Proposed Recommendation **F (Foxtrot)**

Legislative Task Force on Paid Family and Medical Leave Insurance Premiums

Task Force Members

Co-chairs Senator Robinson and Representative Abbarno

Proposed Recommendations

Prepared by proposal submitters

1. At the end of the current biennium, use whatever remains of the $350 million allocated to the Paid Family and Medical Leave program as a one-time fund transfer to the Family and Medical Leave Insurance Account.

2. Calculate the premium rate to four decimal places. Next, round up to set the premium rate at two decimal places (so 0.7424% becomes 0.75%).

3. Cap the premium rate at 1.2%.

4. Remove the solvency surcharge in RCW 50A.10.030(7).

5. Create a new formula for calculating the premium rate that establishes the equivalent of roughly three months in benefits in reserve. The formula must calculate the premium rate that relies on historical program usage, not the current method based on the ending fund balance on a specific day. The new formula is to be calculated as follows:

    a. Begin with 140% of the previous fiscal year's expenses (benefits + administrative costs), subtract the account balance from that amount, and divide by the prior fiscal year's taxable wages.

    b. Round the result to four decimal places. Next, round up to set the rate at two decimal places (so 0.7489% becomes 0.75%) to arrive at the rate.

    c. If the rate calculated above results in the projected annual account balances for the coming rate collection year to be above an amount equivalent to the estimated 3-month reserve, the rate must be set at the minimum level necessary to maintain an annual end balance of at least that amount. The 3-month reserve is defined as the average monthly expenditures (benefits + administrative costs) in the prior 12 calendar months multiplied by 3.