



# *Paid Family & Medical Leave*

*ASA Washington Staffing Symposium*

*Presented by:  
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Government Affairs*

*September 18, 2018*

*Why look at Paid Family and Medical Leave Now?  
The reason why business considered legislation.*

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- Polling Results
- Possible Initiative and Local Ordinances.

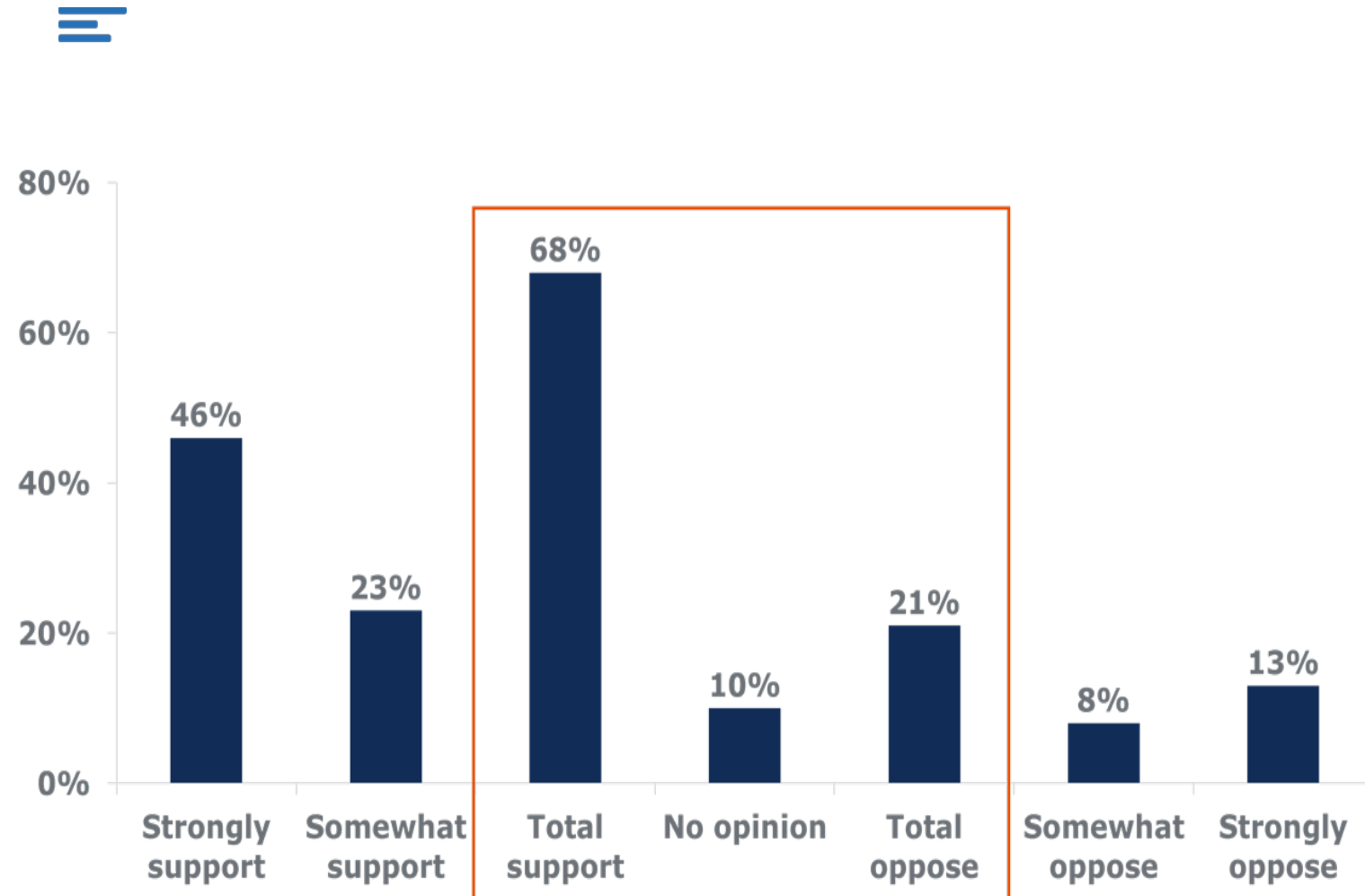
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# Overview of Significant Polling Results

## 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)*



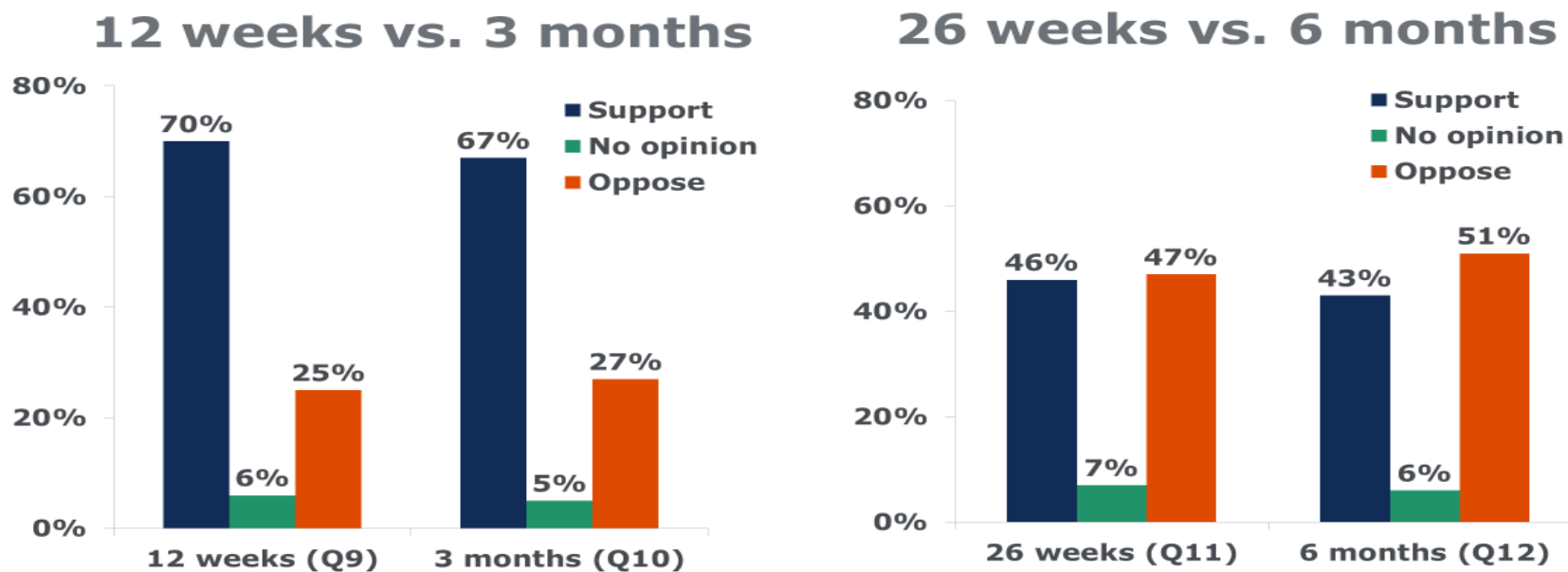
## Support for Funding Paid Family & Medical Leave: Key Subgroups (1)

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

# Paid Family Leave Discussion

## Reactions to Length of Paid Leave: Weeks vs. Months

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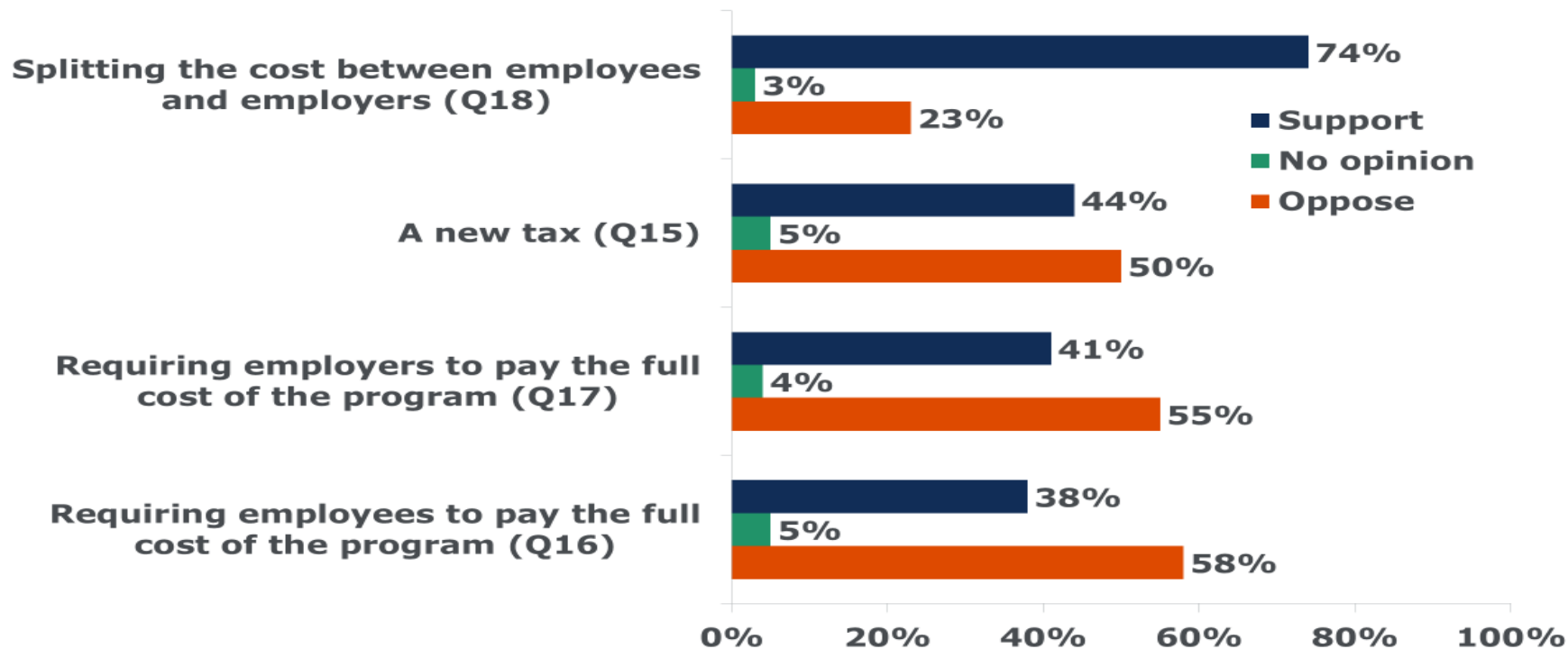
- Defining leave in terms of weeks instead of months garners slightly more support from voters.
- 12 weeks is the most palatable option overall.
- Democrats widely support the 12 week/3 month options (more than 80% support) and nearly two in three Democrats support the 26 week/6 month options.
- Independents 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

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"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."



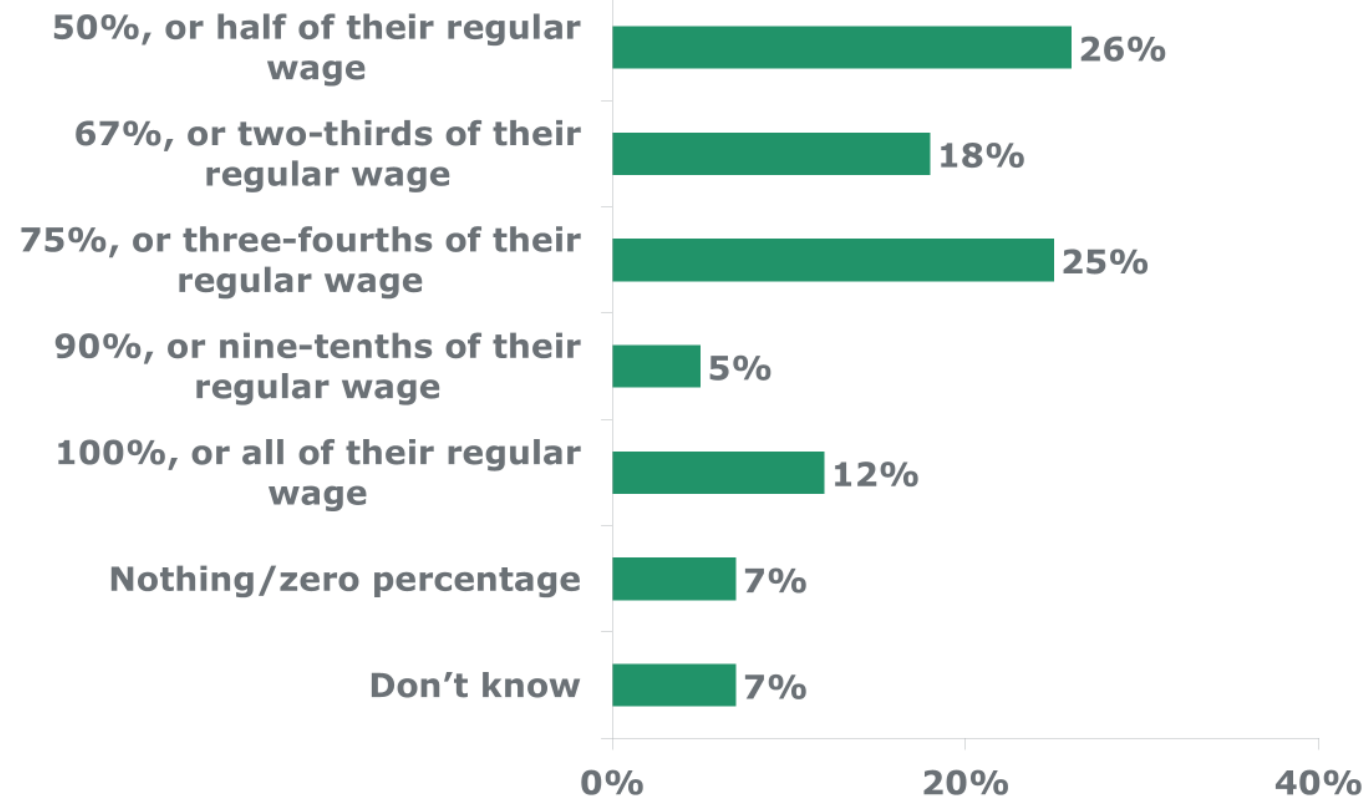
**There is consensus agreement that employees and employers should share in the cost of paid family and medical leave benefits.**

# *Paid Family Leave Discussion*

## **What Percentage of Wage Should Employees Receive While on Leave?**

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"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)





## *The Negotiated Agreement*

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

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- First we will walk through details of the Legislation
- Second we will provide some examples of how the program is expected to work

Cost Share

# Summary of agreement - Cost

## What is this going to cost me?



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

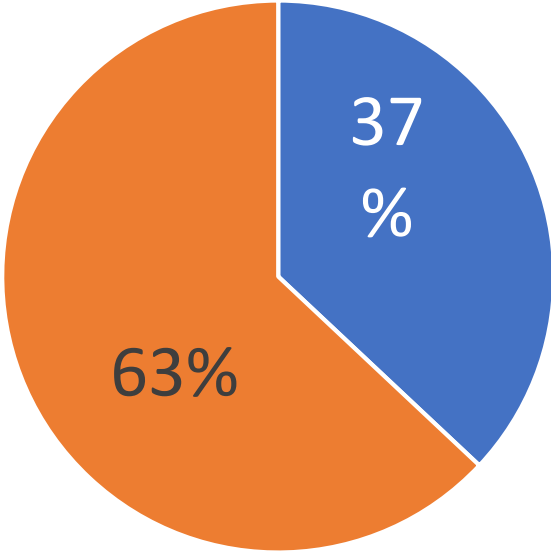
**Disability/Medical fund** – approximately 2/3 of the cost of the program

- 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



■ Employer

■ Employee

## *Summary of Agreement – Who is covered*

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- All employees who have worked for any employer(s) for 820 hours in 4/5 previous quarters
  - ❖ 820 hours = 5 months at full time or 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 - An employer does not pay in unless they opt in
- A 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*

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- All employers, small and large, regardless of whether that are 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*

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- 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 an additional 2 weeks, for a total of 18 weeks per 12 month period

We will walk through how this works later.

# Summary of Agreement – Qualifying Events

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- 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*

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## 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 under FMLA**

## What does FMLA require:

- 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

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- 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*

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- 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 are prohibited from enforcing the State law, mandating separate program, or requiring an employer to top off benefits**



*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



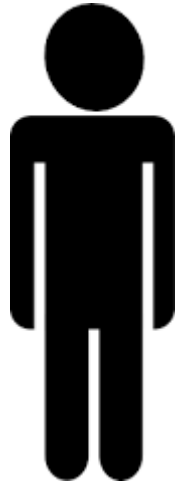
Jane files the claim with ESD, must wait 7 days where she may use her PSSS from I-1433. She has 6 weeks of her medical leave. The baby is born, she takes 12 more weeks of family leave to bond with child for total of 18 weeks.



Job must be held. 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*

*New employee but qualified under prior employer*



John  
worked 820+  
hours  
2<sup>nd</sup> 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 may  
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, It must equal more than what he  
would have received through the state  
program, but employer provides only 8  
weeks of paid leave.

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



*Questions*



*Thank you  
Bob Battles*



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