

Washington **Paid Family & Medical Leave**



Employment Security Department
WASHINGTON STATE

Advisory Committee Meeting
March 22, 2019



PRESENTATION OVERVIEW

Introductions

Approve Meeting Minutes

Employer Survey Results

Communications & Outreach for Benefits

Technology Preview

Budget Review

Open Comment

INTRODUCTIONS

- ▶ Advisory committee
- ▶ In-person attendees

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

APPROVE FEBRUARY MINUTES

▶ Discussion

How many employees in WA?

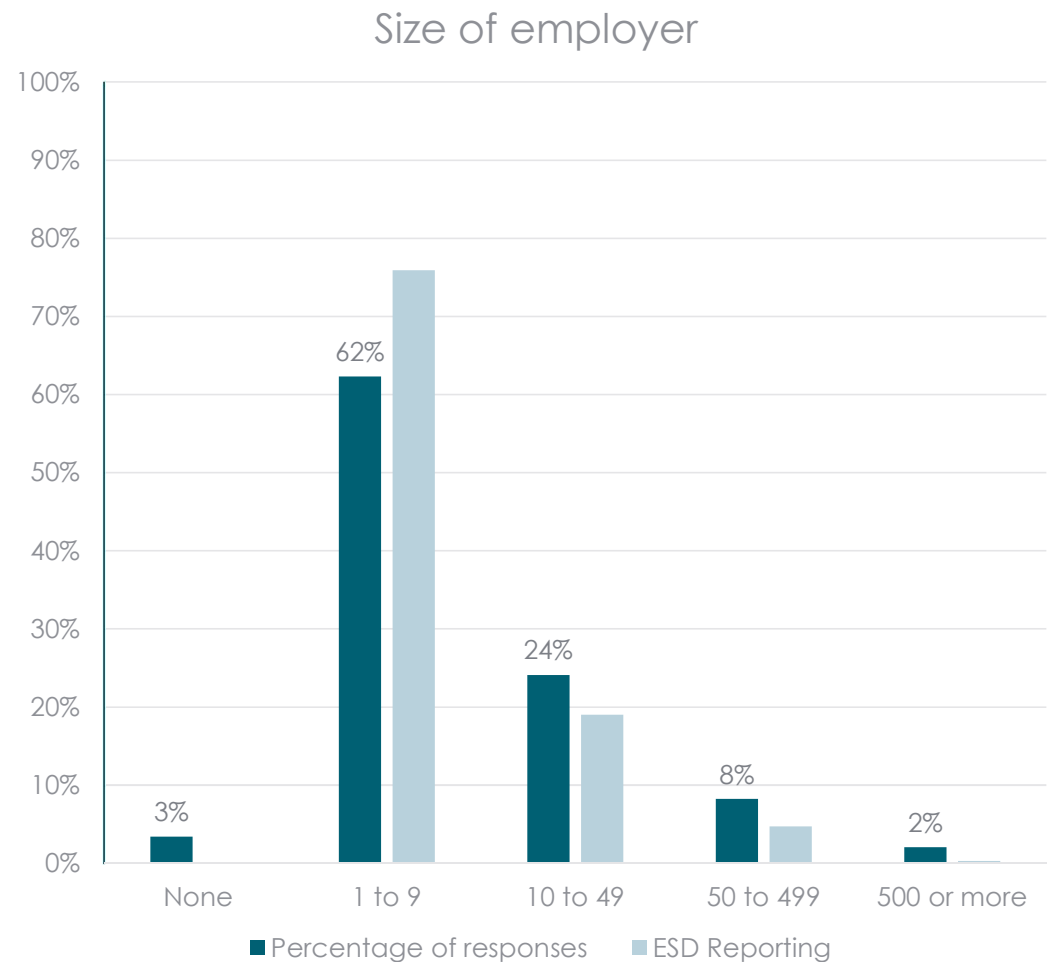
Approximates ESD reporting for 2018

Though small employers make up a large part of the sample, they may be slightly under represented

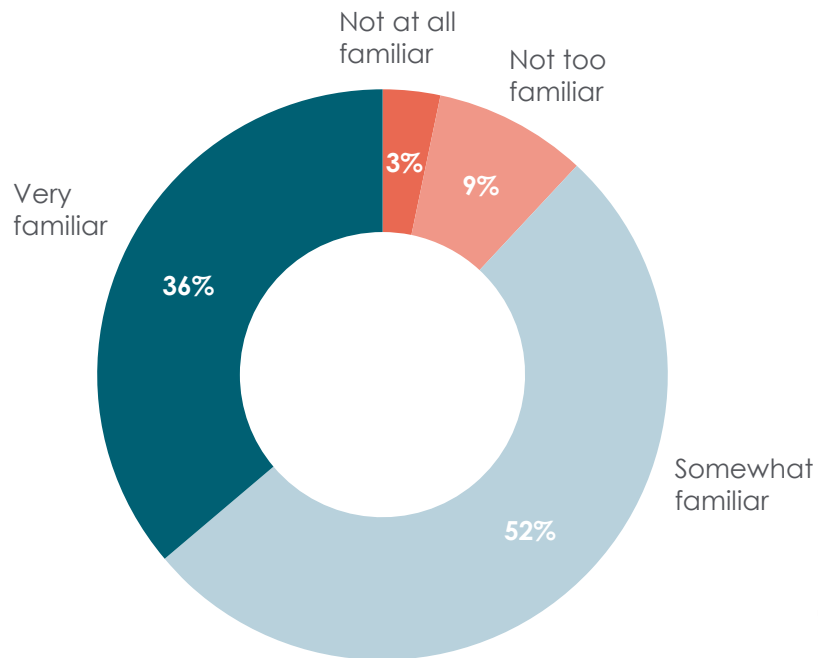
Small: <50 employees

Medium: 50-149 employees

Large: 150+ employees



Are you familiar with Paid Family and Medical Leave?



Over 88% are somewhat or very familiar with Paid Family and Medical Leave

- 87% of small employers (<50 employees)
- 93% of medium employers (50-149 employees)
- 94% of large employers (>150 employees)

**March 2018 investment plan goal:
90% awareness**

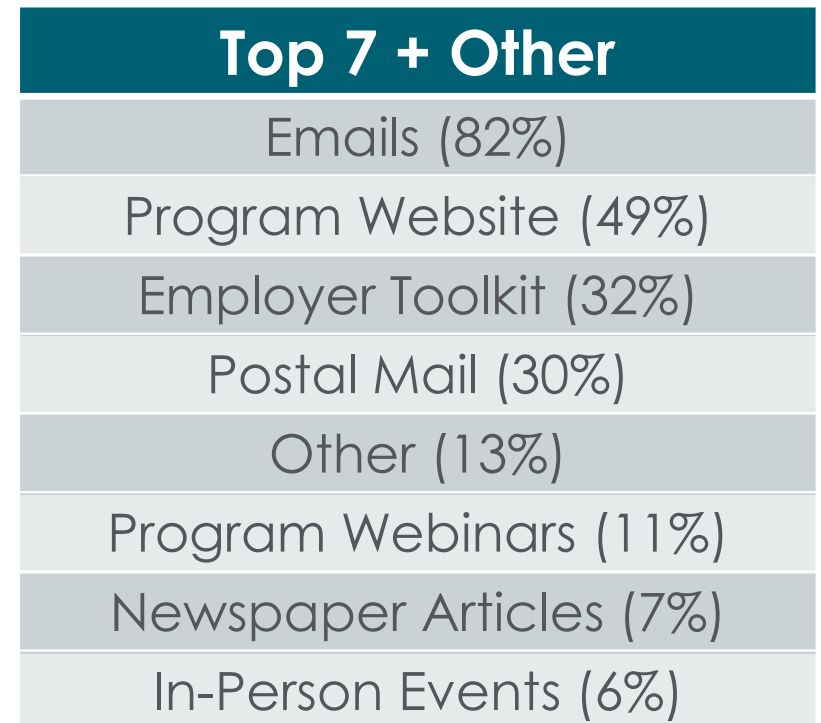
**“You didn’t let me accidentally forget to deal with this. Thanks!”
– Customer comment 2/2019**

How have you gotten information?

“The 5 educational emails you sent in 2018 were greatly appreciated and helpful information, keep it coming.”
– Customer comment 2/2019

Key communications

- + More than 59,000 toolkit downloads to date
- + Nearly 150,000 active users over 28 days before Jan. 1
- + Sent more than 800,000 pieces of mail in 2018
- + Sent 5-email series to 630,000+ employers before Jan. 1
- + More than 260 in-person presentations in 2018
- + Nearly 9,000 webinar participants
- + Customer Care Team - about 4,000 calls in Dec.



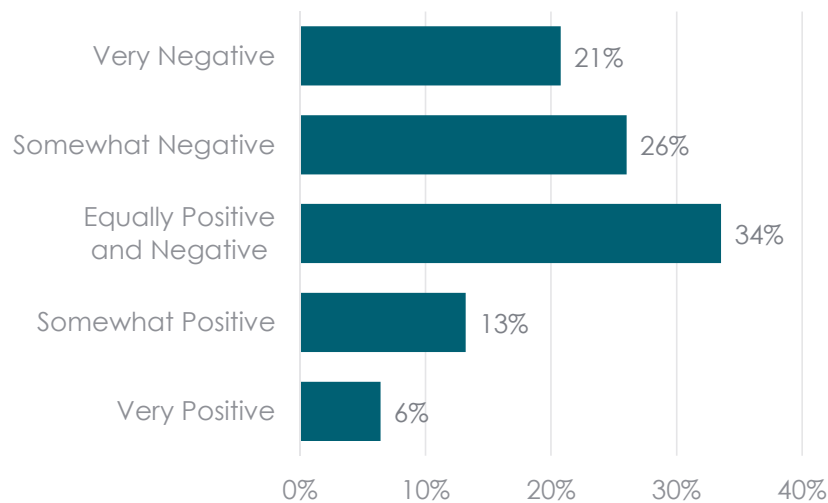
Other category includes:

- Info from accountant or payroll company or software company
- Professional associations
- Google

Effect on businesses

Overall effect on your business?

- 53% neutral or positive
 - 53% of small employers
 - 56% of med-large employers



Over 50% perceive neutral or positive effect

Employee quality of life
Employee morale
Employee turnover
Ability to provide competitive benefits to employees
Employee productivity
Ability to compete with other businesses
Ability to stay in WA

Over 50% perceive negative effect

Cost of doing business
Amount of time you need to spend on paperwork for WA government

Not much difference in rank order by business size

Larger employers have somewhat

- Less concern about productivity
- More concern about paperwork and cost of doing business

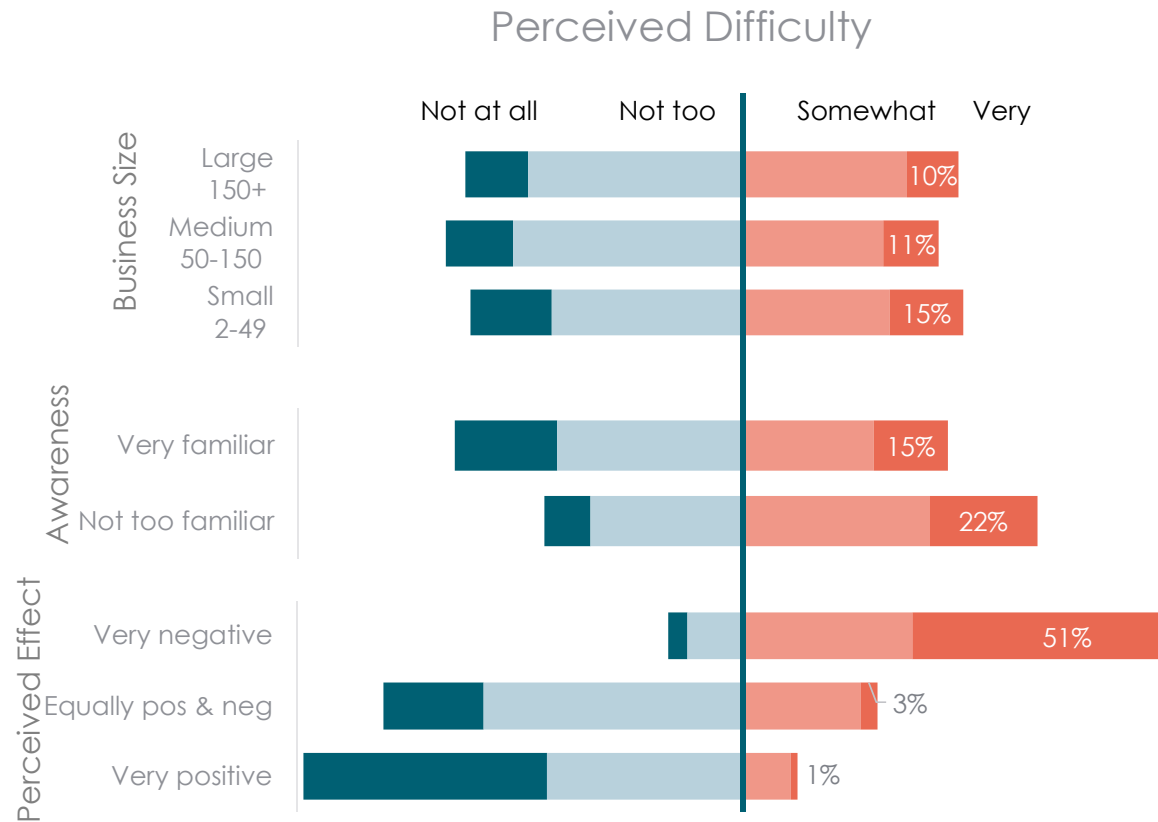
How Difficult to Meet Requirements?

Overall...

- **55% not at all or not too difficult**
- **14% very difficult**

Where are the pain points – who thinks it will be difficult?

- Not much difference by size
- A little difference by familiarity – those who are not too familiar perceive more challenge
- High correlation between perceived negative effect on business and perceived difficulty

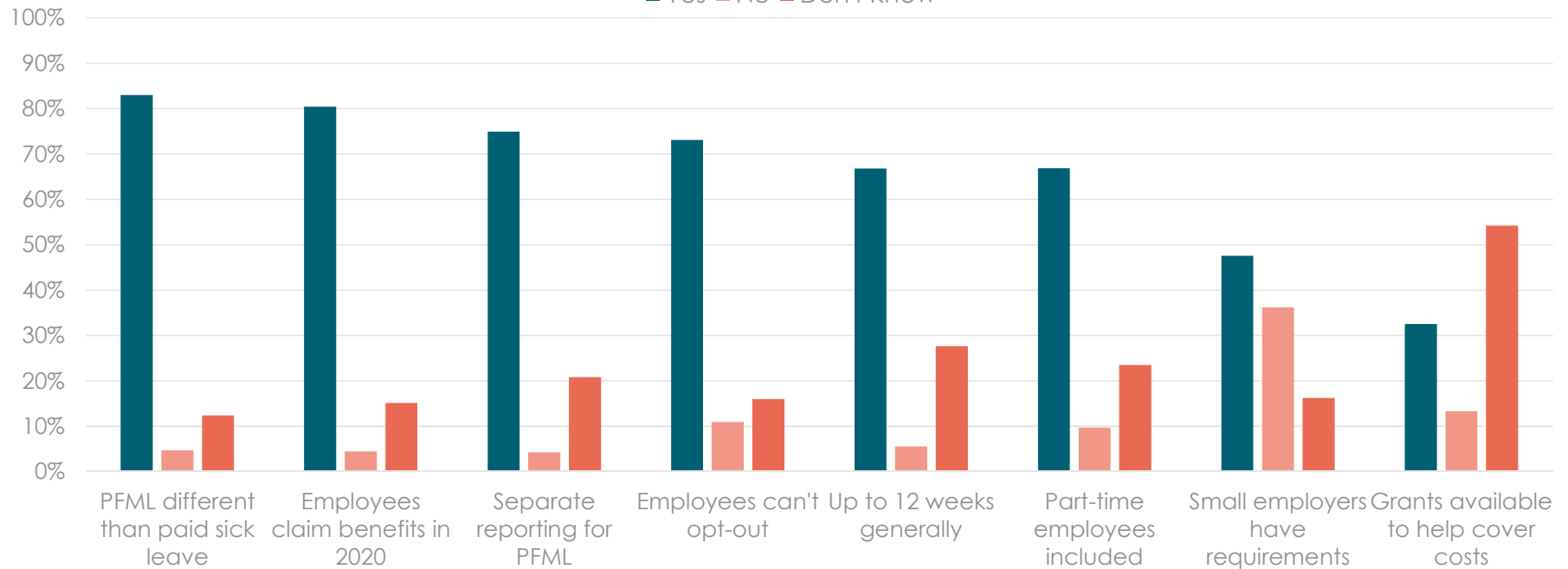


This is a great program for employees and I'm glad WA is doing it. However as a small business owner I am freaked out about the possibility of an employee taking a long absence without having a lot of notice. - Customer feedback 2/2019

What do employers know about PFML?

True or False?

■ Yes ■ No ■ Don't Know



Change management – where are we at with helping employers through this change?

- Awareness: 88% aware
- Desire: 53% neutral to positive overall perception
- Knowledge: 65% correct overall on knowledge questions, 80% if they have joined a webinar or in-person event
- Ability: 57% think it won't be too difficult to meet requirements, 14% think it will be very difficult
- Reinforcement: Keep up the heat!
- “I think this is great legislation and you're doing an excellent job implementing it and communicating. Keep up the good work. Employees who can take care of their families and not lose their jobs make our communities stronger. I'd love to see this in other states and hope this is a great success for Washington.”**
– Customer feedback 2/2019
- “It's very important for [ESD] to continue to proactively drive information into small business space.”**
- Customer Feedback 2/2019

Key takeaways

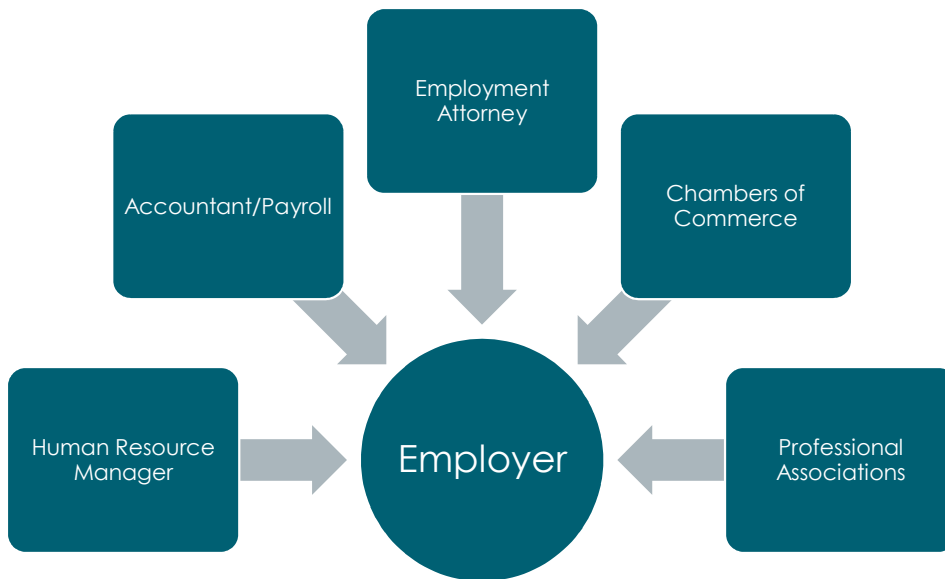
- ▶ Goal: Use data to act on pain points and shift negatives to neutral/positive
“Thanks for asking for our input and checking to see how well we've been informed.” - Customer Feedback 2/2019
- ▶ Vast majority are aware – almost reaching Investment Plan goal
- ▶ Outreach efforts have been effective at informing employers
- ▶ Majority of employers see positives to their business as well as negatives
- ▶ Most believe it will not be too onerous to meet the requirements
- ▶ Those who believe the requirements of this program will be very difficult to meet are also the ones that think it will have a very negative impact to their business
- ▶ Concerns expressed were largely about benefits phase, not reporting/premium requirements

“I'm impressed with the pro-active outreach/education that the state of WA provides. Additionally, your customer service is excellent. It has changed a bias that I had about inefficient and ineffective government run organizations.....you're doing a fabulous job - keep it up! It appears that your employees are engaged and motivated.”
- Customer feedback, 2/2018

ADVISORY DISCUSSION & IDEAS

- ▶ Communications and Outreach for Benefits

Employers



Deliverables and stats

- + More than 60,000 toolkit downloads to date
- + Sent more than 800,000 pieces of mail in 2018
- + Sent series of five emails to 630,000+ employers before Jan. 1
- + Nearly 150,000 active users over 28 days before Jan. 1
- + More than 260 in-person presentations in 2018 (**Less than 10 staff**)
- + Nearly 9,000 webinar participants (**2 staff**)
- + Customer Care Team received about 4,000 calls in Dec. (**15 staff**)

Employers

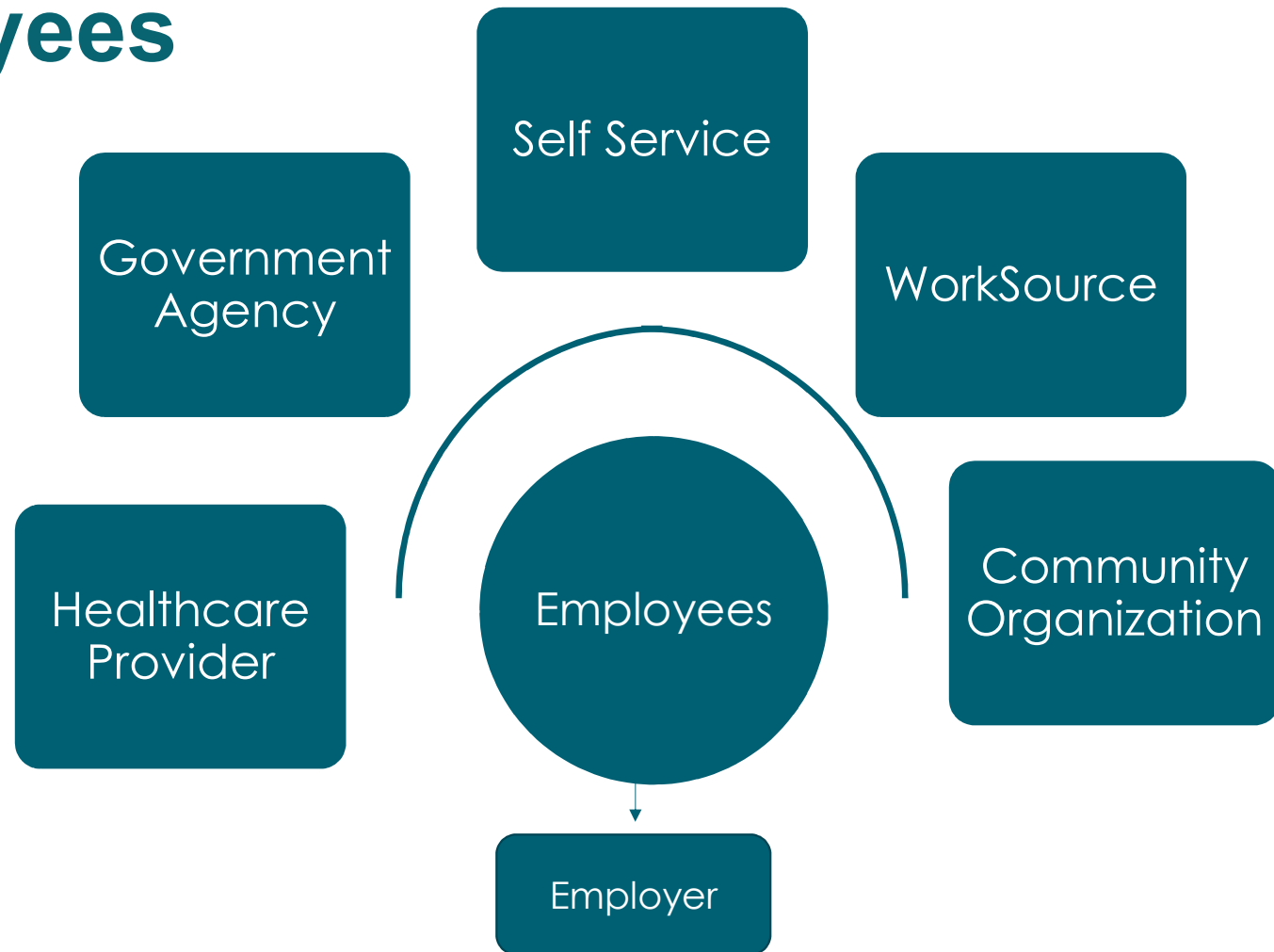
2018 Highlights

- High employer awareness
- High employer desire to be in compliance
- High employer value of benefit to employees
 - Employee quality of life
 - Employee Morale
 - Employee turnover
 - Ability to provide benefit to employee

2019 Opportunities

- Awareness high, employer understanding could be improved.
- Lack of detail around benefit use results in higher employer anxiety

Employees



Employees

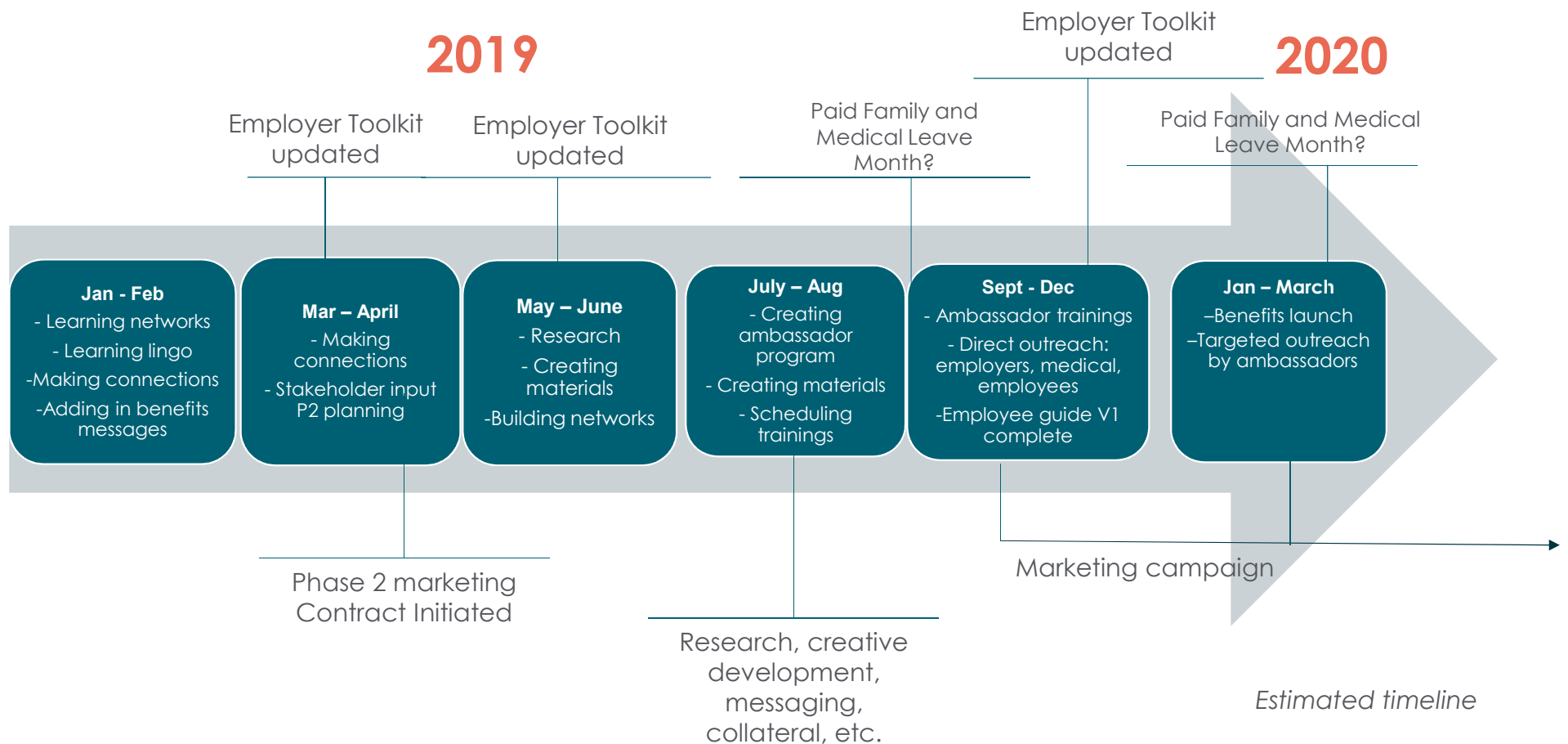
Goals

- ▶ Broad reach and maximize the program's "newness"; Establish networks for long-term ongoing outreach
- ▶ No magic strategies
 - ▶ Diversify investment in time and materials
 - ▶ Double down on highest performing strategies
- ▶ Wholesale over retail
- ▶ Plug into existing support organizations
 - ▶ Don't reinvent the wheel, make it a better wheel
 - ▶ Become essential part of the support culture of WA

Delivery

- Deploy collateral
 - Printed materials
 - Email newsletters
- Partner for webinars
 - Partners/educators
 - Direct to workers
- Present at educational sessions with service partners
 - Association meetings
 - Continuing education
- Facetime
 - Continuing our in person presentation
 - Tabling at local events

2019 Outreach planning



TECHNOLOGY PREVIEW

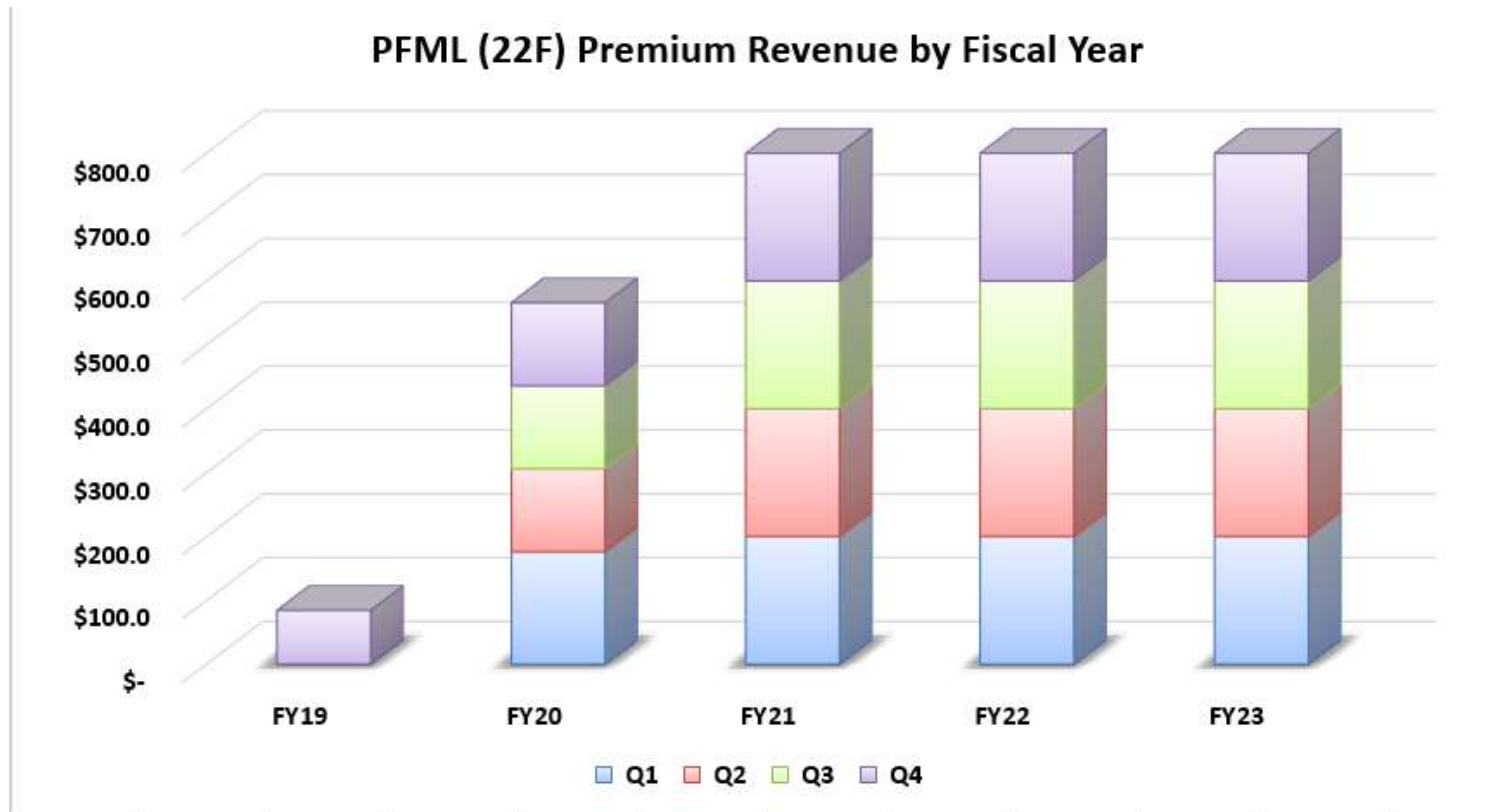
- ▶ Separate slide deck

- ▶ Product Acceptance Testing – Friday March 29, 1-3pm

PFML BUDGET

Revenue, Expenditures, and Fund Balance - Paid Family and Medical Leave Account (22F) - As of February 2019											
Data Source: Labor Market and Performance Analysis (in millions)											
Description	FY18	FY19	FY20-Q1	FY20-Q2	FY20-Q3	FY20-Q4	FY20 Total	FY21	FY22	FY23	
Beginning Fund Balance	\$ -	\$ 69.2	\$ 15.6	\$ 178.5	\$ 295.5	\$ 300.5	\$ 15.6	\$ 306.8	\$ 438.6	\$ 457.5	
Revenue*											
General Fund Loan to PFML	\$ 82.0										
Premium Collection Revenue		\$ 84.1	\$ 175.9	\$ 130.0	\$ 130.0	\$ 130.0	\$ 565.9	\$ 800.0	\$ 800.0	\$ 800.0	
Interest						\$ 3.0	\$ 3.0	\$ 4.0	\$ 4.0	\$ 4.0	
Subtotal	\$ 82.0	\$ 84.1	\$ 175.9	\$ 130.0	\$ 130.0	\$ 133.0	\$ 568.9	\$ 804.0	\$ 804.0	\$ 804.0	
Expenditures											
Loan Repayment with interest**		\$ 84.1									
Benefit Payments					\$ 112.0	\$ 113.0	\$ 225.0	\$ 639.1	\$ 759.7	\$ 774.9	
Admin and Implementation Costs***	\$ 12.8	\$ 53.6	\$ 13.0	\$ 13.0	\$ 13.0	\$ 13.7	\$ 52.7	\$ 33.1	\$ 25.4	\$ 24.5	
Subtotal	\$ 12.8	\$ 137.7	\$ 13.0	\$ 13.0	\$ 125.0	\$ 126.7	\$ 277.7	\$ 672.2	\$ 785.1	\$ 799.4	
Ending Fund Balance	\$ 69.2	\$ 15.6	\$ 178.5	\$ 295.5	\$ 300.5	\$ 306.8	\$ 306.8	\$ 438.6	\$ 457.5	\$ 462.1	
* Revenues reflected do not include Penalties and Interest (P&I), or VP application processing fees (\$250 per application).											
**The actual expenditures for implementation plus interest will be repaid from PFML premium collections by June 30, 2019.											
***Unknown/unanticipated costs, such as first floor tenant improvement/IT systems/services, etc.											

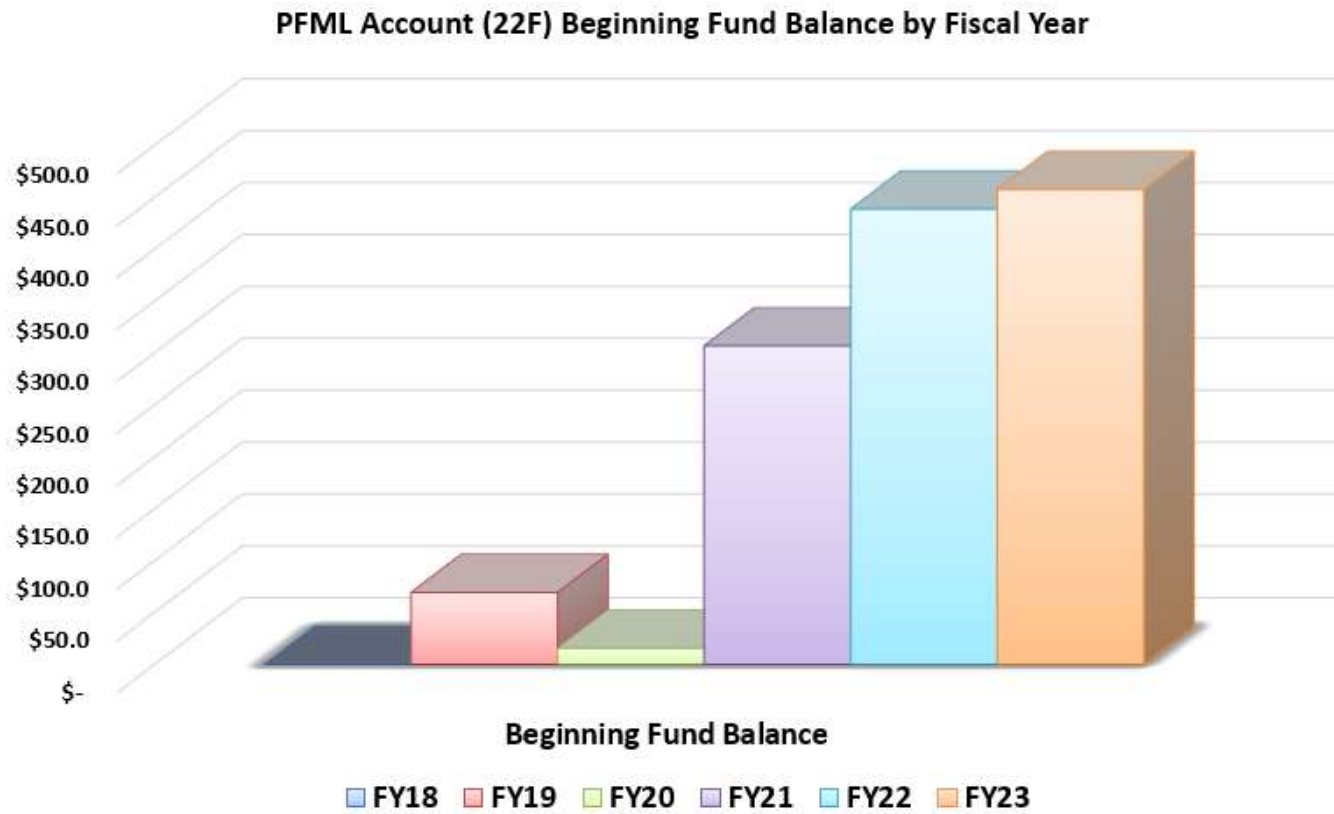
PFML (22F) PREMIUM REVENUE BY FISCAL YEAR



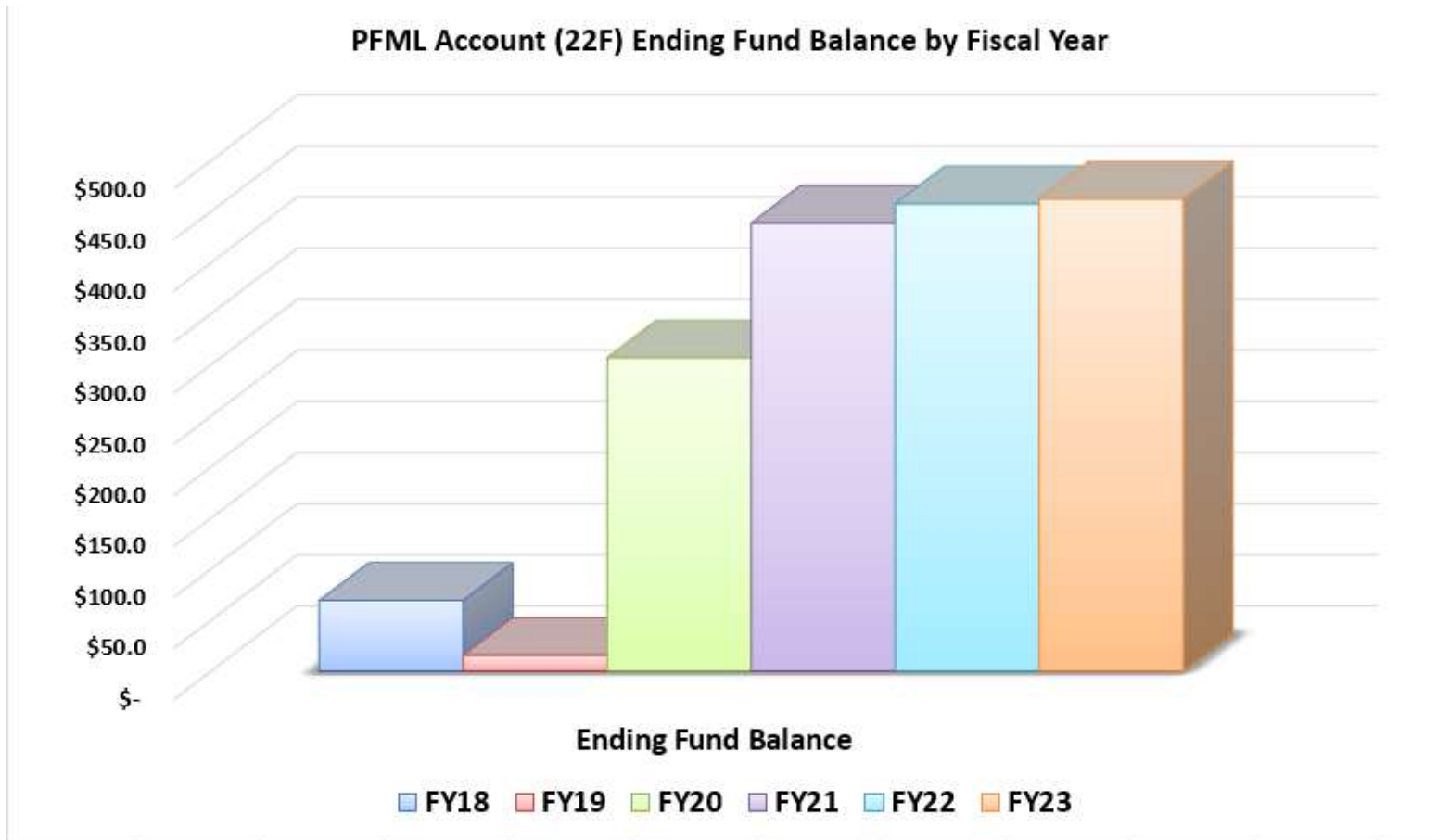
Note: Revenues from Penalties and Interest (P&I), or Voluntary Plan application processing fees (\$250 per application) are not reflected in the Revenue section.

3/22/2019

PFML ACCOUNT(22F) BEGINNING FUND BALANCE --- BY FISCAL YEAR



PFML ACCOUNT(22F) ENDING FUND BALANCE --- BY FISCAL YEAR



PFML OPERATING BUDGET

AS of February 2019		Dollars						FTEs					
Org Index & Title		FY18 Actual	FY19	FY20	FY21	FY22	FY23	Total	FY19	FY20	FY21	FY22	FY23
Program Administration													
4001	PFML Program Administration	\$3,021,447	\$1,806,005	\$3,321,665	\$4,915,476	\$4,748,436	\$4,748,100	\$22,561,129	11.0	11.0	4.0	4.0	4.0
Office of the OMBUDS													
4002	PFML Office of the OMBUDS	\$45,066	\$231,822	\$501,197	\$501,197	\$501,197	\$501,197	\$2,281,676	1.5	3.0	3.0	3.0	3.0
	Subtotal	\$45,066	\$231,822	\$501,197	\$501,197	\$501,197	\$501,197	\$2,281,676	1.5	3.0	3.0	3.0	3.0
Education and Outreach**													
4003	PFML Communications and Outreach	\$147,644	\$2,284,481	\$2,375,006	\$626,758	TBD	TBD	\$5,433,889	8.1	8.1	4.4	TBD	TBD
4004	PFML Training and Staff Development	\$58,315	\$346,081	\$364,577	TBD	TBD	TBD	\$768,973	2.7	3.0	0.3	TBD	TBD
	Subtotal	\$205,959	\$2,630,562	\$2,739,583	\$626,758	TBD	TBD	\$6,202,862	10.8	11.1	4.7	0.0	0.0
Operations													
4005	PFML Customer Care Center	\$29,089	\$5,462,365	\$6,641,035	\$6,518,631	\$6,518,631	\$6,518,631	\$31,688,382	44.7	62.0	62.0	62.0	62.0
4006	PFML Operations Admin.	\$65,875	\$440,689	\$596,347	\$459,122	\$459,122	\$459,122	\$2,480,277	3.5	5.0	4.0	4.0	4.0
4007	PFML Operations Development	\$196,234	\$891,920	\$1,187,088	\$0	\$0	\$0	\$2,275,242	7.8	10.0	0.0	0.0	0.0
4008	PFML Operations Accounting	\$52,405	\$618,884	\$1,580,934	\$1,675,013	\$1,675,013	\$1,675,013	\$7,277,262	3.6	11.0	12.0	12.0	12.0
	Subtotal	\$343,603	\$7,413,858	\$10,005,404	\$8,652,766	\$8,652,766	\$8,652,766	\$43,721,163	59.6	88.0	78.0	78.0	78.0
IT**													
4009	PFML IT Product Build	\$7,019,524	\$25,078,458	\$20,839,540	\$7,575,319	\$2,093,238	\$1,444,172	\$64,050,251	32.9	45.0	37.0	0.0	0.0
4010	PFML IT Product Maintenance and Technology S	\$0	\$268,434	\$450,846	\$218,094	\$218,094	\$218,094	\$1,373,562	2.4	4.0	2.0	2.0	2.0
4011	PFML Care Center Technology	\$0	\$3,178,686	\$690,358	\$151,000	\$151,000	\$151,000	\$4,322,044	3.2	4.0	0.0	0.0	0.0
	Subtotal	\$7,019,524	\$28,525,578	\$21,980,744	\$7,944,413	\$2,462,332	\$1,813,266	\$69,745,857	38.5	53.0	39.0	2.0	2.0
Rules & Policies**													
4012	PFML Rules & Policies	\$204,506	\$1,002,632	\$1,160,896	TBD	TBD	TBD	\$2,368,034	7.3	9.0	2.0	TBD	TBD
	Subtotal	\$204,506	\$1,002,632	\$1,160,896	TBD	TBD	TBD	\$2,368,034	7.3	9.0	2.0	0.0	0.0
(A) Total Direct Budgeted in PFML Division		\$10,840,105	\$41,610,457	\$39,709,489	\$22,640,610	\$16,364,731	\$15,715,329	\$146,880,721	128.6	175.1	130.7	87.0	87.0
Adds: Indirect --- Expenditures will be paid by PFML account but not allotted in PFML Division.													
AS&T:	AS&T, Pool Cost, and Special Allocations	\$ 1,842,547	\$ 2,598,702	\$ 3,902,149	\$ 2,842,458	\$ 2,490,858	\$ 2,332,765	\$16,009,479	33.1	39.8	32.2	22.0	22.0
	AS&T: Commissioner's Review Office (CRO)	\$ 484,686	\$ 662,632	\$ 662,632	\$ 662,632	\$ 662,632	\$ 662,632	\$3,135,214					
CSB:	Central Service Costs (CSB)												
	CSB from Other Agencies	\$ 1,144,184	\$ 418,024	\$ 418,024	\$ 418,024	\$ 418,024	\$ 418,024	\$2,816,280					
	CSB from Legal Services												
	Office of Administrative Hearings (OAH)	\$ 446,000	\$ 908,000	\$ 1,794,000	\$ 1,794,000	\$ 1,794,000	\$ 1,794,000	\$6,736,000					
	Attorney General (AGO)	127,007	\$ 293,000	\$ 189,000	\$ 381,000	\$ 381,000	\$ 381,000	\$1,752,007					
(B) Total Indirect Not Allotted in PFML		\$1,969,554	\$4,966,572	\$6,079,805	\$6,098,114	\$5,746,514	\$5,588,421	\$30,448,980	33.1	39.8	32.2	22.0	22.0
(A)+(B) Total Budgeted in PFML		\$12,810,000	\$46,577,000	\$45,789,000	\$28,739,000	\$22,111,000	\$21,304,000	\$177,330,000	161.7	214.9	162.9	109.0	109.0
(C) Adds: Contingency* - 15% of (B)													
	15%		6,987,000	6,868,000	4,311,000	3,317,000	3,196,000	\$24,679,000					
(A)+(B)+(C) Total Dollars		\$12,810,000	\$53,564,000	\$52,657,000	\$33,050,000	\$25,428,000	\$24,500,000	\$202,009,000					

3/22/2019

FOR THE GOOD OF THE ORDER

▶ Open Comment

Next Meeting: Friday, April 19th

CONTINUE THE CONVERSATION

Carla Reyes

Director, Paid Family & Medical Leave

Washington State Employment
Security Department

(360) 485-2349

CReyes@ESD.WA.GOV



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Ask questions and make
comments on our public forum
at bit.ly/CommentForum

VOLUNTARY PLANS UPDATE

▶ As of 3/18/2019

