



# ESD Update: Paid Family Medical Leave

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JANUARY 18, 2022

# Agenda

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## Paid Family Medical Leave

- Premiums and Fund Solvency, Carole Holland
- PFML FTE Authority

# Paid Family and Medical Leave (PFML) Premiums

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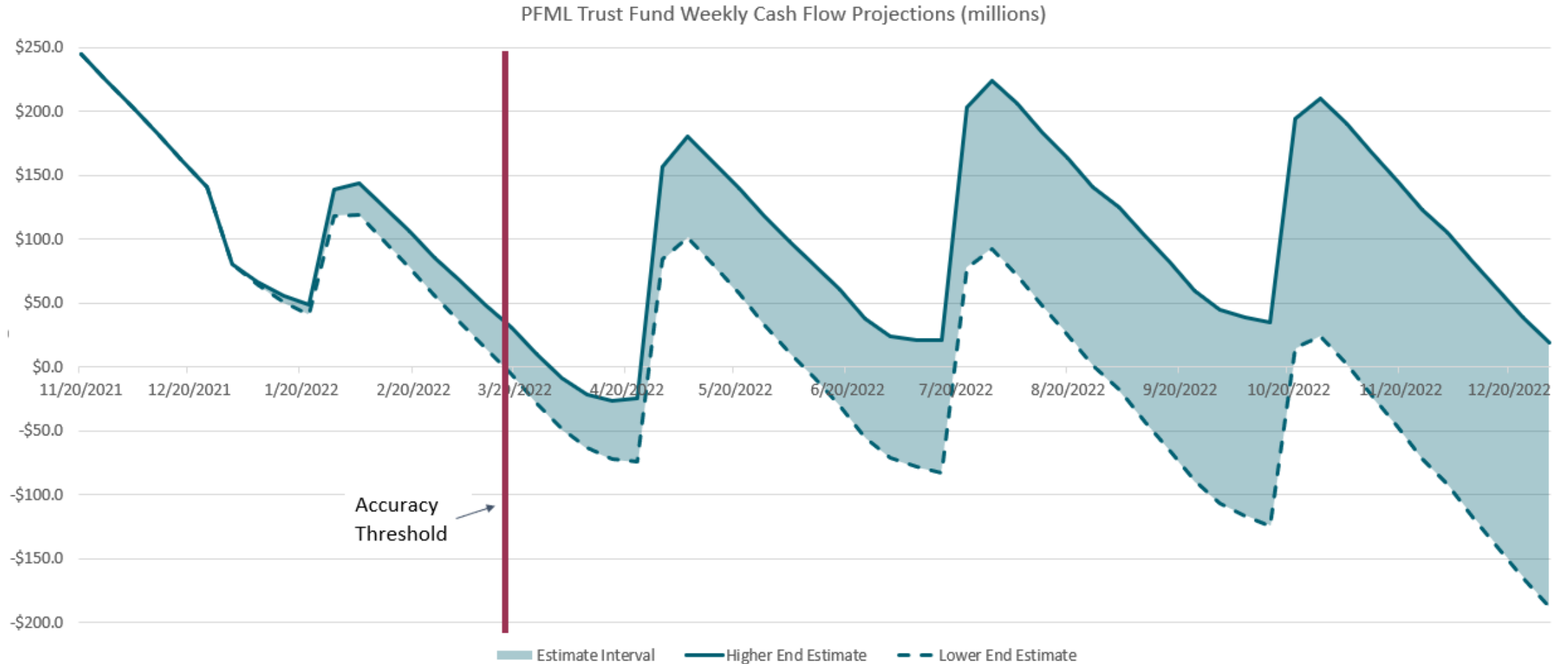
- The Paid Family and Medical Leave Program began paying benefits in January 2020, around the time that the Covid pandemic began.
- At this time, we do not know whether or how the pandemic affected the use of PFML benefits.
- Premium rate-setting is prescribed in statute and is set annually based on the cash balance as of September 30<sup>th</sup>.
- This fall, the Leave and Care Division issued notice of a PFML rate increase from 0.4 of 1% to 0.6 of 1%, consistent with the statute.
- The rate also shifted more costs to the employee as the ratio of medical leave claims decreased while family leave claims increased.

# PFML Fund Solvency

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- Projections for the PFML Fund have been challenging as the program has only two years of data on benefit payments and revenues received.
- Governor Inslee's Supplemental Budget includes \$100k in funding for an actuary to assist ESD with refining its projections and identifying rate options for long-term solvency.
- ESD is currently concerned about the fund's solvency given recent cash projections which show that a deficit cash position in March or April of 2022 is likely (as the rate increase will not be available until the end of the first quarter).
- The proposed supplemental budget (SB 5793, Sect 720) includes \$82 million in General Fund-State which can be transferred into the PFML account upon certification of a negative fund balance to ensure continuation of benefit payments.
  - The initial rate setting did not provide for a minimum reserve, although the legislature allowed benefits to be collected in advance of paying benefits.
  - Current statute does not provide for paying benefits if funding is not available.

# PFML Trust Fund Weekly Cash Flow Projections through 2022



# PFML FTE Authority

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ESD developed a staffing model for the Paid Family Medical Leave program which was included in Governor Inslee's budget. An additional 125.8 biennial FTEs were added.

ESD has sufficient funding but lacks the FTE (full time equivalent) authority to staff to process projected cases in a timely manner.

By aligning FTEs with the caseload, there have been significant improvements in customer experience in the last few months:

- 47% of calls reaching the queue to increased to 73% of calls.
- 40% of calls answered increased to 70% of calls answered.
- The average queue time of 1 hour and 4 minutes decreased to 14.2 minutes.

# Questions?

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