



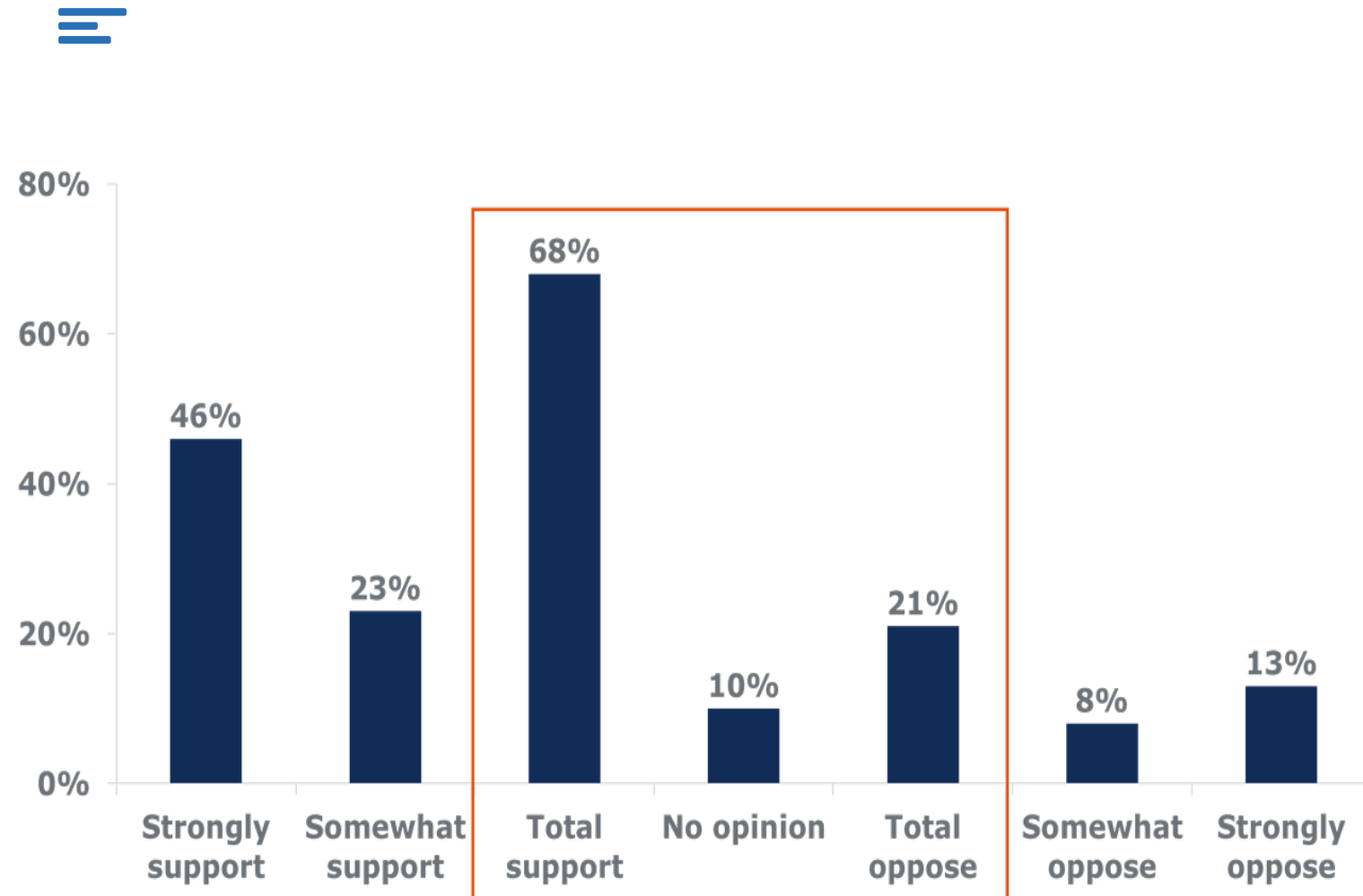
Paid Family Leave Discussion
Presentation to COSC Employment & Labor
Committee

Presented by:
Gary Chandler, AWB Vice President
Government Affairs

November 6, 2017

Paid Family Leave Discussion

“Washington legislators approved a paid family and medical leave insurance program to provide employees with a portion of their wages when they need to be away from work to care for a new baby or sick family member. However, the program has never been funded. Do you support or oppose funding this program?” (Q2)



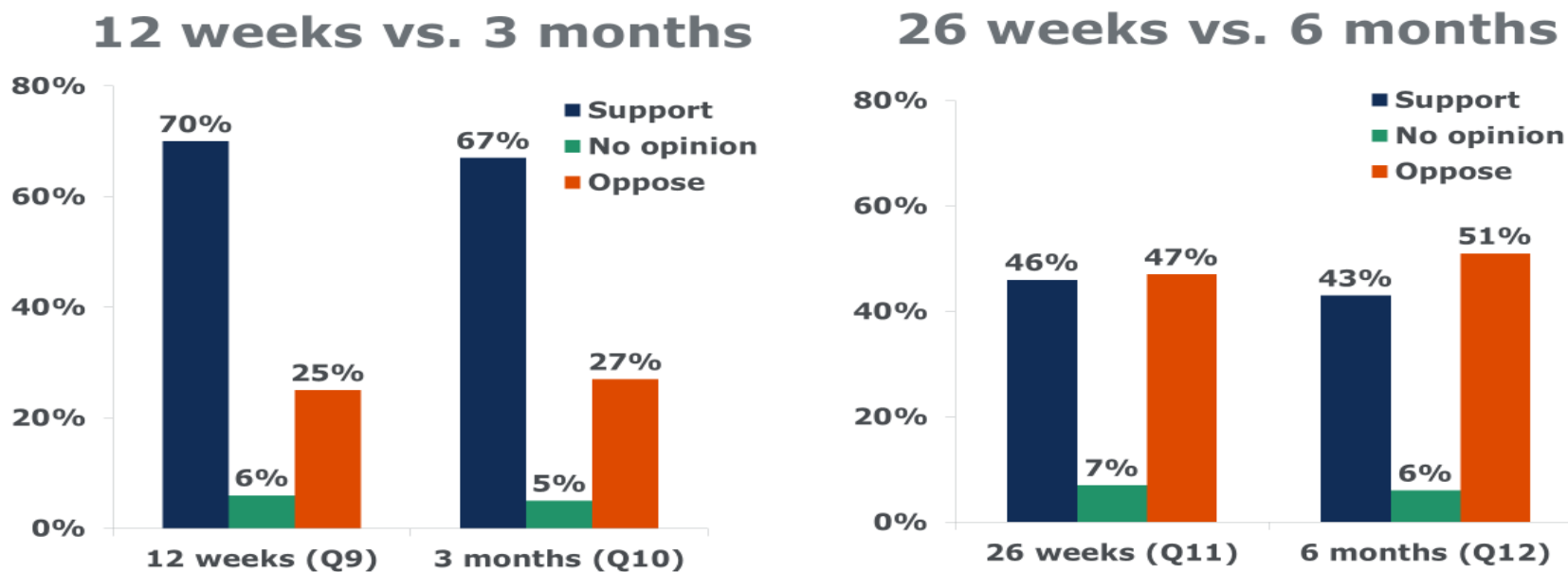
Support for Funding Paid Family & Medical Leave: Key Subgroups (1)

	Support	No opinion	Oppose	Net support
All	68%	10%	21%	+47%
Region				
Seattle	80%	15%	5%	+75%
Non-Seattle King Co.	73%	4%	22%	+51%
Kitsap/Pierce/Snohomish/Thurston Cos.	68%	10%	22%	+46%
Other West	67%	11%	22%	+45%
East	60%	12%	28%	+32%
Gender				
Men	60%	10%	31%	+29%
Women	76%	10%	13%	+63%
Age				
18-34	78%	10%	12%	+66%
35-54	65%	12%	24%	+41%
55-64	73%	5%	22%	+51%
65+	66%	13%	22%	+44%
Party ID				
Republicans	42%	15%	42%	--
Independents/others	64%	11%	25%	+39%
Democrats	92%	5%	3%	+89%

Paid Family Leave Discussion

Reactions to Length of Paid Leave: Weeks vs. Months

7



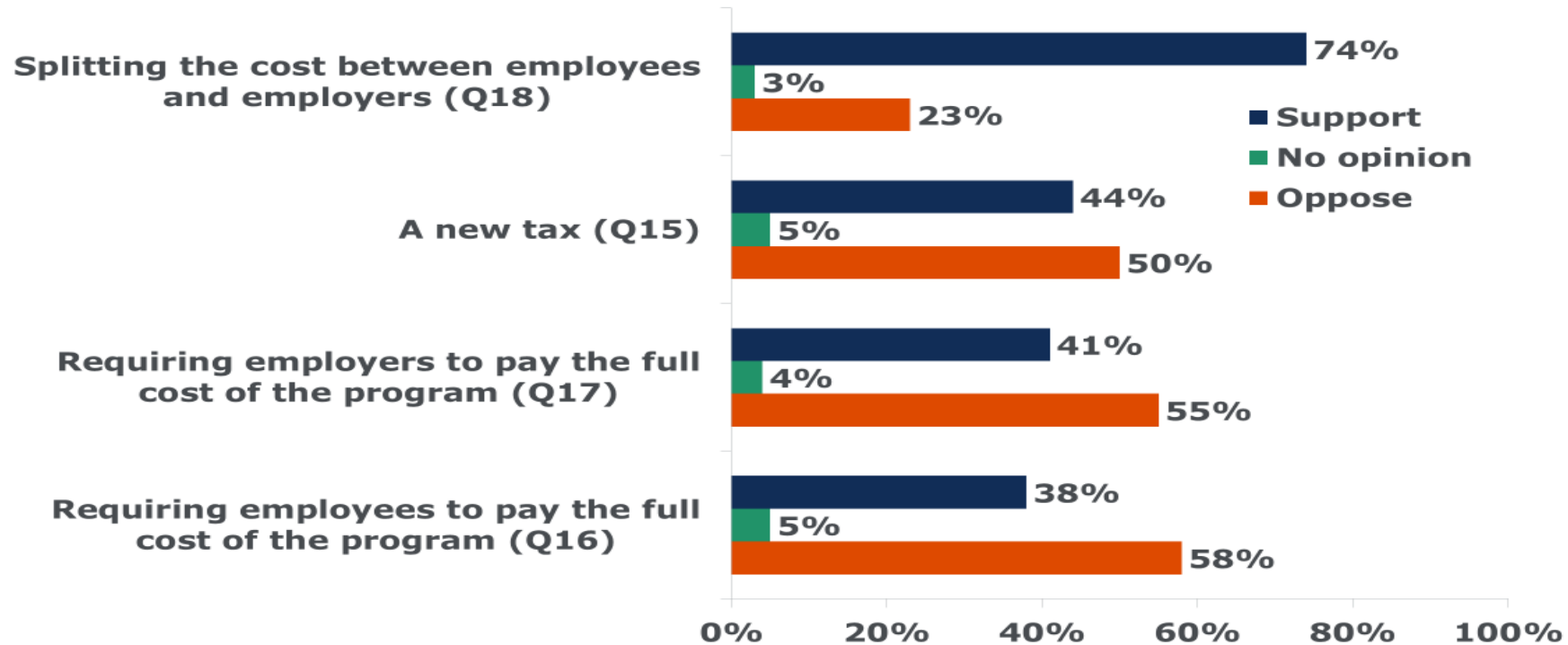
- Defining leave in terms of weeks instead of months garners slightly more support from voters.
- 12 weeks is the most palatable option overall.
- Democrats widely support the 12 week/3 month options (more than 80% support) and nearly two in three Democrats support the 26 week/6 month options.
- Independents support 12 week/3 month options by significant margins (more than six in 10 support), but are opposed to the 26 week/6 month options.
- Republicans support the 12 week/3 month options, but by much narrower margins than Democrats or Independents. The 26 week/6 month options are opposed by a majority of GOP voters.

Paid Family Leave Discussion

Options to Fund Paid Medical & Family Leave

9

"The current paid family and medical leave insurance program is not in effect because the legislature has not decided how to fund the program, which would cost hundreds of millions of dollars. Please tell me if you would support or oppose each of the following possible funding sources for paid family and medical leave."



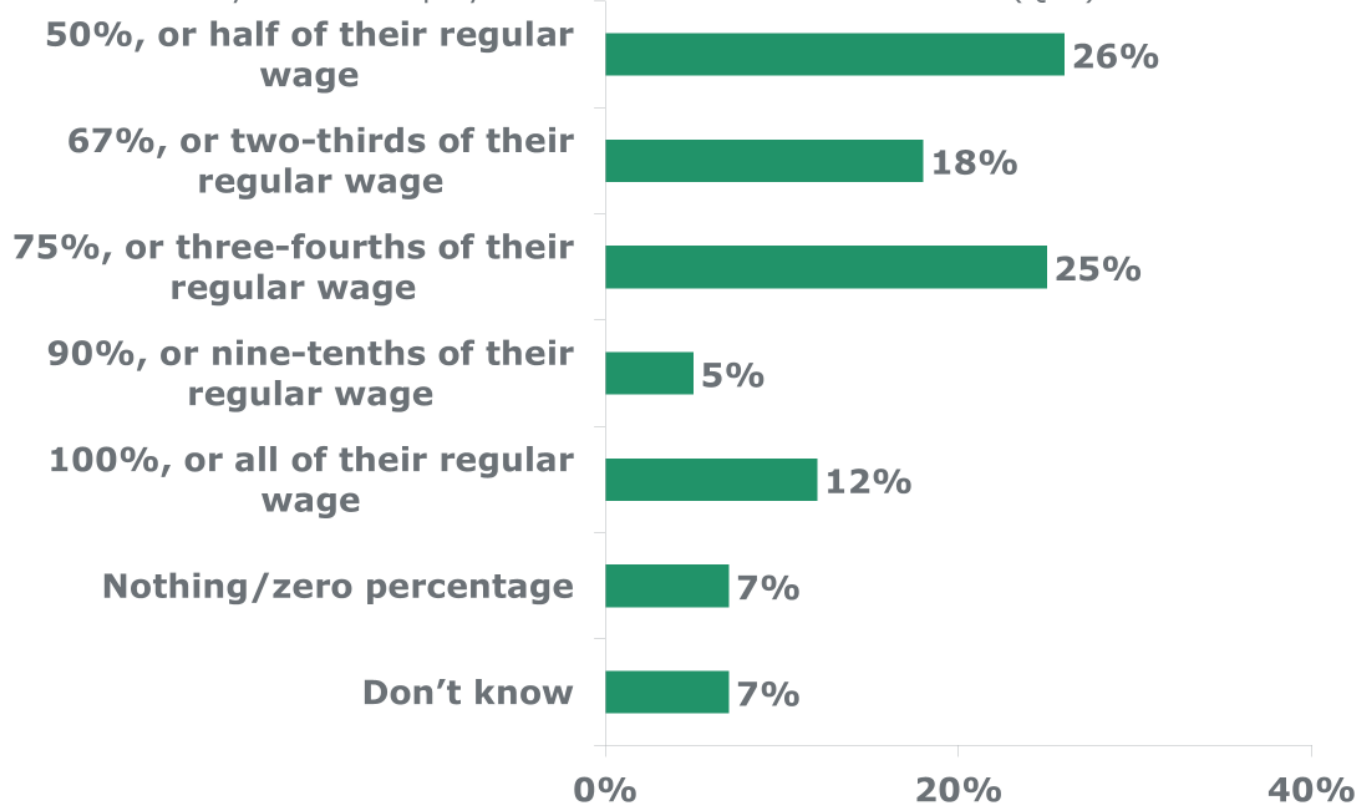
There is consensus agreement that employees and employers should share in the cost of paid family and medical leave benefits.

Paid Family Leave Discussion

What Percentage of Wage Should Employees Receive While on Leave?

8

"When an employee receives paid family and medical leave, what percentage of their regular wages do you think employees should receive while on leave?" (Q14)



Agreement– After months of negotiation with Business, Labor, and Legislators the parties reached a compromise.

- Walk through details of the proposal
- Provide examples of how program will work

Summary of agreement - Cost

Total estimated cost of the program is .3% - .5% of payroll

Two separate funds are established

Paid Family Leave fund – approximately 1/3 of the cost of the program

- 100% funded by the employee
- Funds:
 - Child bonding, ill family member, military exigency

Disability/Medical fund – approximately 2/3 of the cost of the program

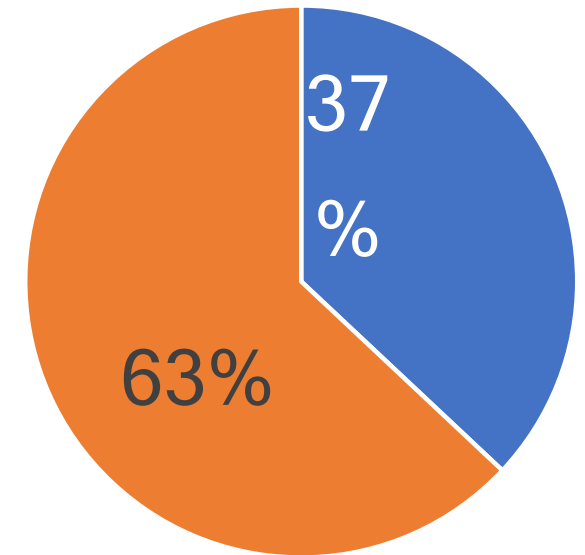
- 55% paid by the employer, 45% paid by employee
- Total employer contribution is 37% (.111% - .185% of payroll)
- Funds:
 - Employee's disability, including pregnancy

Example: Minimum wage employee - \$0.015/hr, 30 hours/week - \$0.45/week,
\$23.38/year

Example: Average wage employee - \$0.03/hr, 40 hours/week - \$1.20/week,
\$62.45/year

Example: \$1 million annual payroll - \$1,110/year

Cost Share



- Employer
- Employee

Summary of Agreement – Who is covered

- All employees who have worked for any employer(s) for 820 hours in 4/5 previous quarters
 - ❖ 820 hours = 5 months at full time, 15 hours/week for the full year
- Employees who work for an employer with fewer than 50 employees are covered and pay in to the fund, employer does not
- Small employer with fewer than 50 employees may choose to opt in
- Independent contractors and self employed may opt it

Summary of Agreement – Business incentives

- All employers, small and large, opted in to the program or not will receive protection from Unemployment Insurance charges due to hiring a temporary employee
- Businesses with < 150 employees, and have opted in to the program are eligible for a \$3,000 payment to cover the cost of a temporary employee. Capped at \$30,000 per year
- Businesses with <150 employees, and have opted in to the program can choose to retrain an employee internally and will be eligible to receive reimbursement for actual costs up to \$1,000 (costs can include training, overtime, etc.)
- Employers who already provide comparable benefits may seek a waiver if they choose to continue their own plans

Summary of Agreement – Length of Benefit

- Employees who are eligible (worked at least 820 hours in the workforce in 4/5 last quarters) may access paid leave for qualifying events:
 - ❖ 12 weeks for family care
 - ❖ 12 weeks for personal medical/disability
 - ❖ Capped at a total 16 weeks per 12 month period
 - ❖ A person who experiences **disability related to pregnancy** is eligible to take 14 weeks of disability, for a total of 18 weeks per 12 month period

We will walk through how this works later.

Summary of Agreement – Qualifying Events

- Eligible employees may take leave if they have a qualifying event that is [medically certified](#).
- Family Leave:
 - ❖ Birth, adoption, placement of a child (either parent)
 - ❖ Serious illness of a family member, requires treatment or care
 - Parent, Parent-in-law
 - Grandparent
 - Spouse
 - Sibling
 - Child
 - Grandchild
 - ❖ Military Exigency
- Medical/Disability Leave
 - ❖ Employee's personal and serious medical issue or disability
 - ❖ Includes recovering from child birth or [pregnancy related complications](#)

Summary of Agreement – Employer Requirements

Job Retention benefit:

- While all qualified employees are eligible to take leave, **the employer does not have any additional benefits beyond what is already required**

FMLA

- Employers with > 50 employees
- Must reserve position for an employee if they have worked with that employer for at least **12 months, and have worked 1250 hours** with that employer
- Must continue health care benefits while FMLA covered employee is out

Summary of Agreement – Wage Replacement

- Qualified employees who take PFL are entitled to a portion of their wages, calculated:
- 90% of wages up to 50% of the state's average weekly wage
 - ❖ Average weekly wage is set annually by the state, currently \$1082, or \$56,264/yr
 - ❖ Employees making \$13.50 will receive 90% of their wages
- Then, 50% of wages beyond
- No one will receive more than 90% of the AWW, (\$1,000)
- Example: Employee makes \$60,000/year or \$1,153.84/week
 - ❖ 50% of the AWW is = \$541, they receive 90% = \$486.90
 - ❖ Plus, 50% of the rest of his or her wages, $\$1,153.84 - 541 = \612.84 , $\$612.84 \times 50\% = \306.42
 - ❖ $\$486.90 + \$306.42 = \$793.32$, 68% of his or her wages

Summary of Agreement – Statewide program

- This is a **STATEWIDE** program, administered by Employment Security Department
- Key aspect of this program is the portability for workers, which does not function without statewide consistency
- **Local governments will be prohibited from enforcing, mandating separate program**



Summary of Agreement – Questions

Next: How Does it work?

How Does it Work? Small business, has **not** opted in to the program



Jane
works 40/week
14 months



Jane has paid her portion
of PFL, via a payroll tax
collected by employer
and remitted to ESD.

Employer has not paid



Qualifying event



Jane is able to take 12
weeks of PFL to pay her
bills while she recovers,
she receives a check
from ESD every week.

Employer hires new
employee to replace
Jane.

How Does it Work? Small business, has opted **in to** the program



Jane works 40/week
14 months



Jane has paid her portion of PFL, via a payroll tax collected by employer and remitted to ESD.

Employer has also paid



Notifies her employer at least 30 days in advance.

Qualifying event



Jane files her claim with ESD and waits 7 days. She may choose to use her PSSL under I-1433. Jane is able to take 12 weeks of PFL to pay her bills while she bonds with baby.



Employer gets \$3,000 to cover costs of hiring a temp worker while Jane is gone.

How Does it Work? Business with 150+ employees



Jane works 40/week
14 months



Jane has paid her portion of PFL, via a payroll tax collected by employer and remitted to ESD.

Employer has also paid



Jane notifies her employer 30+ days before planning to give birth.

Qualifying event
Pregnancy
disability + birth of child



Jane files the claim with ESD, must wait 7 days where she may use her PSSS from I-1433. She has 6 weeks of her medical leave. The baby is born, she takes 12 more weeks of family leave to bond with child for total of 18 weeks.



Employer hires a temporary worker, lays off temporary worker when Jane returns. Employer is not charged for temp worker's UI experience.

How Does it Work? Business with 150+ employees



John worked 820+ hours
2nd day with employer



John has paid his share of PFL with other employers.

Employer has also paid on 2 days worth of wages for John.



Qualifying event, John is not able to work



John gets 12 weeks of paid medical leave to recover.

Employer is not obligated to hold position, they hire a new employee.

How Does it Work? Business with *waived program*



John
works 40/week
10 months



John has paid his
share of family leave
through employer.

Employer already
provides short term
disability insurance,
and has been waived
from the state
program.



Qualifying event,
John is not able to
work



John receives 100% of his salary while he
is gone, = to more than what he would
have received through state program,
but employer provides 7 weeks of leave.

John still needs one more week, and he
has 12 weeks of protected leave so he
uses his PSSL under I-1433.



Questions?

*Thank you
Gary Chandler*



*PO Box 658 / Olympia, WA 98507-0658 / 1414 Cherry St. SE / Olympia, WA 98501
360.943.1600 / garyc@awb.org Awb.org*