

Washington  
**Paid Family & Medical Leave**



**Employment Security Department**  
WASHINGTON STATE

# Paid Family and Medical Leave Legislative Task Force

September 22, 2022



# Today's focus: Key aspects of the Paid Leave program



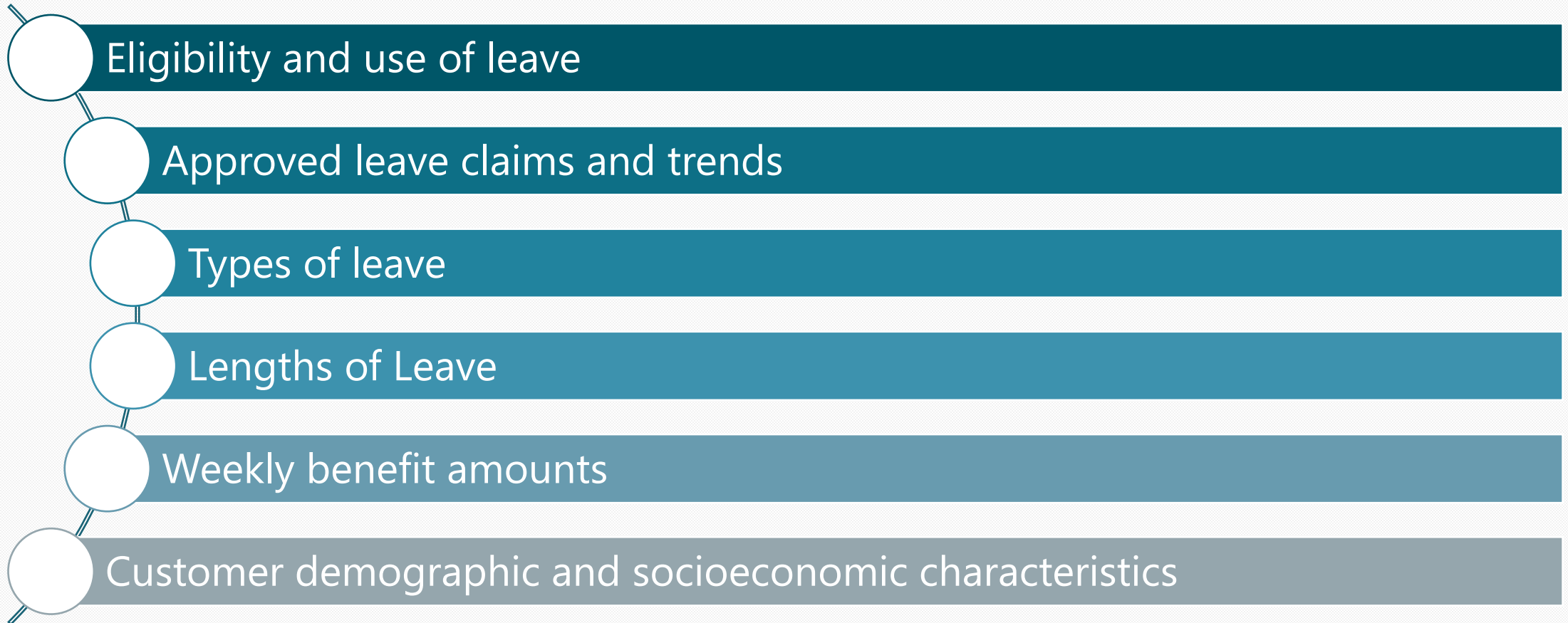
Program usage and 2022 Annual Report preview

Premium rate review

# Program usage & 2022 Annual Report preview

Brian Kennedy, Forecasting and Economic Analyst

# Outline



2021 Paid Family and Medical Leave Annual Report

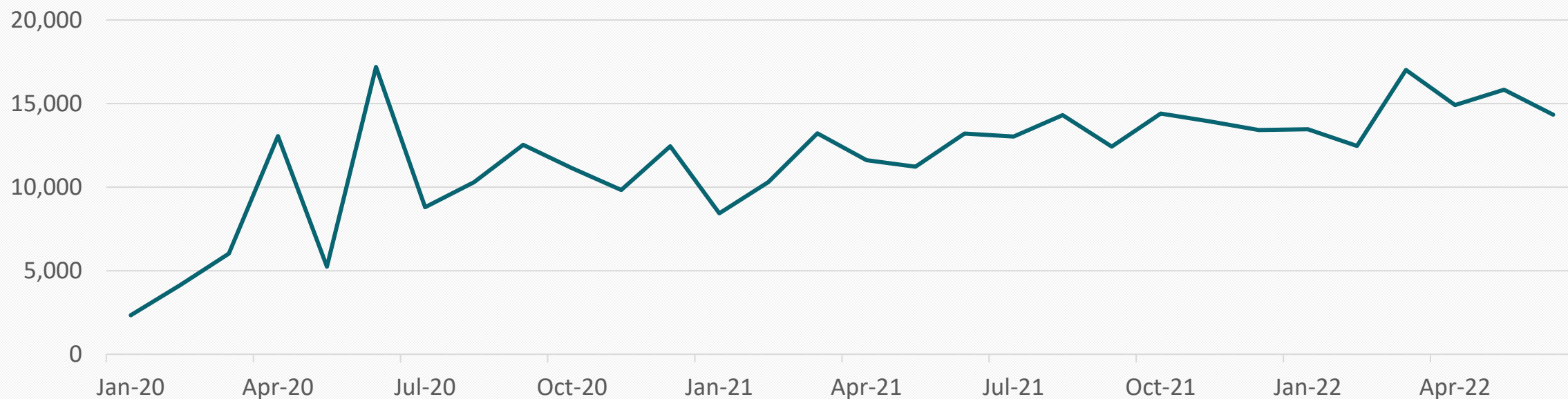
# Eligibility & use of leave

- Must meet or exceed 820 Hours in qualifying period
  - Standard qualifying period: First four quarters in last five quarters
  - Alternate qualifying period: Last four quarters
- Qualifying events: birth/placement of a child, care for yourself of a family member with a serious health condition, military exigency
- Medical and family care claims require medical provider's certification
- Waiting week (except for bonding, postnatal medical, and military exigency)
- Must take eight consecutive hours of leave in a week
- Cannot receive both UI and PFML benefits for the same week

# Total approved & paid claims

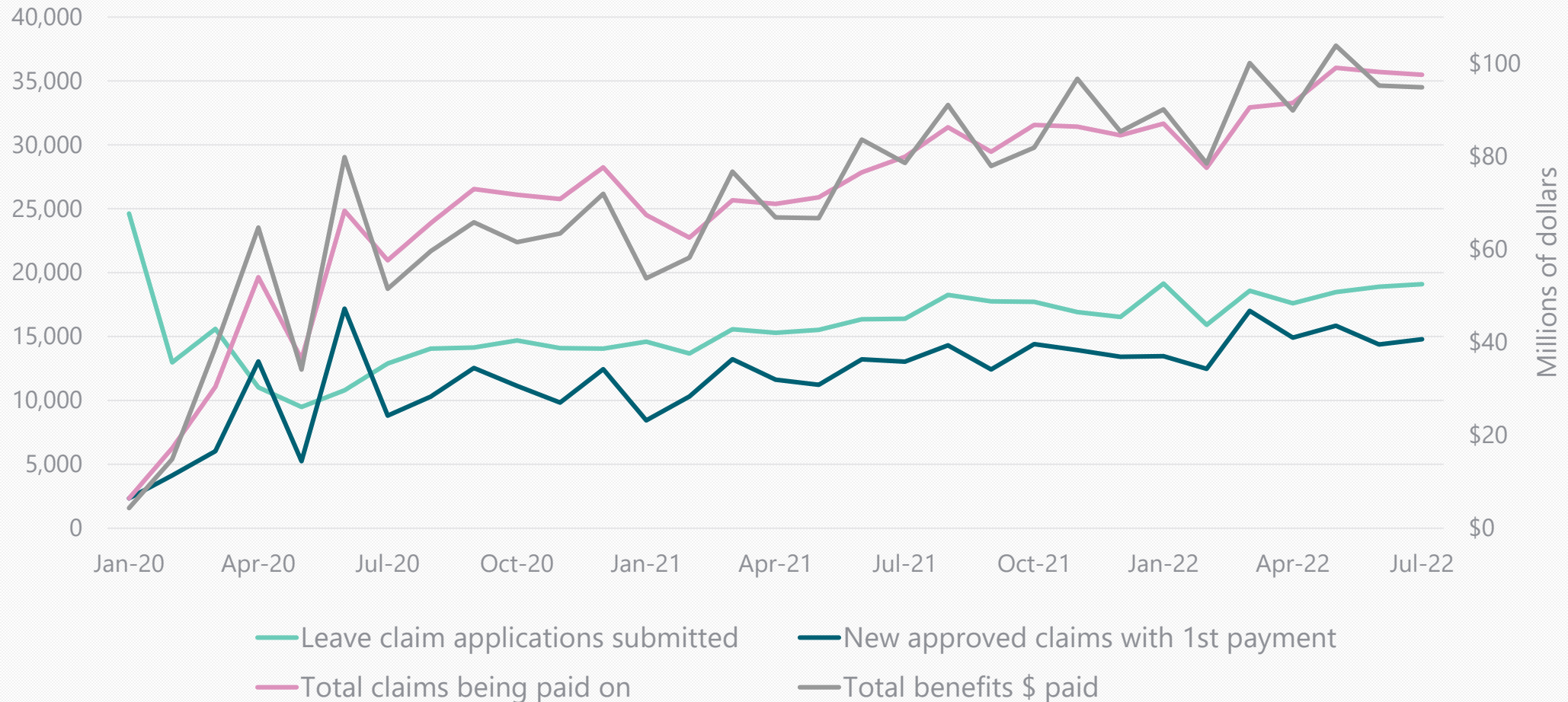
Year	Projected at beginning of year	Actual claims beginning
FY2020	36,033	47,960
FY2021	131,150	133,014
FY2022	157,146	169,606

- Under-projected claims beginning in FY20 and FY22, FY21 close to actuals
- High monthly variation in early 2020
- Steady growth from mid-2020 through 2022
- Continued variability month to month
- Overall leave claim application approval rate ~84%



*\*claims counted in month of first weekly payment*

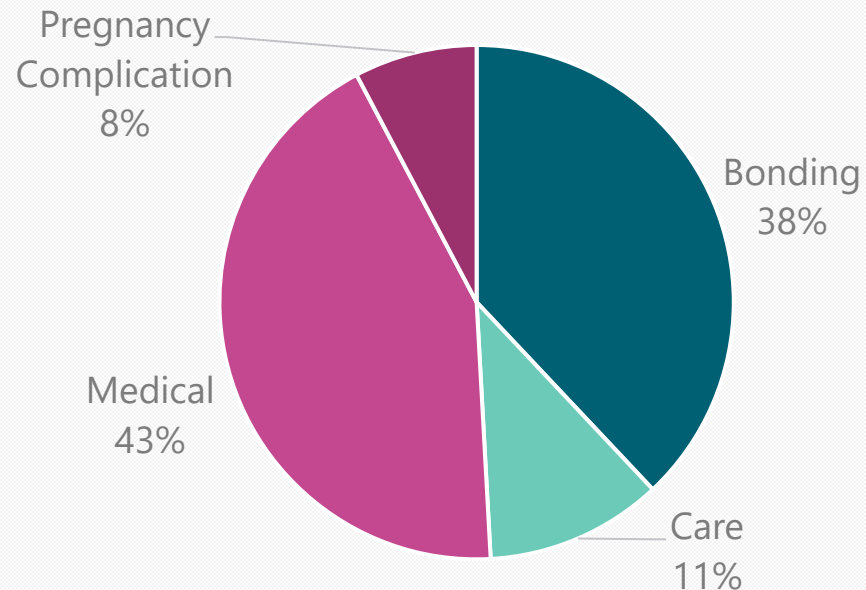
# Claims trends – submitted, paid, \$



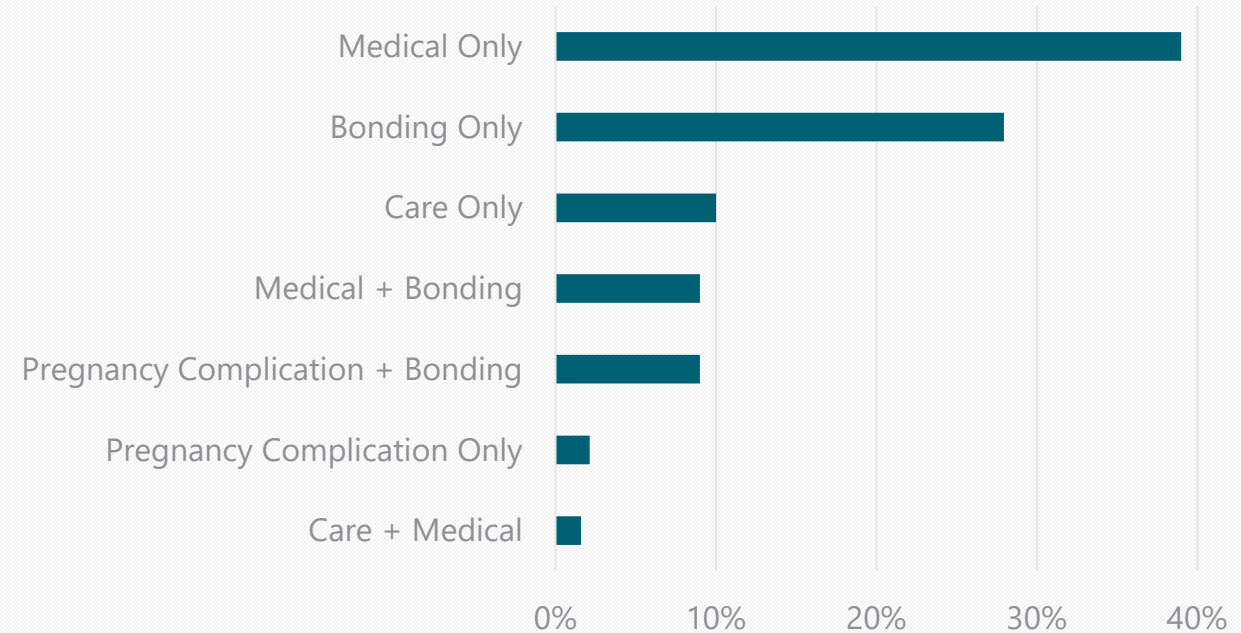
# Common leave types and combinations

## Approved Claims by Type

- Family 49%, Medical 51%
- 2020 began with higher percent family, slowly shifting toward medical
- Healthy pregnancy and childbirth recovery are captured along with other medical leaves in “medical.” Will be able to separate out in FY23



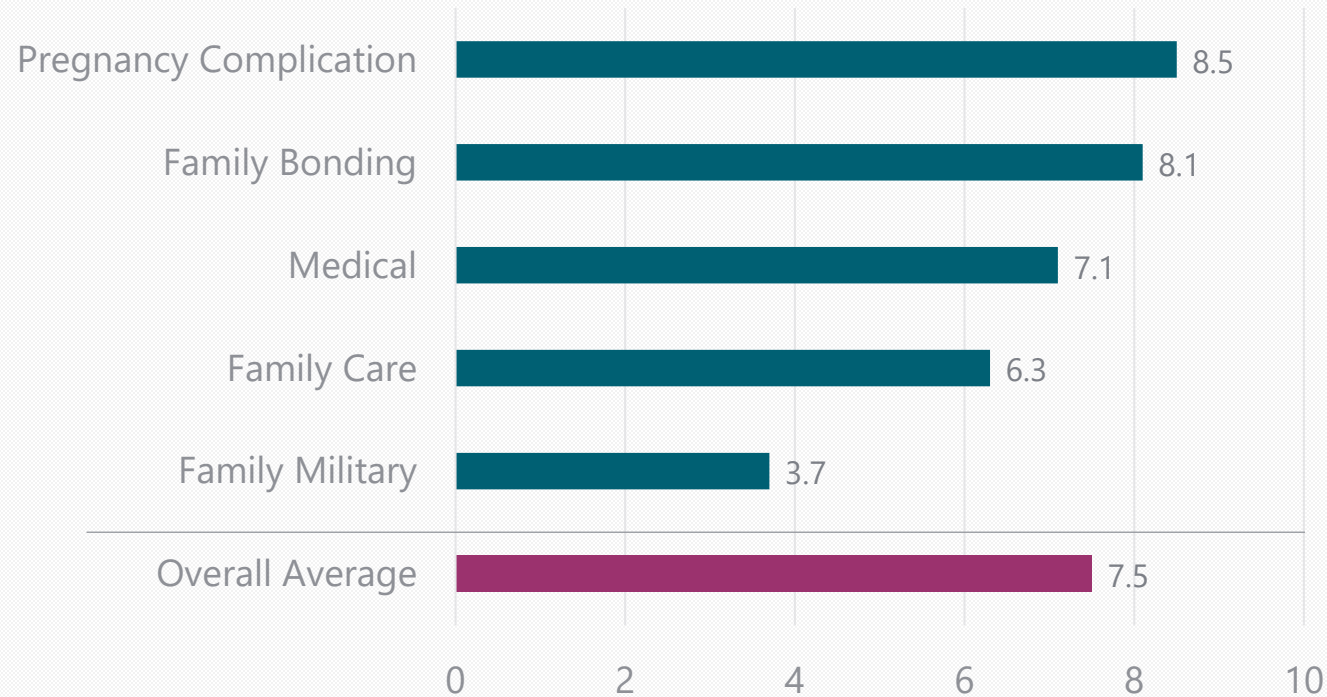
## Leave Combinations



- 31% of customers had more than one claim
- 18% had bonding and some form of medical – with or without complications that enable an extra two weeks



# Avg. Lengths of Leave

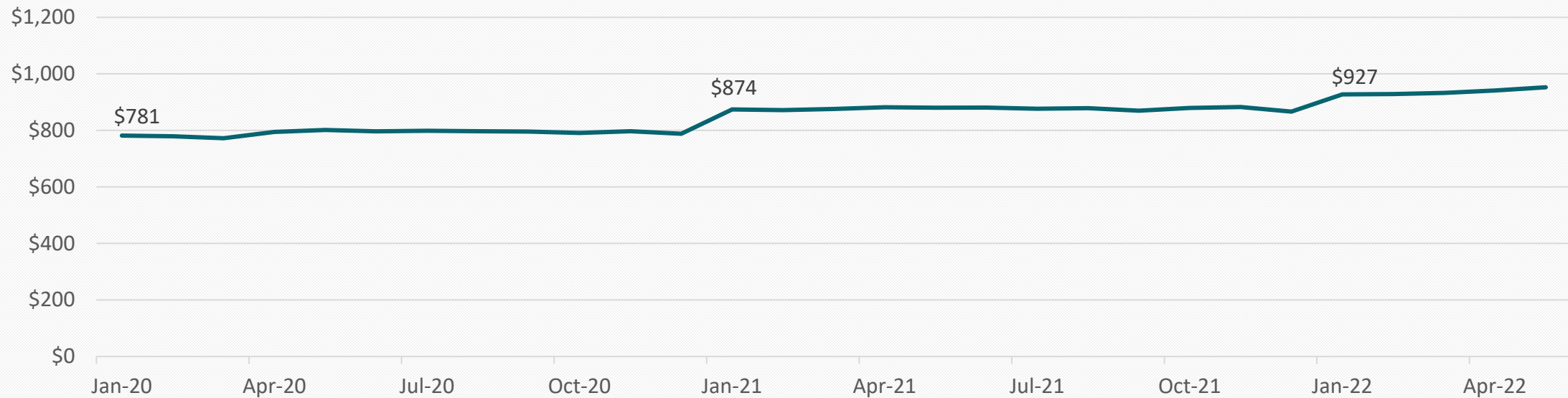


## Avg Lengths of Leave

- 7.4 - 7.5 weeks avg. per claim
- About 9.5 per claim year
- About 22% of claims had intermittent leave use

# Average Weekly Benefits

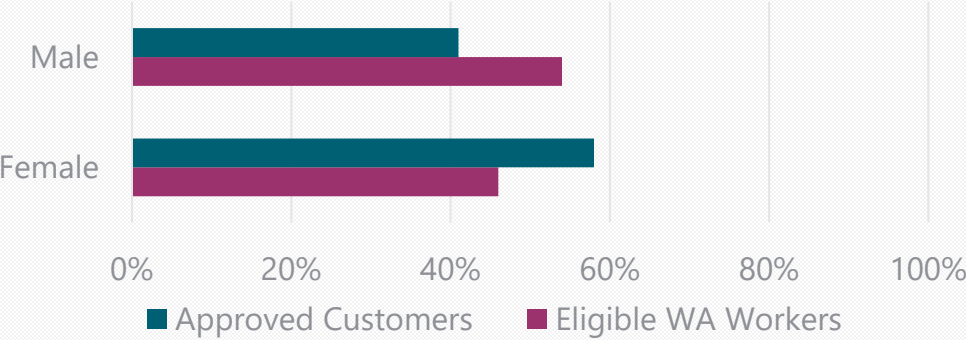
- Growth each January, then mostly stable through year
- Growth largely related to wage growth. Each January, benefit calculation and benefit cap recalibrate to most recent statewide average wage.
- 20% of customers are at maximum benefit cap (Jan-Jun 2022)
- In 2022, customers reach the cap with earnings of about \$108,000 per year or \$52 per hour full time



*\*average by month claim year begins*

# Gender and Age

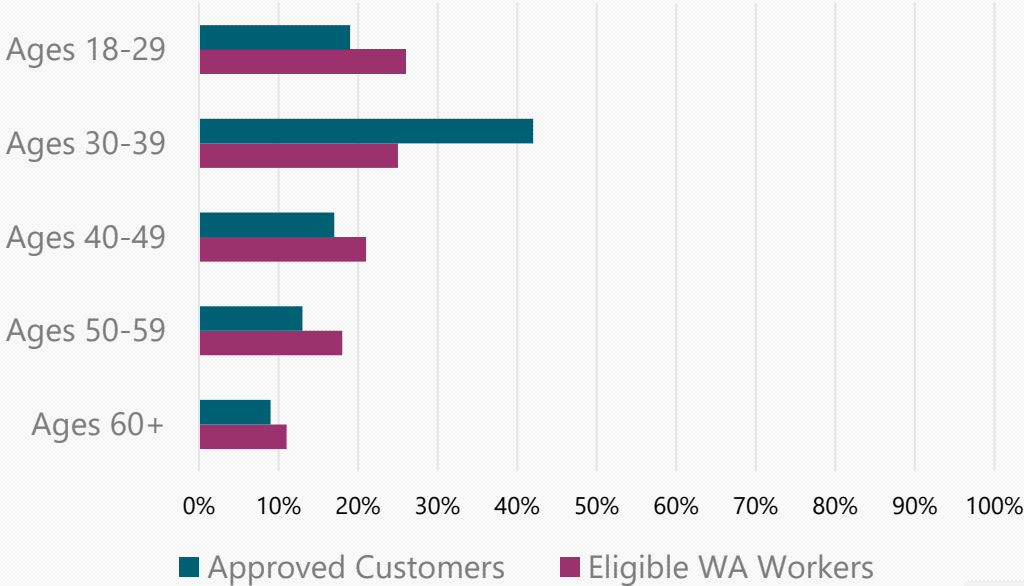
	Approved Customers	Eligible WA Workers
Male	41%	54%
Female	58%	46%
Nonbinary	0.4%	NA
Prefer not to say	0.3%	NA



## Comparing to eligible WA workers

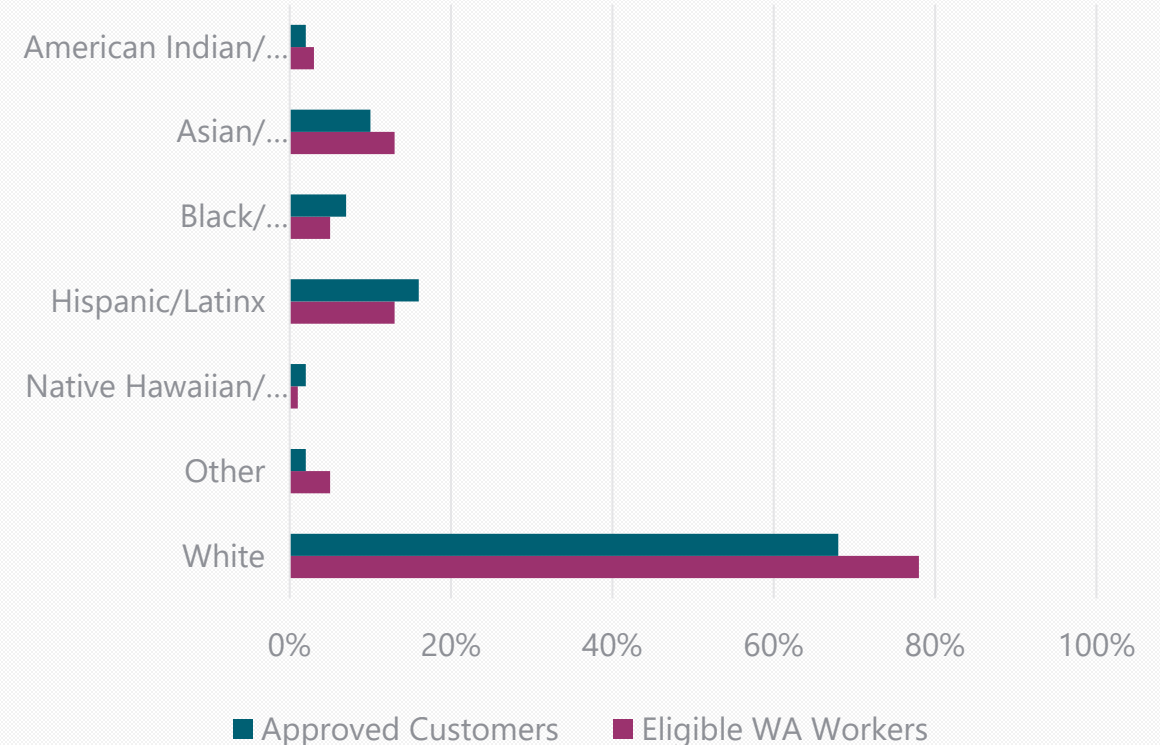
- Eligible WA workers is an approximation using ACS data
- Women more likely than men
- 30-39 made a majority of the customer base and had highest participation rates

	Approved Customers	Eligible WA Workers
18-29	19%	26%
30-39	42%	25%
40-49	17%	21%
50-59	13%	18%
60+	9%	11%
N/A	<1%	NA



# Race & Ethnic Identity

	Approved Customers	Eligible WA Workers
American Indian/Alaska Native	2%	3%
Asian/Asian American	10%	13%
Black/African American	7%	5%
Hispanic/Latinx	16%	13%
Native Hawaiian/Other Pacific Islander	2%	1%
Other	2%	5%
White	68%	78%
Prefer not to say	4%	NA

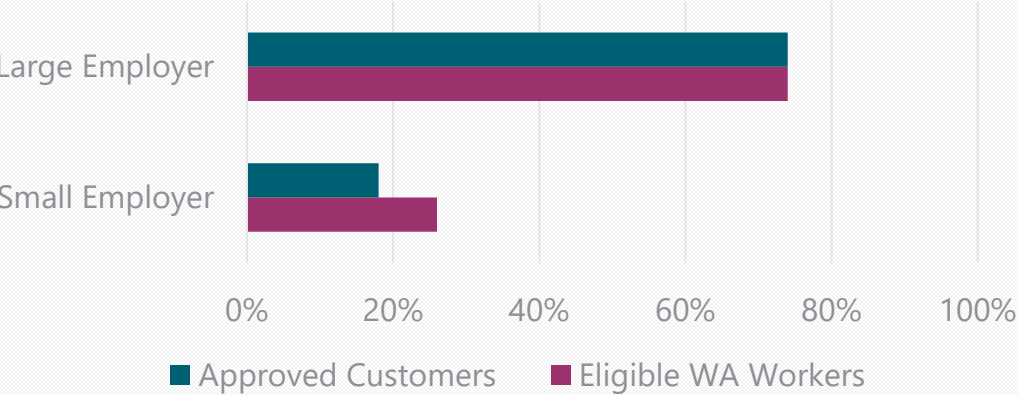


## Comparing to eligible WA workers

- Black, Hispanic/Latinx, Native Hawaiian/Pacific Islander slightly higher relative utilization
- When we look at race X gender X age, the story become more nuanced

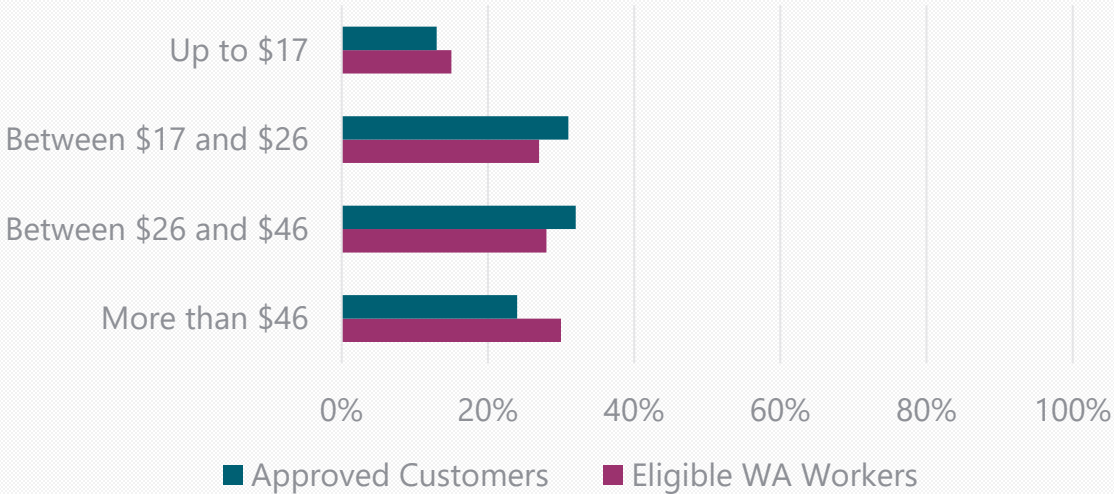
# Wages and Employer Size

	Approved Customers	Eligible WA Workers
Large (50+ employees)	74%	74%
Small (<50 employees)	18%	26%
Not available	8%	-



## Comparing to Eligible WA Workers

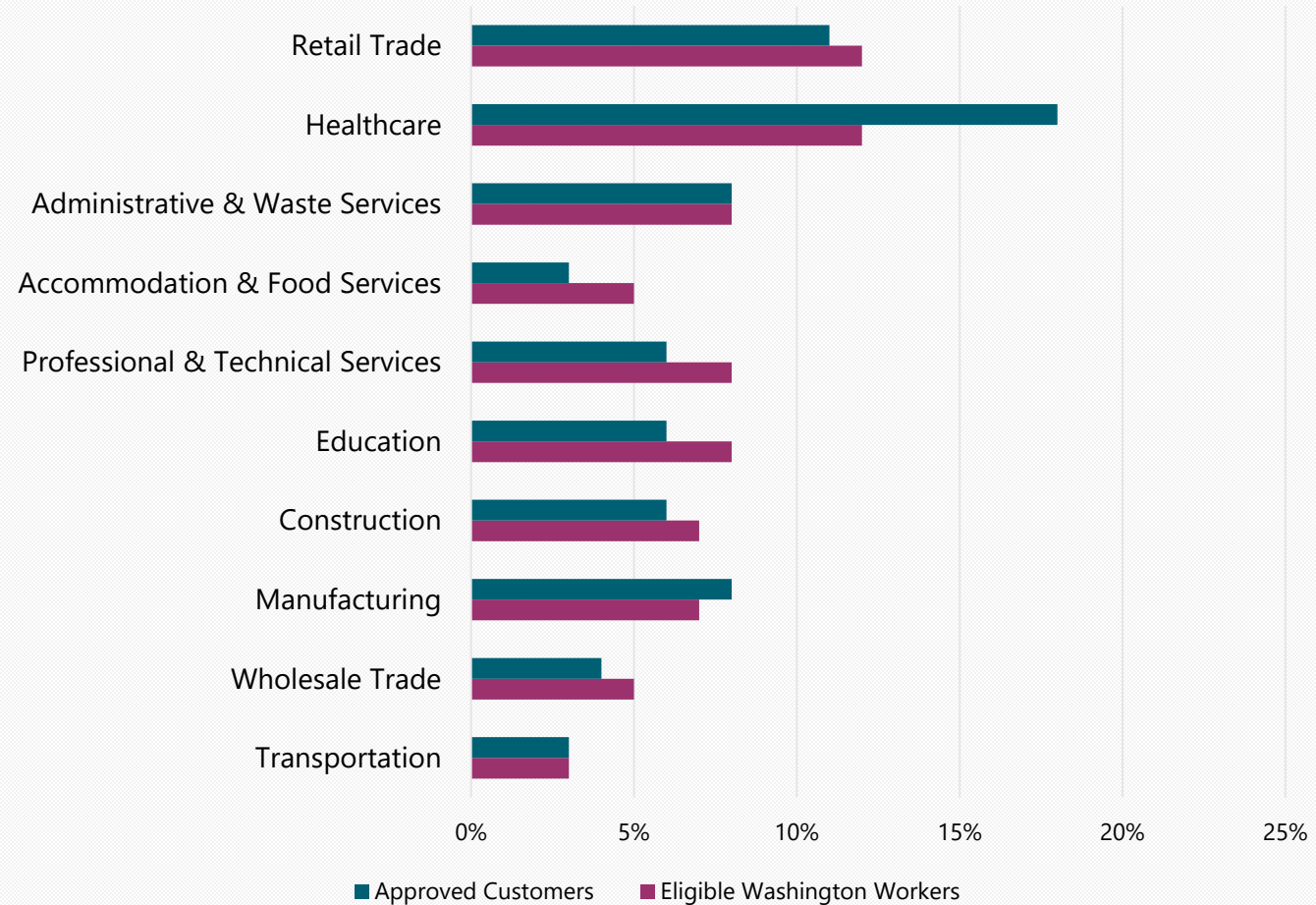
- Employees at small employers less likely
- High- and low-income earners less likely



	Approved Customers	Eligible WA Workers
Up to \$17	13%	15%
Between \$17 and \$26	31%	27%
Between \$26 and \$46	32%	28%
More than \$46	24%	30%

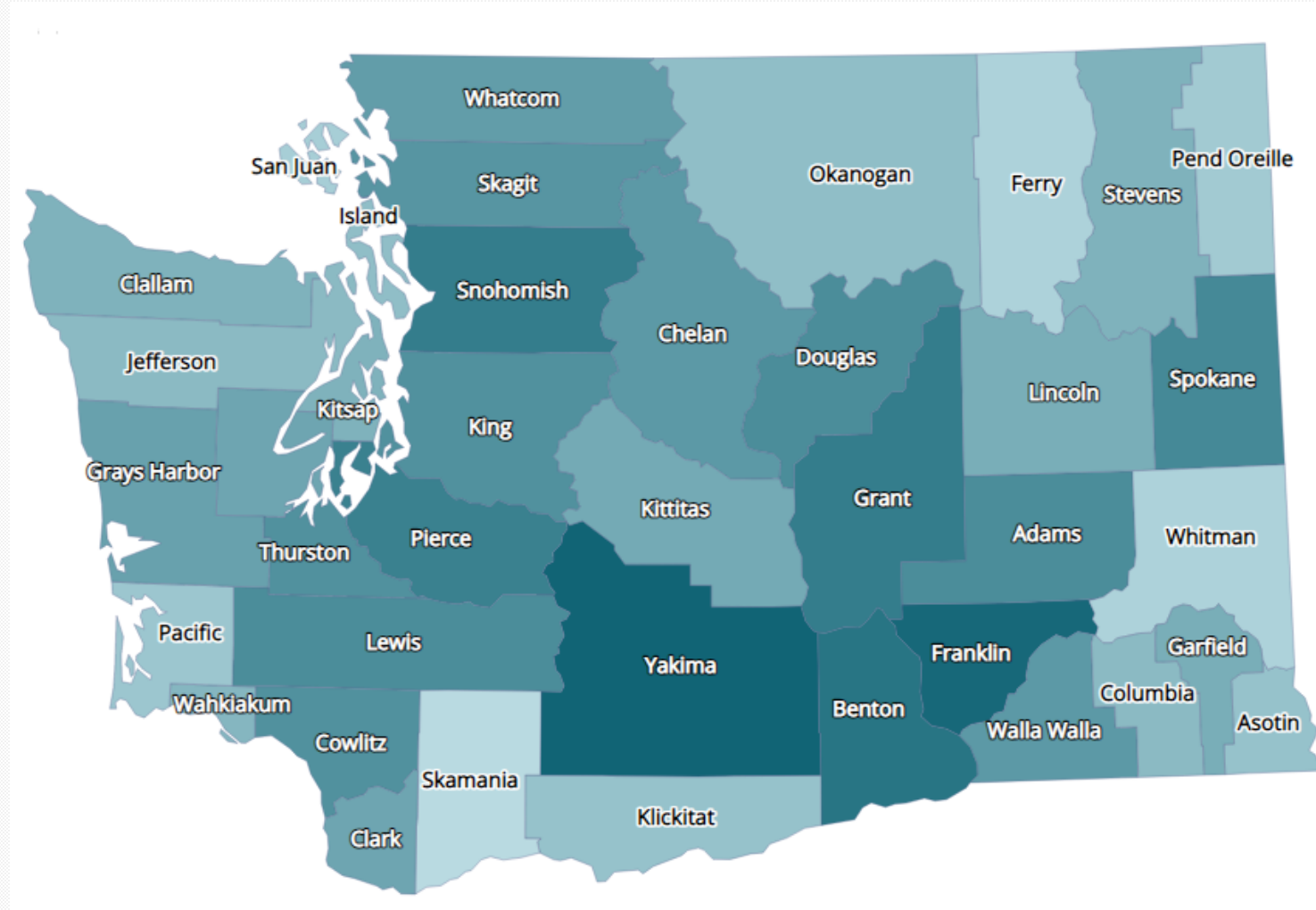
# Top 10 Employing Industries

- Higher utilization industries
  - Healthcare, manufacturing
- Lower utilization industries
  - Accommodation and food services, professional and technical services



# Claims Submitted per 1,000 Residents

- Most per 1,000
  - Yakima, Franklin, Benton, Snohomish, and Grant Counties.
- Fewest per 1,000
  - Skamania, Ferry, Whitman, San Juan, and Pend Oreille Counties

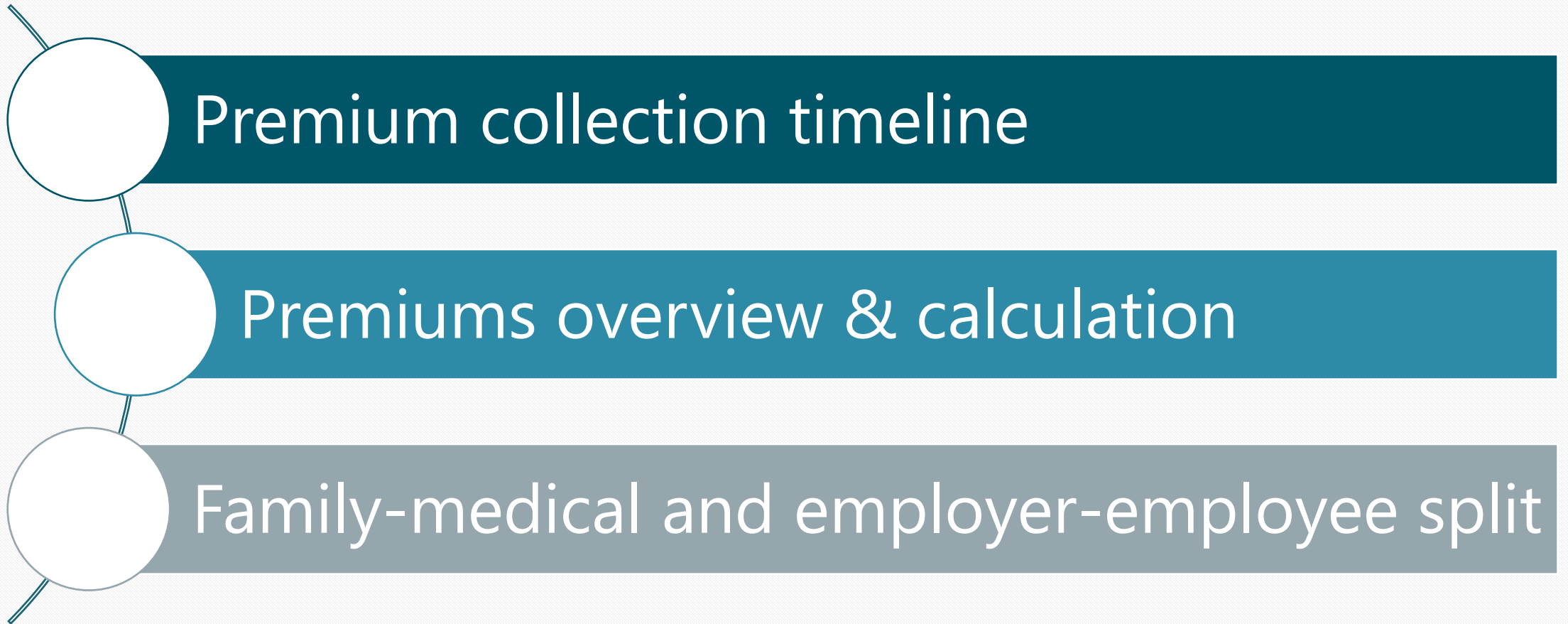


# Premium rate review

Rebecca Grady, Leave and Care Research and Data Manager

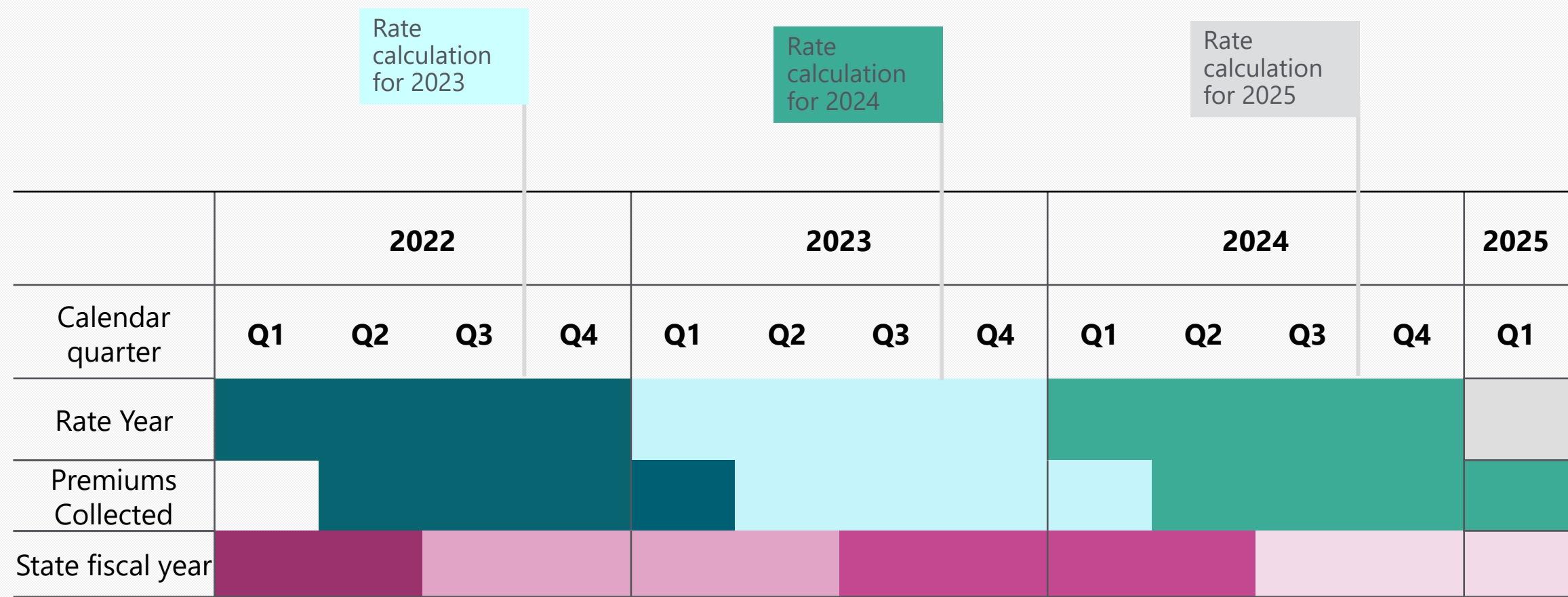


# Outline

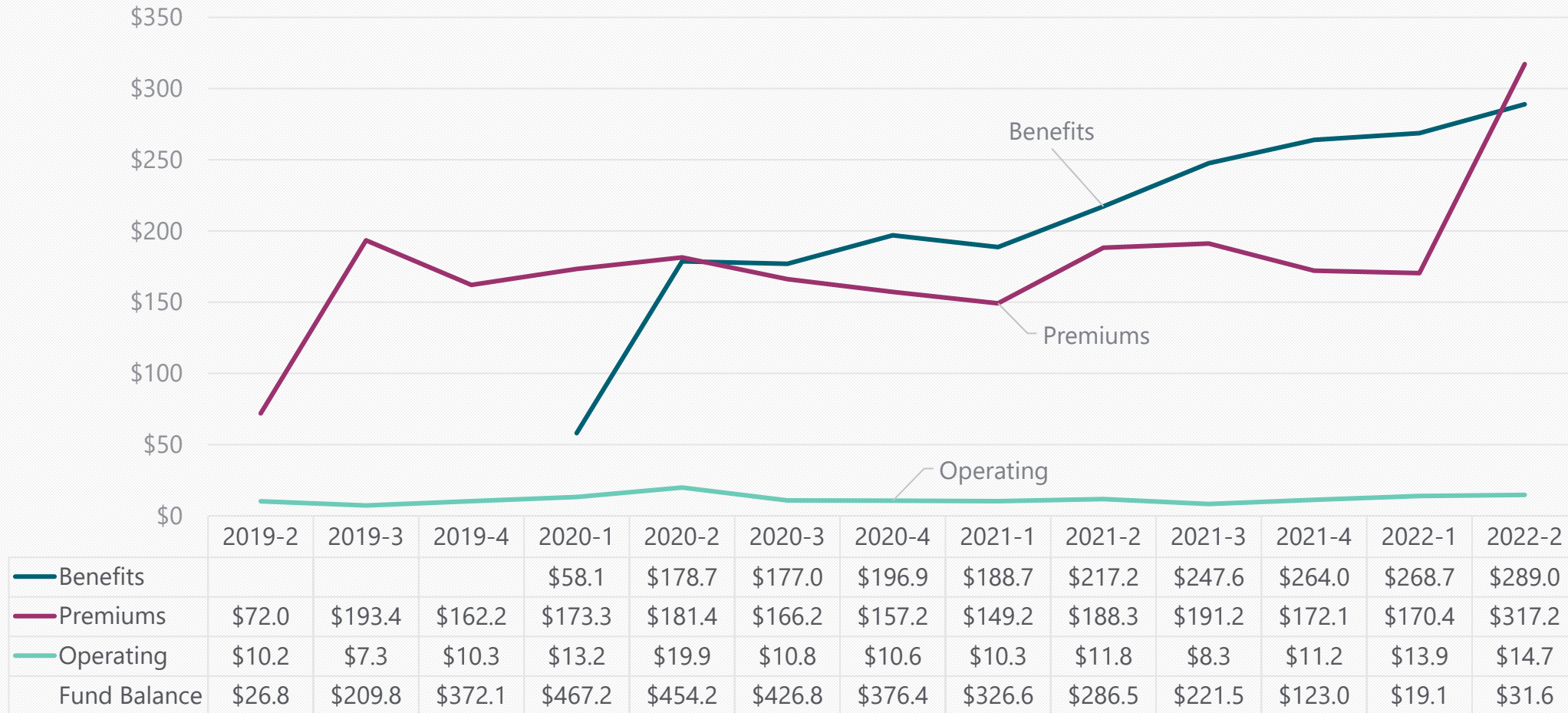


# Timing of premiums: Rate year vs Premium collections vs State fiscal year

- Rates are set for calendar years
- Premium collections occur Q2 – Q1 of each following year



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



# Timing of premiums: Rate year vs Premium collections

- Current policy: Calculated once a year in early October, using account balance as of Sep 30

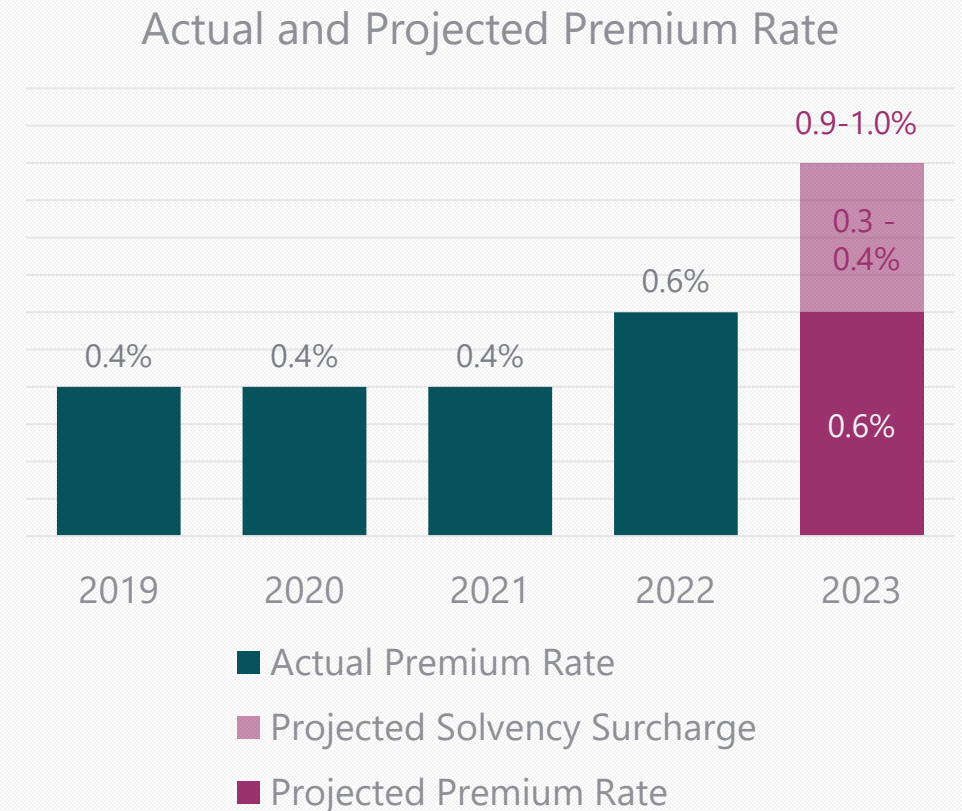
	Rate calculation for 2023																	
	2021					2022					2023							
Calendar quarter	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Rate Year																		
Premium collection - reporting & remitting month																		

Rate  
calculation  
for 2023

# Premium rate: Overview

(RCW 50A.10.030)

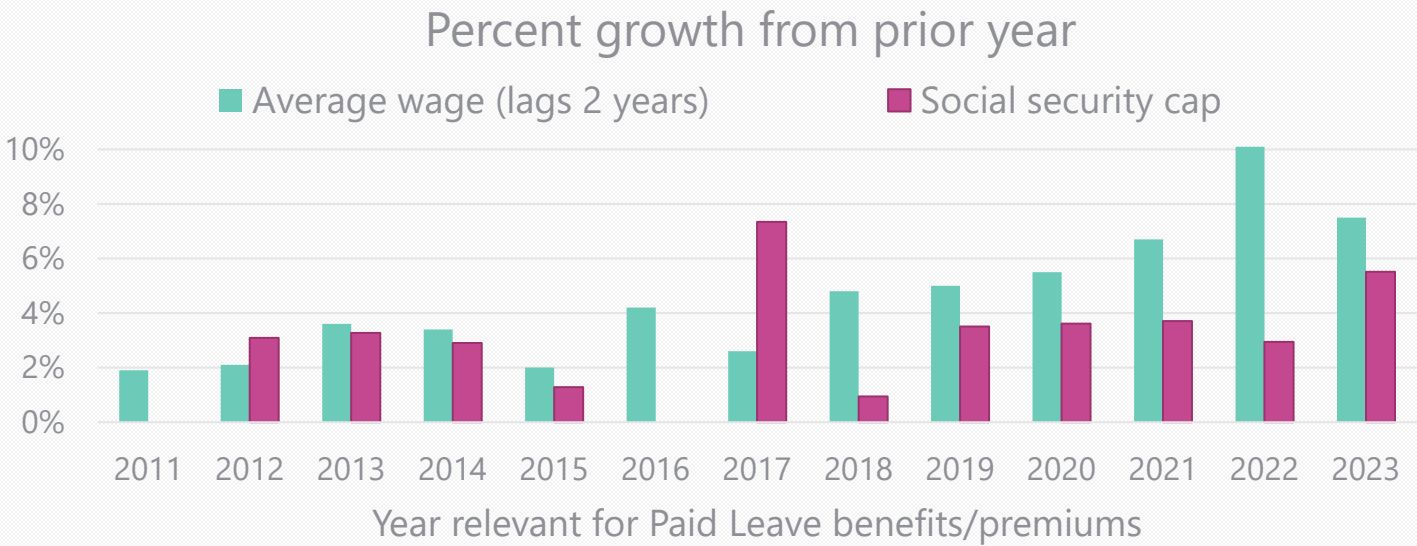
- Rate depends on the Account Balance Ratio – between 0.1% -0.6%
- Solvency Surcharge: up to an additional 0.6%
  - Functionally the same as the standard rate
  - Only applied when account balance ratio falls below 0.05% and projected insolvency in coming calendar year
- Total maximum rate possible 1.2% (regular rate + solvency surcharge)
- Only assessed on wages/salaries up the social security wage cap (\$147,000 in 2022)



# Premium rate: Overview

- Current policy: Wages taxable up the social security wage cap (\$147,000 in 2022)

Share of Gross Wages Subject to Premiums	Q1	Q2	Q3	Q4
2019	95%	94%	80%	73%
2020	93%	89%	76%	68%
2021	92%	86%	75%	67%
2022 estimate	93%	89%	77%	69%



## Related context

- Average annual growth since 2011
  - Average wages: 4.6% (lags 2 years, 2009)
  - SS Cap: 2.9%
- Ten years ago, SS Cap was 2.3 times average annual wage. In 2023, it was 1.9 times

# Premium rate: Calculation

(RCW 50A.10.030)

Account Balance Ratio =  $\frac{\text{Account balance as of Sep 30}}{\text{Prior fiscal year total wages}}$

Account Balance:	\$221,549,805
Total Gross Wages:	\$238,265,112,074
Account Balance Ratio:	0.09%



Account Balance Ratio	Premium Rate
0.00% to 0.09%	0.6%
0.10% to 0.19%	0.5%
0.20% to 0.29%	0.4%
0.30% to 0.39%	0.3%
0.40% to 0.49%	0.2%
0.50% or Greater	0.1%

If account balance ratio <0.05% and insolvency is projected in the coming year, solvency surcharge

# Family-medical split and employer-employee shares

(RCW 50A.10.030)

- Family-medical split depends on proportion of family or medical paid claims in prior fiscal year
- Employers may withhold up to 100% of family leave and 45% of medical leave premiums from employees
- Small businesses with fewer than 50 employees are exempt from employer portion
  - Except when associated with receipt of a grant
  - About 25% of wages statewide are paid by small employers
- Percentage of rate does not equal percentage of premiums collected

