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WASHINGTON'S PAID FAMILY & MEDICAL LEAVE PROGRAM AFTER TWO YEARS OF OPERATION

EXECUTIVE SUMMARY

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Washington's Paid Family & Medical Leave program (PFML) launched in January 2020, the same month that the nation's first COVID-19 case was identified in the state. During its first two years, PFML provided benefits on 262,500 claims from people welcoming a new child or coping with serious illness or family military deployment. While there have been hiccups in program implementation, the program has provided time and economic security when people needed those most. Participants have described the program as "life-changing" and "a godsend." It remains highly popular with both workers and employers.

Program usage and applicant characteristics

Washington's program provides up to 12 weeks of family or medical leave, and up to 18 weeks in some circumstances when family and medical leaves are combined. It is administered by the Employment Security Department (ESD). In 2020, 53% of claims were for family leave; 9% of all claims for that year were for bonding with children born or placed in 2019. Since mid-2020, family leaves have represented 51% of claims.

Leaves that commenced July 2020 through June 2021 averaged 10 weeks, including those that combined family and medical leaves. Average lengths of leave were similar for people identifying as male or female who took only medical leave or leave to care for a seriously ill family member. Among those who took only bonding leave, women average 10.5 weeks compared to 8 weeks for men; 63% of women who took leaves for bonding or pregnancy complications combined bonding and medical leaves, both with and without pregnancy-related complications, for longer leaves.

ESD used both program data and 2019 American Community Survey microdata to compare program users to eligible workers. People making less than $16 per hour were least likely to use the program, representing over 18% of eligible workers, but just 10% of leaves. Those making between $16 and $54 per hour took somewhat higher percentages of leaves than their share of eligible workers. Employees at firms with fewer than 50 employees make up 29% of eligible workers, yet only 17% of program participants. However, employees making under $16 in large firms are even less likely to use the program than low-wage workers in small firms.

Applicants who identify as male or female have taken bonding leaves at close to equal rates, but women make the majority of other types of claims. People aged 30 to 39 of all races and ethnicities are especially likely to take leave. This age group represents 24% of eligible workers, but takes 42% of all leaves and over 60% of leaves for bonding and pregnancy complications.

Among 30 to 39 year old women, Asian, Pacific Islander, white, and Black women took similarly high rates of leave. Latina and Native American women in their 30s took leave at lower rates than other women in their age group, but at higher rates than other demographic groupings. Among men, Asian and white 30 to 39 year olds were more likely to use the program than other BIPOC 30 to 39 year olds. Asian men and women over 50 or under 30 were the least likely demographic groups to use the program relative to their representation in the Washington workforce.

Early projections underestimated initial demand and staffing needs

Washington was the fifth state to implement a full PFML program, but the first to build a new program from scratch. The four states with earlier programs added family leave to long-established temporary disability insurance programs, and it took several years before workers in those states took family leave at the rates projected. Washington expected a similarly slow start, but demand turned out to be much higher than anticipated for the first two years. During the first six months of 2020, the program paid claims to 33% more people than expected – 48,000 rather than 36,000.

Higher than expected demand resulted in lengthy delays in processing applications over the first several months of 2020. ESD hired more permanent staff and brought in some temporary help. Typical times to process initial applications fell from ten weeks or more through the early spring to two weeks by the end of June 2020. However, lengthy telephone hold times and frequently dropped calls remained a serious problem that only began improving during the final months of 2021 when additional staff were brought onboard. Even with expanded staffing, administrative costs remain low, representing 4.3% of program expenditures for calendar 2021, and 4.6% for the first quarter of 2022.

These delays caused financial and emotional stress for people already in the midst of health emergencies or family transitions. Lack of phone access and slow processing of claims have especially been an issue for people whose language proficiency is in a language other than English. Washington's PFML program started out understaffed in part due to higher than predicted demand. More significantly, decades of ideological attacks on government have resulted in largescale underfunding of public services and barebones staffing levels for many public services. Insufficient staffing prior to program launch also meant the application and weekly claims processes, while functional, were not particularly user-friendly for customers and required some manual processing, further slowing approvals and delivery of benefits.

In January 2022, ESD announced that they might face cashflow issues with the trust fund in March or April. High demand, the impacts of the pandemic on employment, and continued steady growth of the program all played a role in the shortage of funds. However, a key factor was also that the premium setting formula established by the initial legislation was designed to keep premiums as low as possible and to prevent a large buildup in the trust fund. For 2019 through 2021, premiums stayed at 0.4%, then increased according to the formula to 0.6% for 2022. In order to assure timely payment of benefits throughout 2022, the legislature took several actions that had broad bipartisan support. They set aside $350 million of state general funds as a separate PFML reserve account in the supplemental state budget adopted in March, and also passed legislation that provided for actuarial analysis and established a taskforce to bring recommendations to the 2023 legislature on any adjustments needed to maintain long term financial stability for the program.

Continuous improvement

As an entirely new program, policymakers and advocates understood from the start that PFML would require careful monitoring and ongoing adjustments to both program administration and policy in order to achieve the goals of healthier outcomes and financial resilience for workers and employers.

The state legislature adopted several policy improvements in 2021 and 2022. Bills in 2021 expanded the definition of "family" to include chosen family and added an additional qualifying period for people who lost work hours due to COVID. Senate Bill 5649, which passed in 2022 with overwhelming bipartisan support, extended leave for new parents for seven days after the death of their child and allowed people to take medical leave during the first six weeks after giving birth without requiring additional medical certification.

Looking ahead – Key lessons

Washington's experience in implementing a new comprehensive PFML program points to lessons for other states and a federal program. These include:

1. **Everyone in the U.S. needs access to robust and comprehensive PFML:** Paid Family & Medical Leave programs improve health and family economic security in both the short and long run. Yet to

date, only 12 jurisdictions have approved programs. Congress should move forward with adopting a national PFML program similar to the policy proposed by the U.S. House Ways & Means Committee for the Build Back Better package in 2021.

2. **Design for equity, but expect to need continuous improvements:** From the beginning, Washington's program included policy elements to promote equitable access to benefits and positive health outcomes, including progressive benefits, shared premiums, 12 to 18 weeks of leave, an expansive definition of family, requirements for outreach, portability across employers and between jobs, and administration by the state, which allows for higher levels of transparency, accountability, and portability. Since implementation in 2020, program administrators and state legislators have made additional policy improvements. PFML programs will need to continue to identify gaps and priority concerns and make adjustments over time to ultimately achieve equitable outcomes.

3. **Build in tools to evaluate equity:** Washington is one of the few, if not the only, state PFML programs to collect demographic data from program applicants. It requires annual reports to the legislature and established an ombuds office for the program and an Advisory Committee, providing additional layers of program oversight and feedback.

4. **Staff for high-quality customer service and equitable access:** Lack of sufficient staffing over the first two years of Washington's PFML program made access to the program difficult for everyone. Despite political pressure and the prevalence of anti-government rhetoric, policymakers should be prepared to make the investments in staffing that will allow programs to succeed in their missions. Even with expanded staffing, as a publicly administered program, Washington's PFML administrative costs remain below 5% of program expenditures.

5. **Anticipate that new programs may have higher take-up rates than experienced by California, New Jersey, and Rhode Island:** New state and federal programs should be prepared to see similarly high take-up rates as Washington's from the beginning.