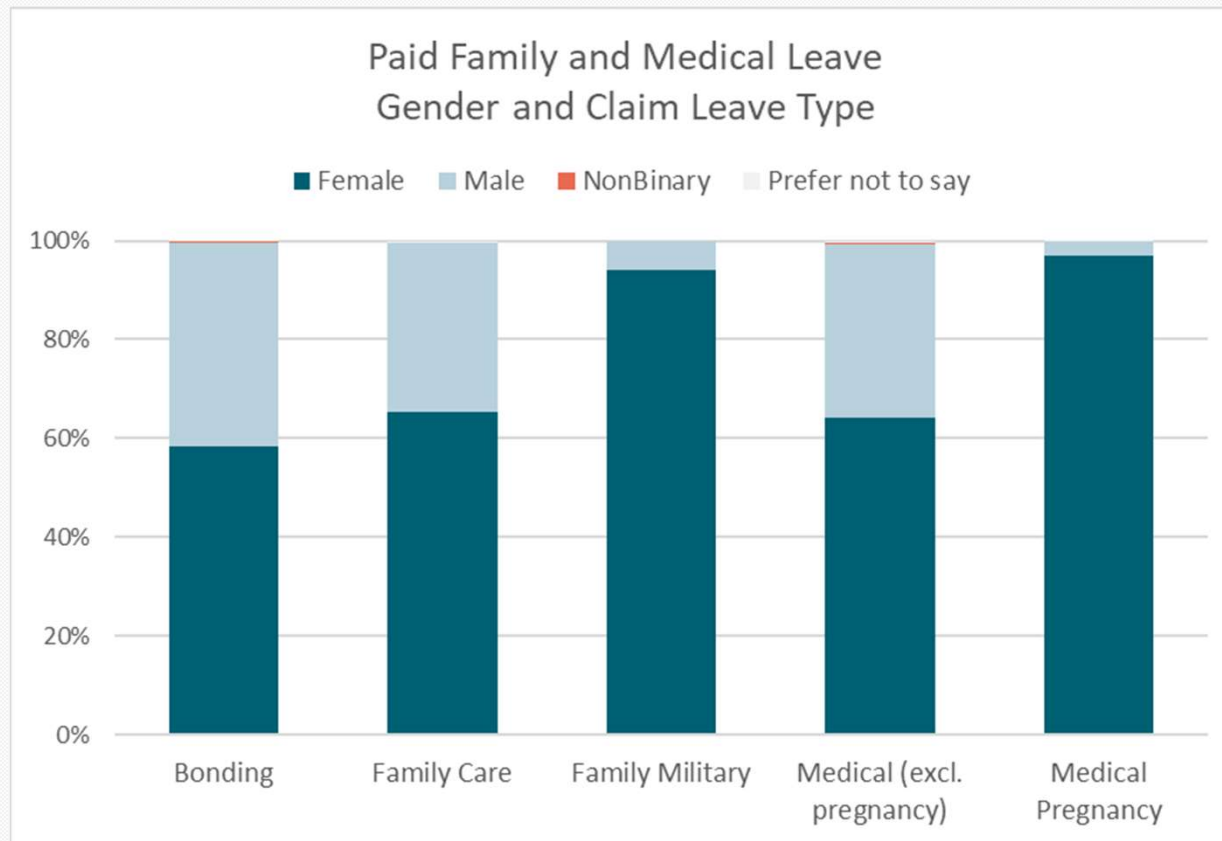
# All – Weekly Benefit

- **Current average weekly benefit: \$786**
- If consistent earnings across quarters during qualifying period, translates to approximately \$55,600 yearly wage income
- Washington State average annual wage for 2019 was \$69,000
- **31% of claims are at maximum weekly benefit amount (\$1000)**

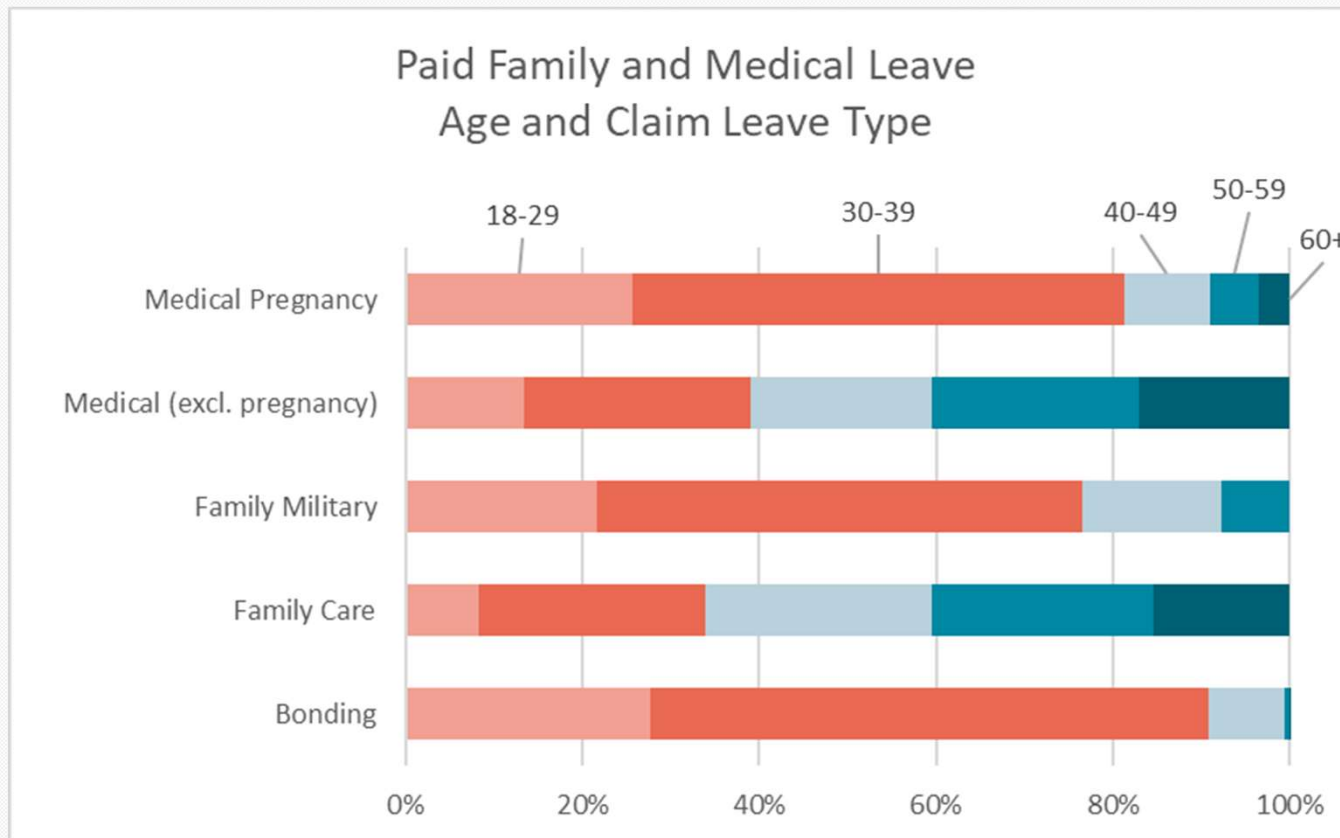




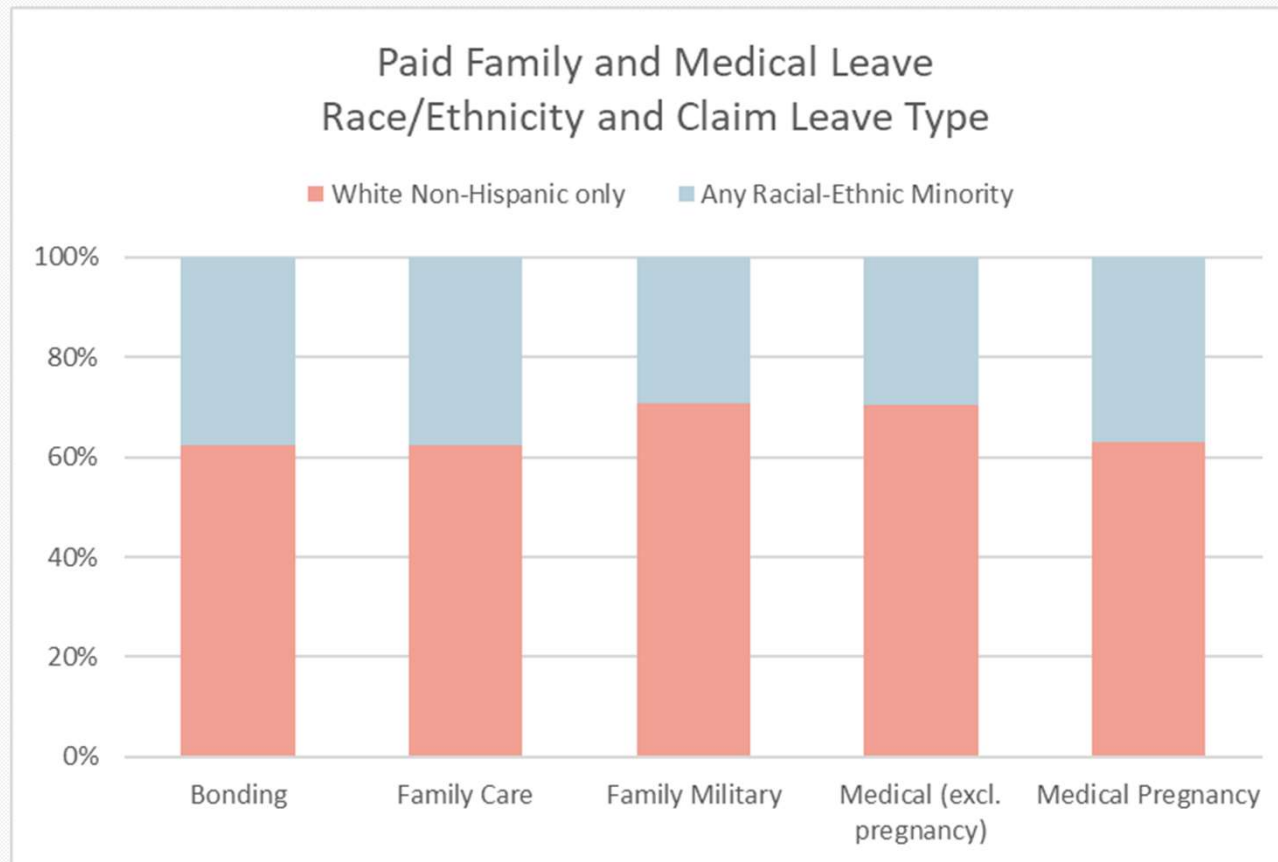
# Demographics - Claim Leave Type



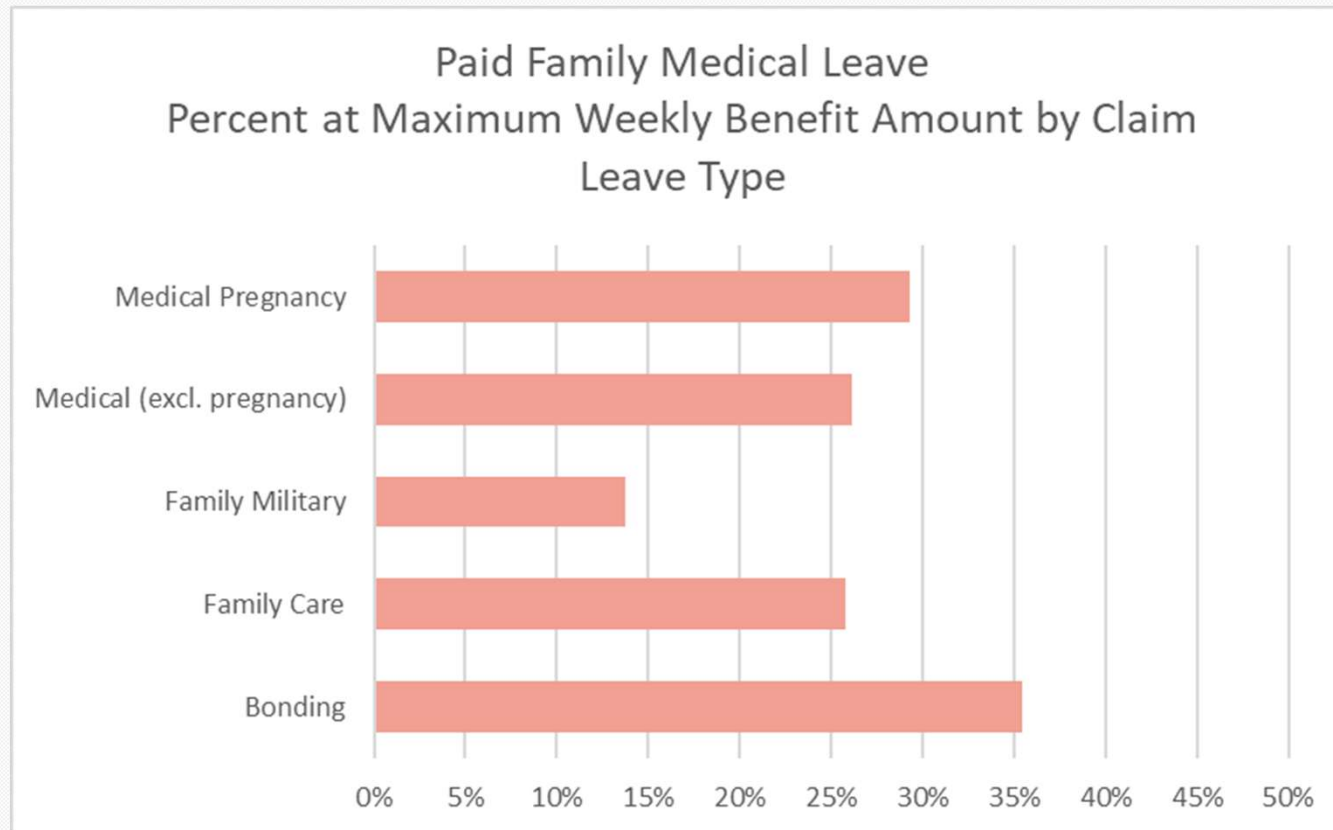
# Demographics - Claim Leave Type



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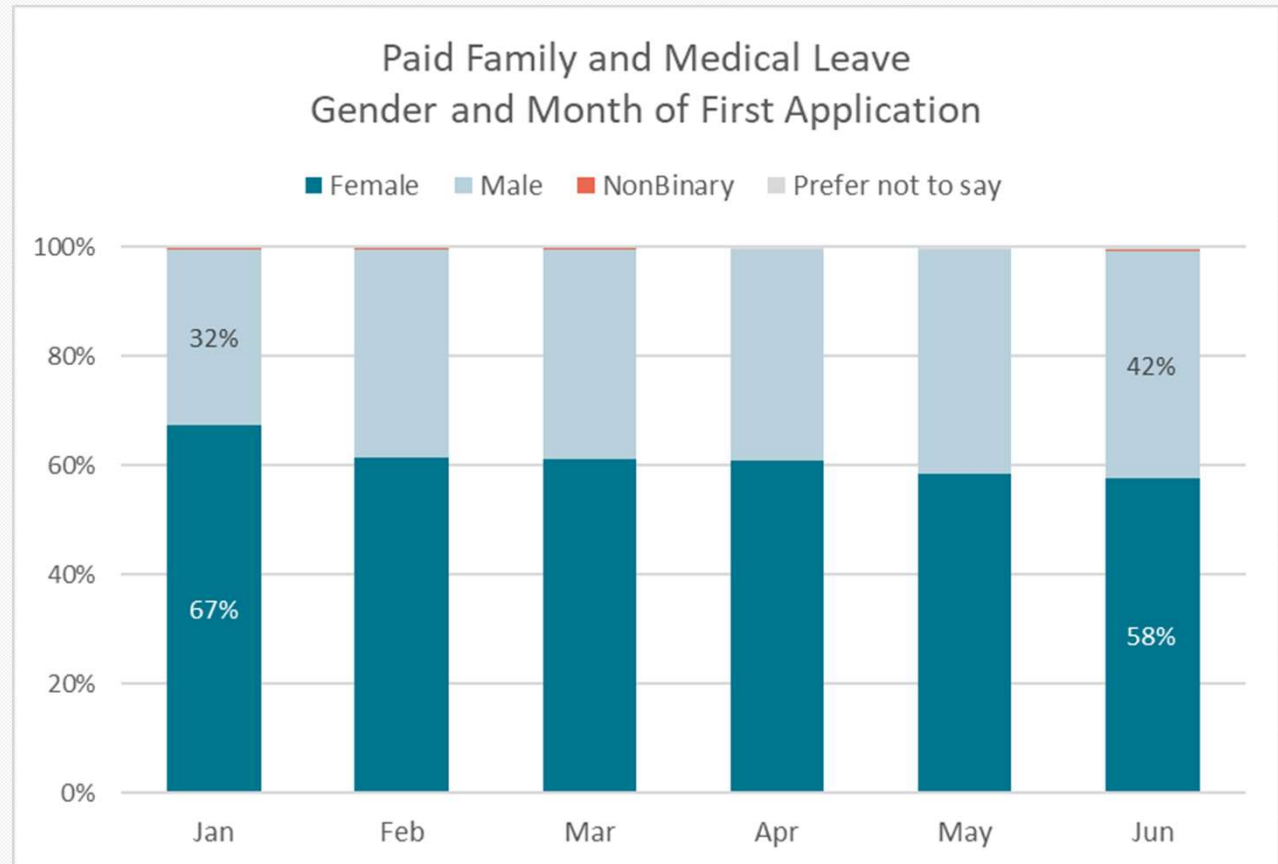


# Demographics - Claim Leave Type

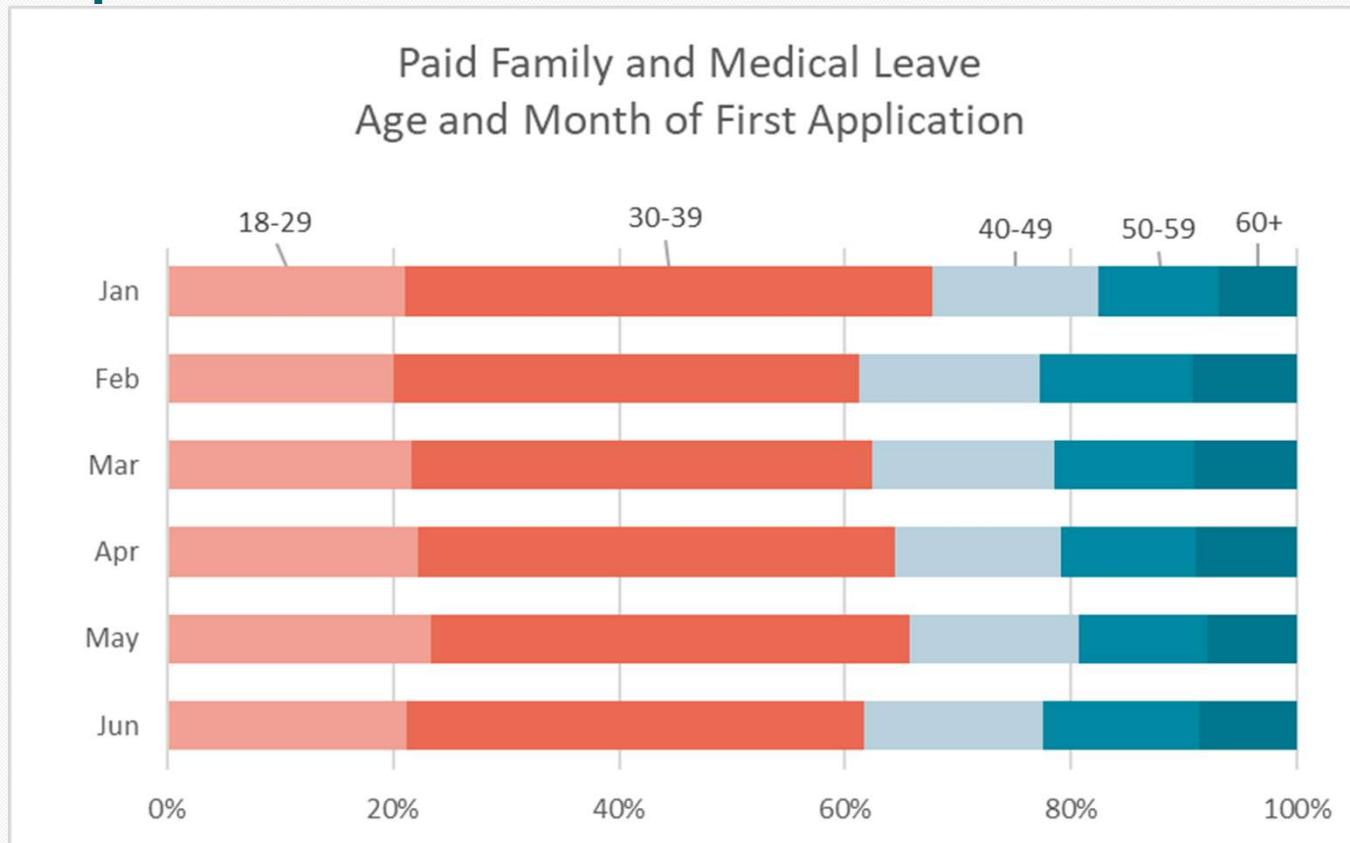


# Demographics – month of first submission

- (How) have the demographics of those taking up leave benefits changed since January?
- Using first application to count unique individuals

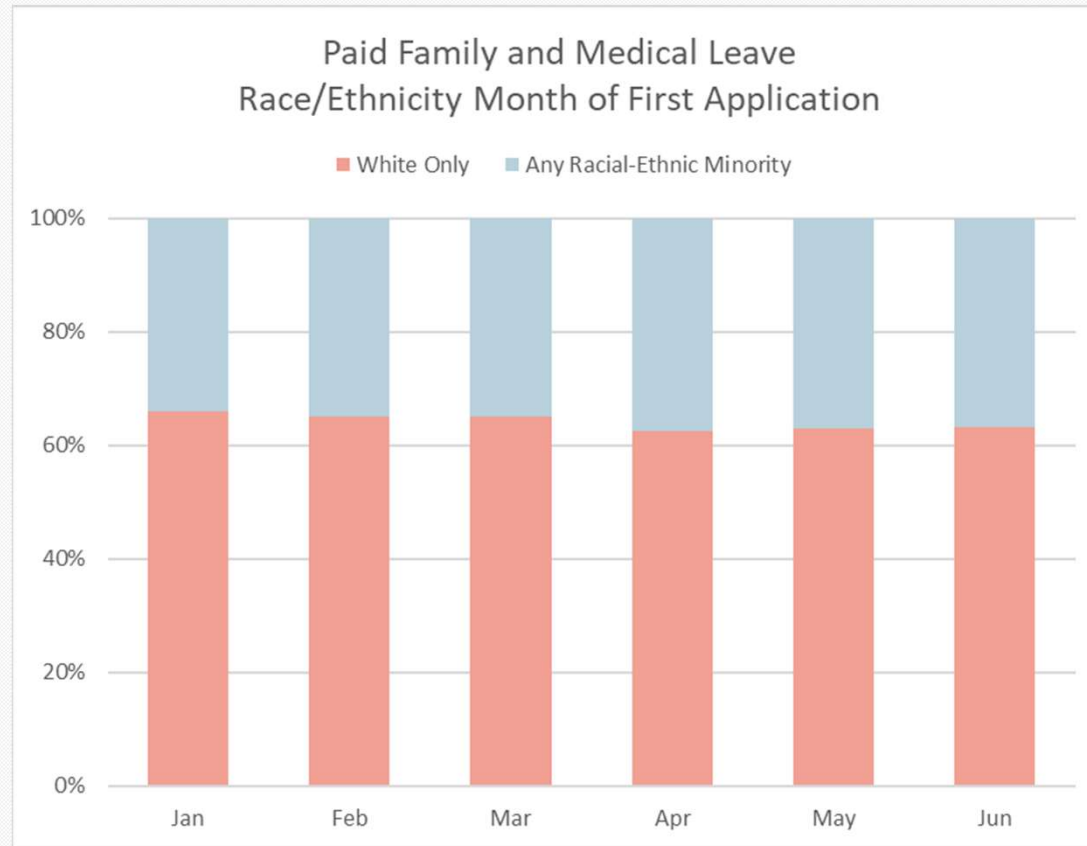


# Demographics – month of first submission

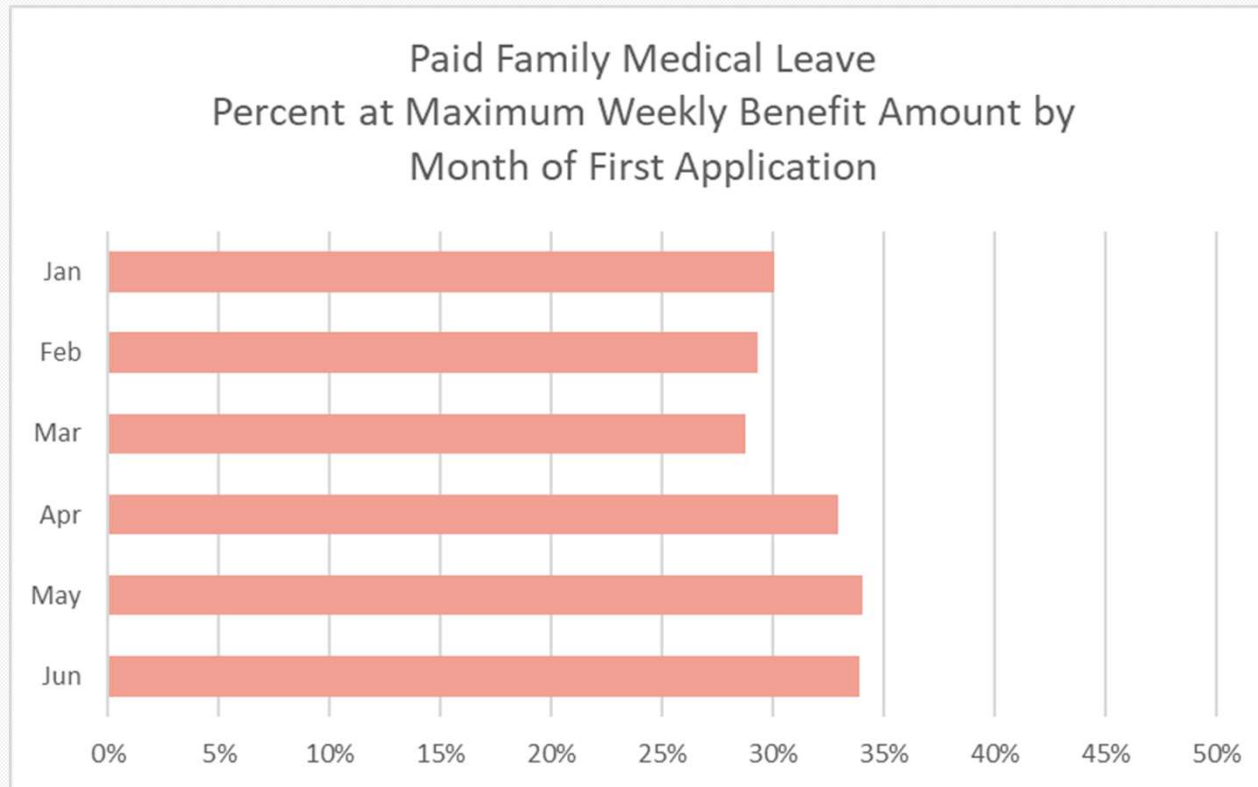




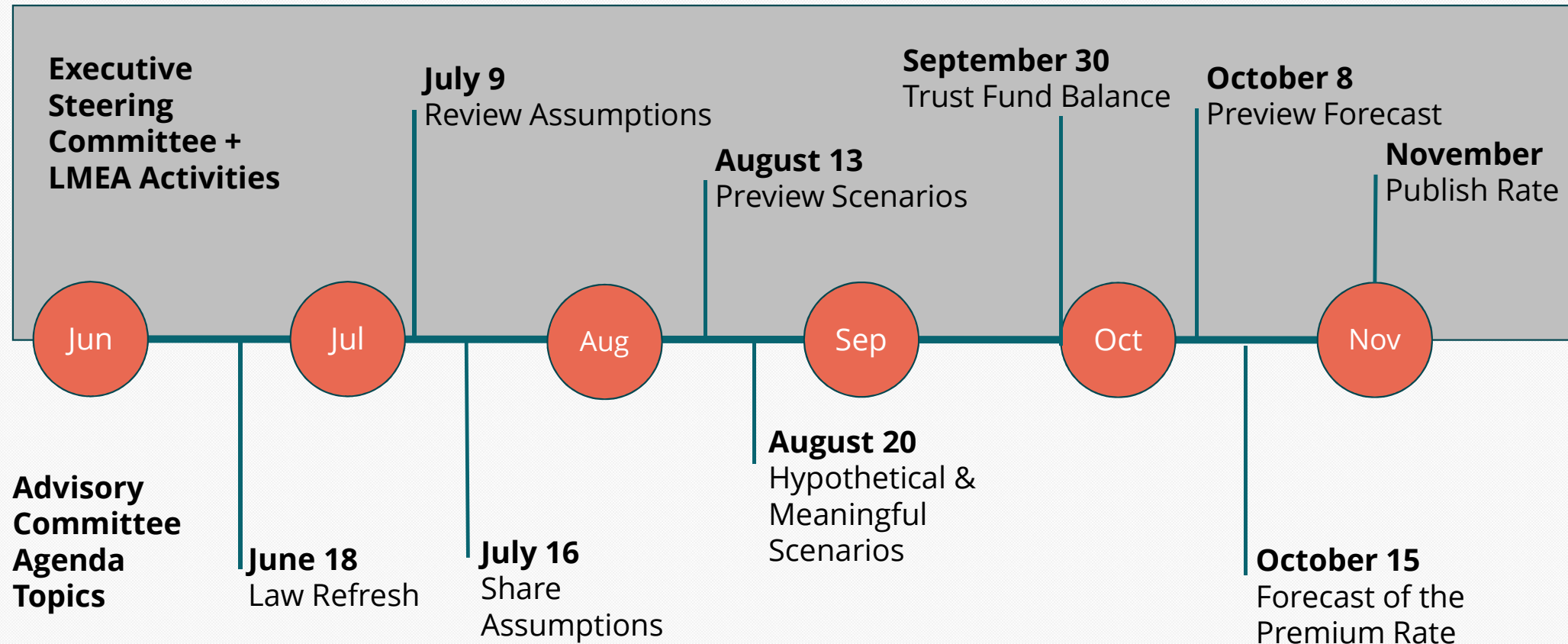
# Demographics – month of first submission



# Demographics – month of first submission



# Paid Leave Premium Rate & Projections



# General approach to revising projections & assumptions

- Where we can make the switch to informing projections with historical data, do so
- Where substantial new information does not yet exist, continue to use prior assumptions
- Components
  - Start-up loan
  - Administrative & Implementation Costs
  - Premium Revenue
  - Fund Interest
  - Benefit Payments
  - Small business grants
  - UI fund transfer

# Implementation & Administrative Costs

- Start-up loan & payback
  - No assumptions needed
- Administrative & implementation
  - Use current iteration of program budget
  - For years beyond budget projections, assume costs continue at last available year's level, with adjustment aligned with ESD budget

# Premiums Revenue

**Historical:** use premium invoice data with assumption that assessed amounts are collected in the following quarter; Adjustment for beta rollout in first year

**Future:** Start with total wages reported; Wage & salary growth is as predicted by Economic & Revenue Forecast Council (ERFC)

## Adjust to get premium wages:

- Take out wages over Social Security cap each quarter - Use 2019 ratios: Q1 98%, Q2 97%, Q3 84%, Q4 77%
- Take out wages covered by Voluntary Plans - Assume VP participation remains at current level; Adjusting for family-only and medical-only plans, reduces wages by 5%
- Add wages for self-employed who have opted in - Current is about 0.0075% of wages reported; Assume we'll grow to 5% opt in (translates to about 0.05% added wages) over next five years

## Calculate premium:

- Premium Rate- 0.4% through CY 2020; Future years based on ratio of fund balance at end of Sept to total wages reported each FY
- Small employer opt-in to employer portion- Continuing to assume none until we have tangible evidence of demand



# Other revenue

- Fund interest
  - 1% interest on balance from prior quarter added to each quarter
- Revenue not estimated in projections
  - Penalties & interest assessed of employers – goes in another account
  - Voluntary Plan application fee – minimal revenue

# Benefits Payments

- Total estimated benefit payments = # of claims \* 7 weeks (est. avg. length of leave) \* AWB estimate
- Number of claims
  - 2020: assume we receive 3K apps per week for remainder of year and 80% approval rate = approx. 125,000 approved claims
  - Future years: assumed year-over-year growth

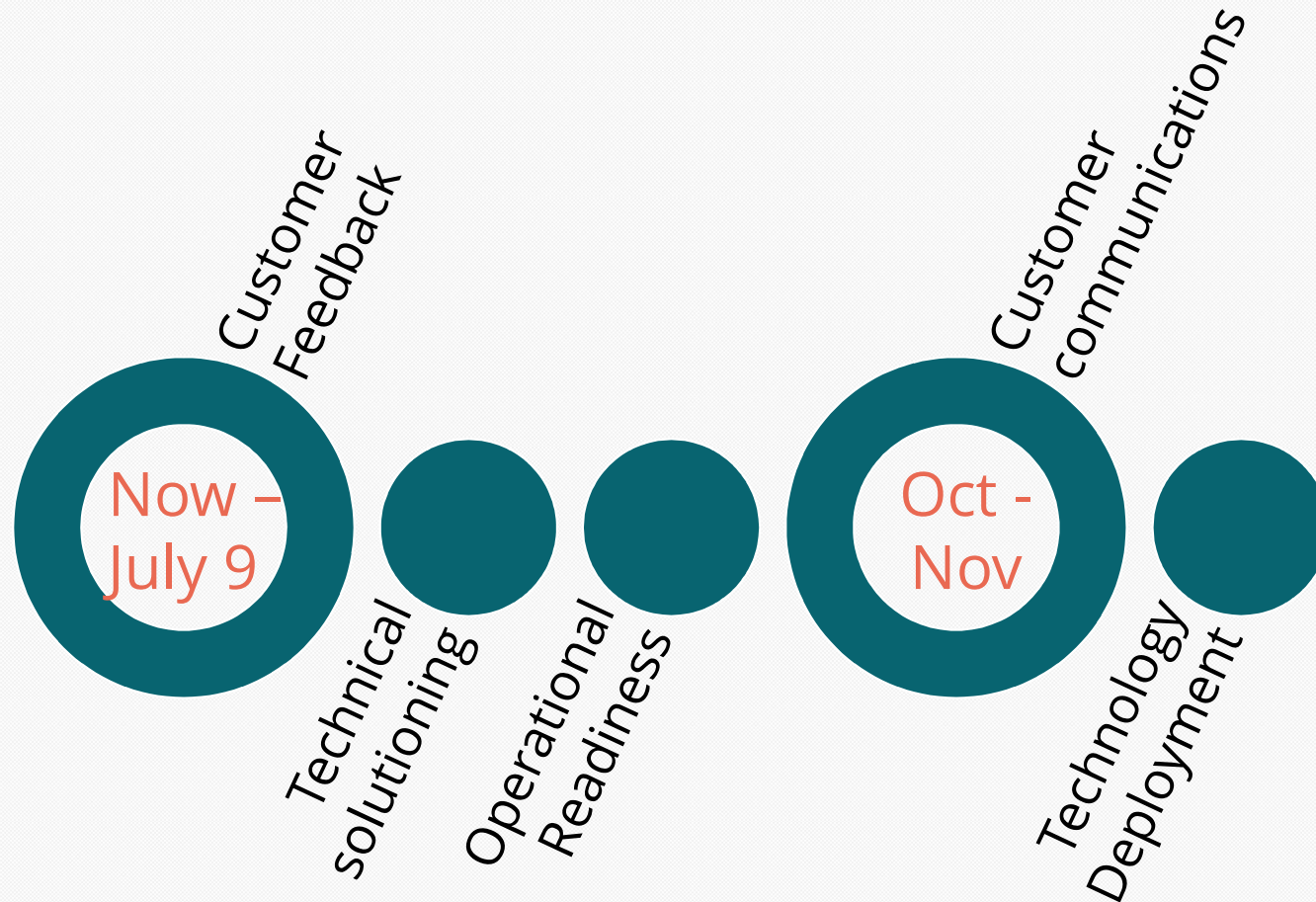
2021	15%
2022	10%
2023	5%
2024	5%

- Average length of leave: keep 7 week assumption estimate
- Average Weekly Benefit: use current AWB
  - Continue to assume 1% growth on benefit costs

# Small business grant & UI benefits for replacement workers

- Keeping assumed estimates from prior projections, except revising ramp-up to full utilization
  - 2020 won't have costs in these areas
- Best SME estimate
  - Total Credits: \$40,741,000
  - Total UI fund transfer: \$2,000,000

# Small Business Assistance Grants



# The Path to Long Term Services and Support (LTSS)

## 2019

State Legislature  
Passed  
SSHB 1087

- **ESD** Collects Premiums
- **DSHS** Administers Benefit
- **HCA** Tracks Lifetime Benefit
- **State Actuary** Performs Actuarial Audit Functions

## 2020

ESD Agency  
Request Legislation  
SSB 6267 Passes.  
*Amends exemptions and  
some definitions.*

## 2021

October 1

ESD accepts  
exemptions  
through  
December  
2022.

## 2022

January 1,

Employers  
deduct  
premiums from  
employee  
wages.

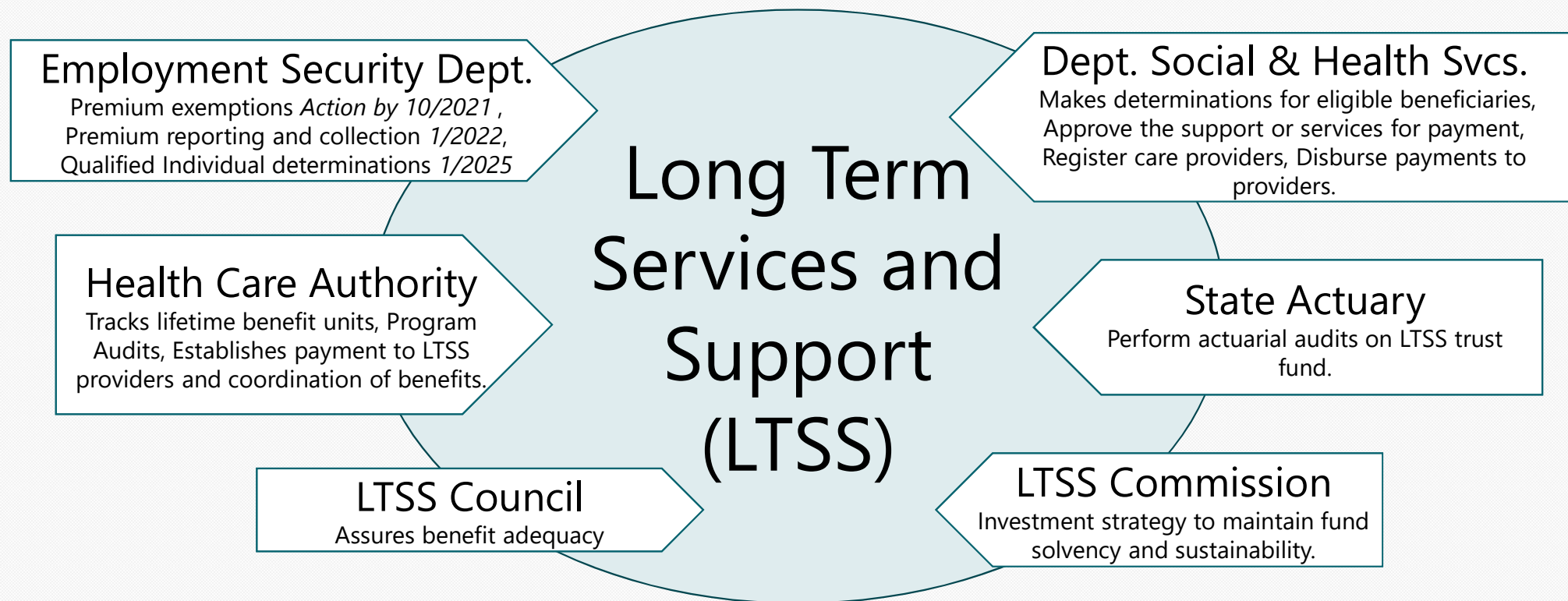
## 2025

Approved  
services must be  
available.





# What agencies and groups are involved?





# How different is LTSS from Paid Family and Medical Leave for ESD?

Clearly the purpose of the benefit is different, however there is a lot that is the same:

- Employee, Employer, Employment, Wages (with exceptions) means the same as it does for Paid Family and Medical Leave.
- Employers deduct premiums, report, and pay these premiums to ESD.
- Self-employed can elect coverage.
- Employees covered by a CBA in existence on or before 10/19/2017 do not have to participate
- To the extent possible, perform investigations of premium compliance the same as Paid Family and Medical Leave.

Notable differences (besides purposes for our program):

- Premium amount & no employer contribution.
- No SSN wage cap on premium collection.
- No consideration of Federally Recognized Tribe inclusion.
- ESD does not administer the benefits portion of this program.



# What will ESD – PFML Do?



Leverage and enhance existing technology and business practices to include LTSS

- ✓ October 1, 2021- December 31, 2022 – Accept exemption applications
- ✓ January 1, 2022 – Receive reports and collect premiums from employers.
- ✓ January 1, 2022 – Self-employed individuals can elect to participate
- ✓ January 1, 2025 – Make determinations of 'Qualified individuals'

# For the good of the order: Open Comment

Next meeting August 20, 2020 from 10 a.m. to 12 p.m.

# Continue the conversation

## **John Mattes**

Interim Director, Paid Family & Medical Leave

Employment Security Department

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Visit us online at  
[www.paidleave.wa.gov](http://www.paidleave.wa.gov)



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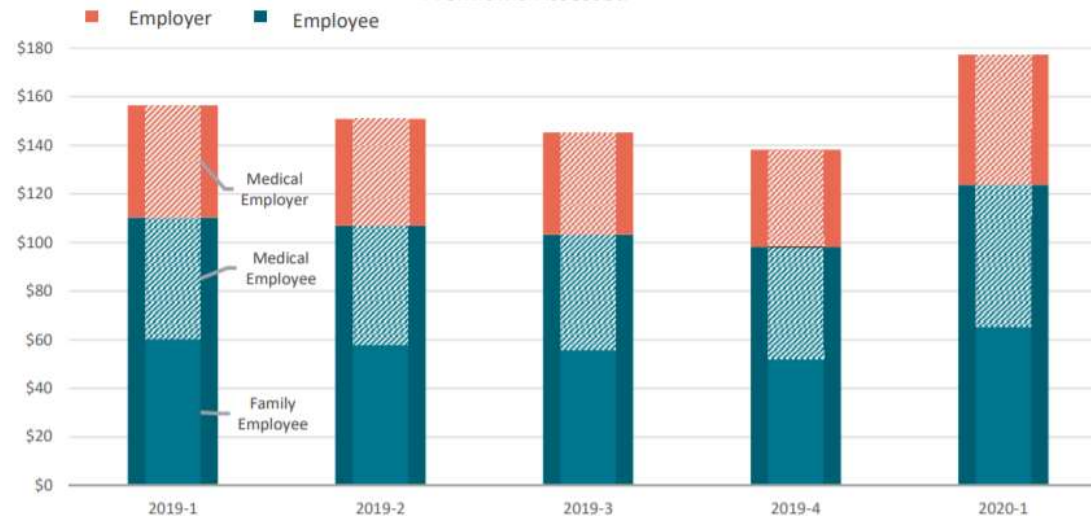
Ask questions and make  
comments on our public forum  
at [bit.ly/CommentForum](http://bit.ly/CommentForum)

# Employer Reporting- as of 7/12/2020

**Paid Family and Medical Leave Quarterly Reporting Summary**

	2019-Q1	2019-Q2	2019-Q3	2019-Q4	2020-Q1	Summary to Date
<b>Employers</b>	155,285	162,016	163,656	156,299	149,140	189,105
<b>Employees</b>						
total employer-reported	3,213,113	3,471,779	3,773,247	3,675,206	3,547,682	3,547,682
<b>WA workers</b>						
counted once across jobs	2,903,461	3,075,525	3,294,860	3,245,706	3,188,050	4,021,541

**Premiums Assessed**



	2019-Q1	2019-Q2	2019-Q3	2019-Q4	2020-Q1	Total to Date
<b>Premiums Invoiced</b>	\$156,402,588	\$150,869,959	\$145,314,193	\$138,161,993	\$177,267,427	\$786,566,575
<b>Premium Wages</b>	\$45,111,023,655	\$43,350,457,351	\$41,723,125,963	\$39,090,208,942	\$48,900,730,663	\$223,261,806,551
<b>Gross Wages</b>	\$48,461,765,315	\$47,006,613,989	\$52,794,156,354	\$54,374,894,909	\$56,955,877,683	\$264,774,222,132

# Voluntary plan update

As of 7/13/2020

**417 preliminary applications**

50 medical

32 family

335 both



**345 completed applications received**



**322 applications fully processed**

255 approved

37 denied

30 withdrawn