LEGISLATIVE REPORT

Paid Family and Medical Leave Program Needs and Resources

OCTOBER 2025

Employment Security Department
WASHINGTON STATE

Contact

JR Richards

Director of Insurance Services Division

jennifer.richards@esd.wa.gov | 360-463-1079

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Executive summary

Engrossed Substitute Senate Bill 5167 (Section 232 (3)) requires the Employment Security Department (Employment Security) to reassess ongoing staffing and funding needs for the Paid Family and Medical Leave (Paid Leave) program and submit documentation of the updated need by Oct. 1, 2025, each year. This report is submitted to meet this requirement and seeks to create understanding about the resources needed to support the program's operations.

Key insights and resource gaps include:

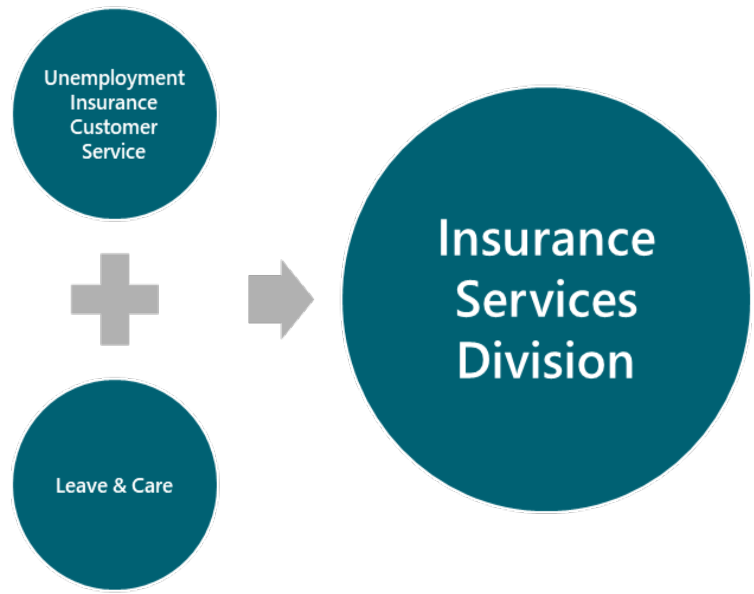
- Paid Leave application volume grew by 15% to over 320,000 applications in FY25, up from 280,000 in the previous fiscal year.
- Paid Leave paid over $2 billion in benefits payments to more than 240,000 Washington residents in FY25, increasing by about $300 million from the previous fiscal year.
- Employment Security has reorganized so that the Paid Leave, WA Cares, and Unemployment Insurance programs are housed in the same division to help establish efficiencies where programs overlap.
- Employment Security formally adopted new key performance indicators and made considerable progress in application processing times; more than 70% of applications have been processed within two weeks but there has been limited success on telephony and time-to-first-payment indicators.
- Additional staff capacity has not been realized. Paid Leave has a budget allocation of 363 FTEs including staff funded in the 2025 budget for customer service-oriented frontline staff. Employment Security has filled about 318 of these positions.
- Efforts to prioritize implementing and improving the Paid Leave program and customer experience, such as enhancing the questions on the weekly claim questionnaire while developing the process for benefit overpayments, continues.
- The Paid Leave program's funding needs are indeterminate at this time; Employment Security will reassess program staffing and resource needs prior to the 2027 legislative session.

Continued support for program growth

Establishing the Insurance Support Division

During the 2025 legislative session, Employment Security established the Insurance Services Division. This division houses both the Unemployment Customer Services division (UICS) and the Leave and Care Division (LCD) under one organizational leadership structure.

LCD is responsible for the implementation and administration of the Paid Leave and WA Cares programs, while UICS manages the state's unemployment insurance (UI) program. The continued growth of the Paid Leave program and the upcoming launch of WA Cares benefits (WA Cares premium collection is already under way), presented an opportunity to create efficiencies by aligning similar work across these three programs.



For example, there is more than a 95% overlap in the employers served across the three programs. The ways in which employers file quarterly wage reports and pay premiums is very similar. Likewise, the documentation required for an audit in UI, Paid Leave, and WA Cares are similar. Auditing all three programs at the same time is more efficient for Employment Security and reduces the administrative burden on employers statewide.

While the benefit applicants and customers served across the three programs are largely different, the expected service levels are shared. This restructure allows Employment Security to deploy best practices and lessons learned in the UI program into Paid Leave and WA Cares, while bringing innovative approaches in technical and program design learned through recent implementation efforts of the two newer programs to the UI space.

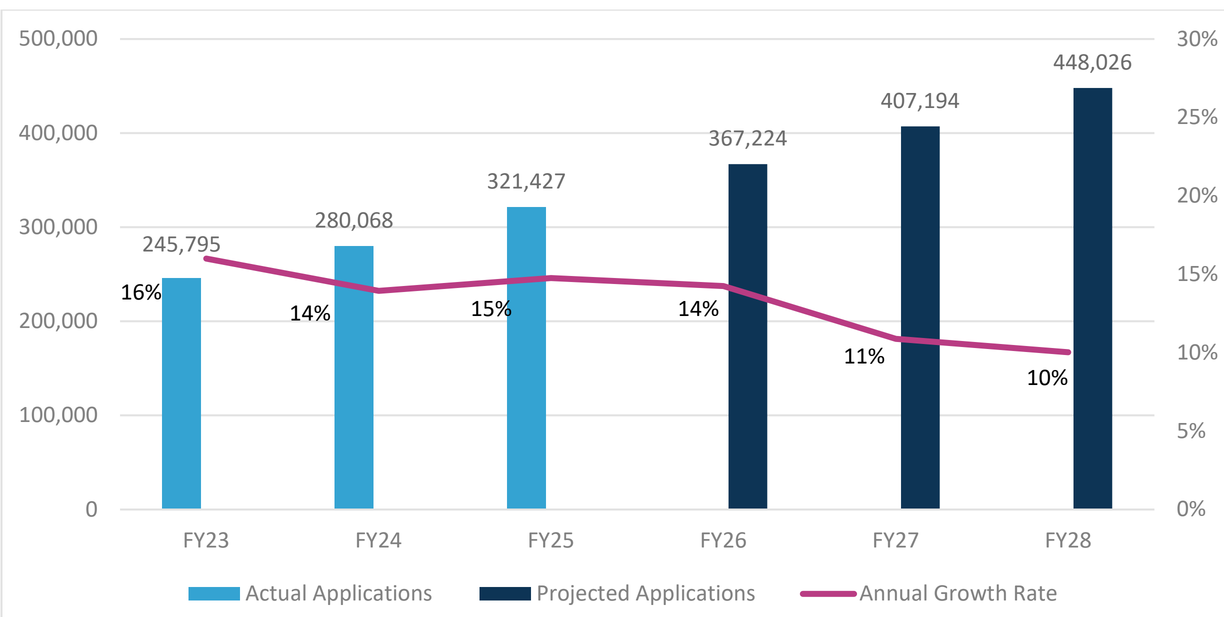
While this work has begun, Employment Security will continue to grow. Employment Security will continue to develop new and innovative ways to improve service delivery. Because it is too early to understand the full scope of the impacts of the internal efforts, achieving expected service levels will likely require additional resources.

Caseload management

Claim application volumes

Over the last few fiscal years, the Paid Leave program has seen consistent growth of around 15%, increasing about 75,000 applications from FY23 to FY25. This resulted in just over 321,000 applications in FY25. Employment Security received increased funding to support additional Customer Care Teams (CCTs) for the 2025-27 biennium based on projected application volumes of around 325,000 applications in FY25, and estimates taken from the Employment Security's Office of Actuarial Services put us close to those estimates. However, FY26 and FY27 projections have been revised upward by about 4% and 7%, respectively, increasing by roughly 45,000 applications compared to last year's projections. While the program will show signs of decelerating growth in FY27 and FY28, projections were revised upward largely due to program expansion of the job protection provision found to ESSHB 1213. This bill passed in the 2025 legislative session with the initial effective date of January 1, 2026, and additional FTEs were funded to accommodate the anticipated growth.

Figure 1: Actual and projected claim applications with their annual growth rates by fiscal year.



Source: Employment Security, Paid Leave administrative data

As claim application volumes continue to see steady growth, Employment Security is using newly adopted key performance indicators (KPIs) to help understand future staffing needs.

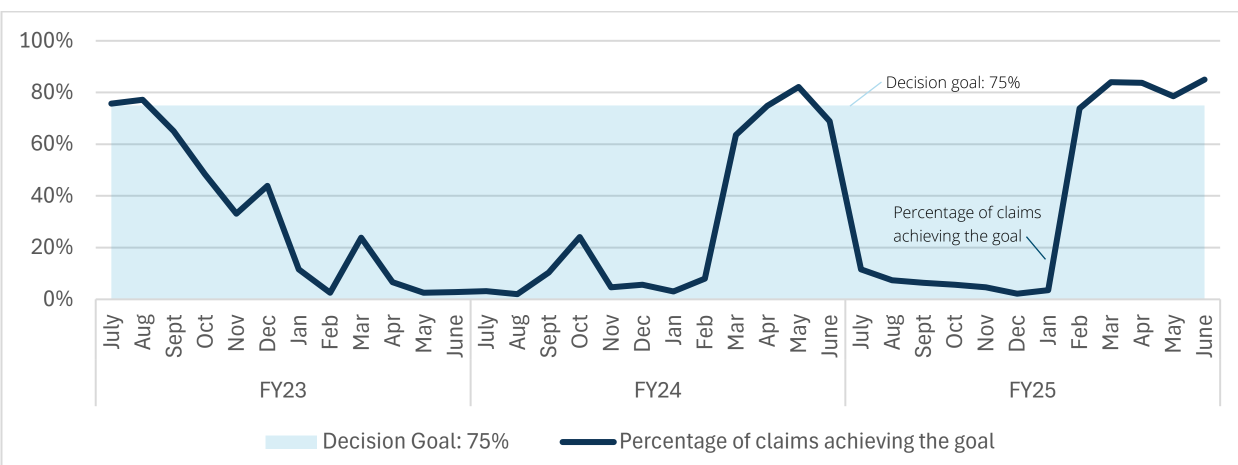
Key performance indicators

In January 2025, the Joint Legislative Audit and Review Committee (JLARC) published findings in their report on the Paid Family and Medical Leave Program. JLARC recommended the program "adopt quantifiable customer-oriented performance measures for claims processing and call center management." With the guidance and approval from the Paid Family and Medical Leave Advisory Committee (Advisory Committee), Employment Security adopted KPIs and performance goals, with two measures tracking claim application processing times and one measure tracking phone hold times. The other KPIs approved by the Advisory Committee related to secure messaging, email response times, and employer account access. While these are important metrics, the ability to track and monitor these is still being developed. However, these six KPIs are being used to evaluate responsiveness, effectiveness, and resource allocation for the CCTs as a way to increase productivity as we align Employment Security programs and transition into the Insurance Services Division.

Claim application processing times

The first claim processing time KPI measures the time between when a customer applies to when Employment Security approves or denies that application. Employment Security's goal is to have 75% of all applicants receive a decision within 14 days of their submission date. Figure 2 shows the trend over the last three fiscal years.

Figure 2: Percentage of claim applications achieving goal of 14 days from application submission date to decision.

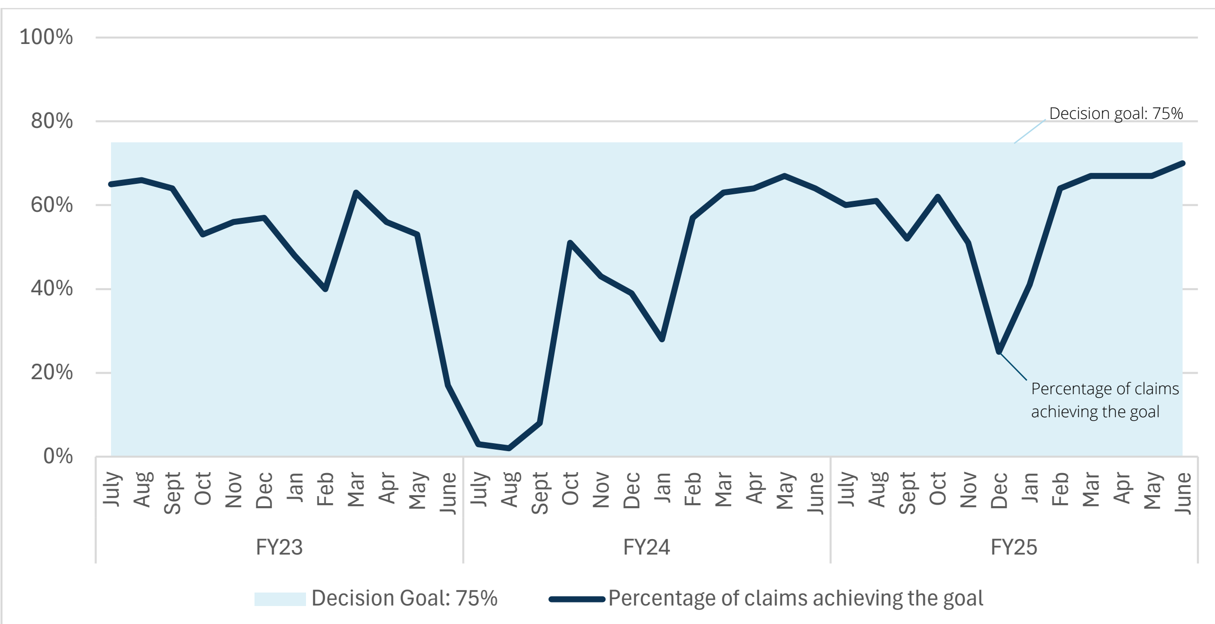


Source: Employment Security, Paid Leave administrative data

Employment Security achieved this goal in four of the last six months in FY25, with a median processing time of around 11 days. This shows significant progress compared to the first six months of FY25, and a majority of FY23 and FY24. Processing times are just beginning to show signs of a cyclical nature, with improvements observed in the springtime while the summer and winter months result in fewer staff hours as more employees are on vacation or holiday. Trends in processing times could also be impacted by new program changes occurring at the start of the year, such as adjustments to the premium rate, benefit amounts, and policy changes passed during legislative session, requiring staff to learn any new program changes. However, program trends are hard to establish this early on and as the program matures more analysis will need to be carried out to understand trends during peak seasons.

Figure 3 shows the second KPI related to processing times, the time from application submission date to first processed weekly claim, whether it is approved, denied, or a non-payment waiting week. Similarly, the goal is 75% of claims with their first weekly claim processed within 21 days.

Figure 3: Percentage of claim applications achieving goal of 21 days from application submission date to first weekly claim decision.



Source: Employment Security, Paid Leave administrative data

As the graph shows, Employment Security has yet to hit this mark, with a median processing time of around 14 days. This means that while less than 75% of claims are not achieving that goal, the median customer is getting their first weekly claim adjudicated within 14 days. Although still falling short of the goal, the last six months of FY25 reached about 65% of claim applications having a decision made on their first weekly claim within 21 days and 75% of claim applications received a decision within about 26 days of the claim application submission date.

While this KPI is important to track, a customer's time to first payment does not necessarily measure adjudicating staff efficiency as well as the previous indicator because this indicator includes the added time that a customer may take to submit their first weekly claim. This indicator provides insight on the collaboration and interplay between the customer's responsibilities with a claim and Employment Security's responsibilities.

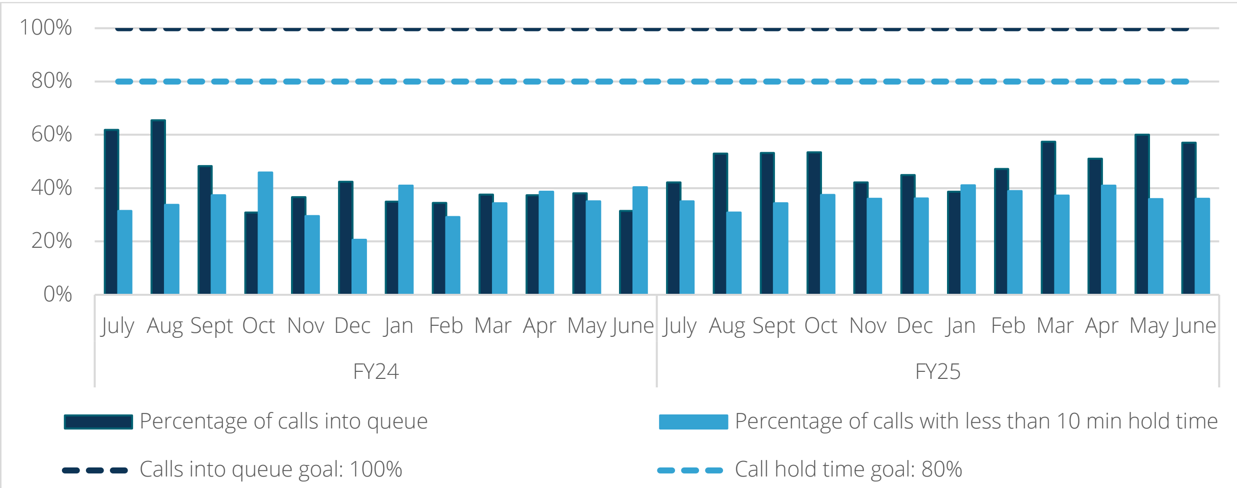
Considerable improvements have been made in the last half of FY25 compared to the rest of the time trend. Employment Security does recognize there is room to improve these processing time KPIs. Unfortunately, the improvements in processing times have come at a cost to other service areas.

Telephony statistics

As claim applications and awareness of the program continue to grow, Customer Care Team staffing has not been able to keep up with demand. Employment Security has reprioritized staff who typically answer phones and return calls to processing claim applications. This was done because a majority of the phone calls are related to status updates on claim applications. The idea of reprioritizing staff from the phones to processing applications is two-fold. First, it will improve processing time metrics and get customers payments quicker. Second, if customers are approved for payment sooner, they will be less likely to call to check on their claim, allowing customers who need additional guidance the ability to get through to staff working the phones.

The KPI related to Paid Leave's phone metrics is a two-part measure. The first goal is that 80% of incoming calls are answered within 10 minutes. The second goal is that no calls are lost due to reaching the high call volume messaging. Currently when Paid Leave is experiencing high call volumes and long phone queues, individuals may receive a message indicating the phones are at capacity and they should call back later. When they receive this message, they are disconnected so that they are not sitting on hold for extended periods of the day. Callers only receive this message when initiating the call. Once the caller enters the queue, they will not receive the high call volume message or be disconnected. Figure 4 shows the telephony KPI.

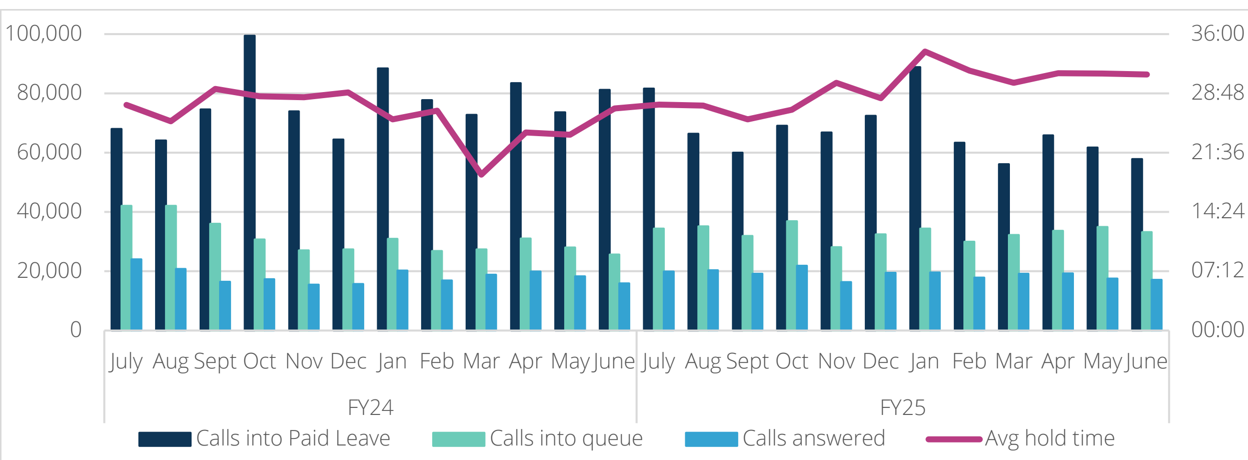
Figure 4: Percentage of calls entering the queues and percentage of calls with less than a 10-minute hold time.



Source: Employment Security, Paid Leave administrative data

While Figure 4 shows how the agency is doing regarding the phone KPIs, Figure 5 provides a more detailed look at the call volumes into the Paid Leave program and average hold times customers experienced over the last two fiscal years.

Figure 5: Paid Leave telephony statistics.



Source: Employment Security, Paid Leave administrative data

The graph provides some evidence that there has been success in reducing the number of calls coming into the program by focusing Customer Care Team staffing capacity on processing claim applications. This is evident in the downward trend in calls into the program. However, this is limited in that the program is still seeing consistently high hold times for customers who do make it into the queue, with the average hold time in the last six months of FY25 sitting at around 31 minutes. This experience is not universal for all customers. The program observes considerably higher hold times because of higher call volumes earlier in the week and during the lunch time hours. This is largely due to customers calling about applications or weekly claims submitted over the weekend when phones are offline.

Regardless, due to limited Customer Care Team staff and the prioritization of processing applications, the telephony statistics are lagging and do not meet acceptable performance standards, creating a poor customer experience for those calling into the program.

Paid Leave Customer Care Team staffing model

In 2021, Employment Security developed a staffing model using claim volumes to determine the number of benefit specialists (Customer Care Team staff) needed to fully process applications and claims in the Paid Leave program. Every year the agency updates the model with the most recent data on staff productivity to more accurately account for the customer service experience.

Figure 6 breaks out time associated with each claim application-related task and the ratio of related tasks to one benefit application. This ratio shows the number of each activity and relates that as a ratio to incoming benefit applications. For example, the number of redetermination requests the program receives is 1/3 the volume of applications received. That is a ratio of 0.3 redeterminations which take 26 minutes each. This means that for every incoming benefit application, the program can expect four minutes of redetermination work. Likewise, if each customer calls two times on their claim application or in relation to claim applications, there are nearly two times as many calls. Taking all these components of work into consideration, an average claim requires approximately 84 minutes of staff time. The program combines this information with projected claim application volumes to determine ongoing staffing needs.

Figure 6: Current task timing per each claim application processed.

	Ratio quantity	Timing (in minutes)	Total staff time (in minutes)
Leave claim application	1.0	35	35
Phone calls	1.9	15	29
Weekly claim	1.3	4	5
Redetermination	0.3	26	8
Electronic inquiry	1.2	6	7
Overpayments	0.0	95	0
TOTAL			84

Source: Employment Security, Paid Leave administrative data

While the agency recognizes that the program is still in a high growth phase and it is still lagging in some KPIs, Employment Security will not be submitting a request for additional staff resources. Based on the last year's staffing model projections, Employment Security submitted a decision package to fund additional benefit specialists and employer frontline staff to increase employer support capacity. That decision package was partially funded in the 2025-2027 biennium budget, with the Paid Leave program funded for an additional $10.82 million and 43 FTEs largely focusing on increasing the capacity for benefit specialists engaging in direct customer services. While this funding was awarded at the start of FY26, these FTEs have yet to be onboarded so the reduction in the program's customer-facing key performance metrics outlined above have yet to be actualized. The agency has about 318 FTE frontline staff positions filled of the 363 FTEs allotted based on funding from the 2025 legislative session. As these positions are filled and the agency analyzes efficiencies regarding program alignment under the newly established Insurance Service Division, Employment Security will monitor the impact and assess future resource requests in subsequent budget cycles.

Paid Leave customer supporting staff shortages

Direct customer service staff are not the only roles within the Paid Leave program experiencing staffing shortages. There are several workstreams throughout the agency that have been subject to staffing constraints as the program continues to expand. While much of the staffing requests for customer-facing positions have been funded, these supporting positions have not.

Policy

The operational policy team has become more integrated into the work of Paid Leave, expanding their required work to assist with Paid Leave-related tasks. To continue this support, the operational policy team requires additional staffing to:

- Schedule hearings.
- Provide transcription services.
- Provide administrative help.
- Document processes.
- Manage and adjudicate internal benefit claims from Employment Security staff so that Paid Leave benefit specialists are not adjudicating claims for coworkers.

Research & Data

As the work and staffing has grown throughout the program, so has the need for quality research and data supports necessary for the work of other teams (operations, policy, product, actuary, fraud, etc.) and to evaluate the program's implementation, outcomes, and impact.

Staffing for the research and data team has not grown alongside that of the rest of the program staff and needs to restructure to add capacity to:

- Provide evaluation on program changes related to customer experience to assess KPIs and outcome driven decisions.
- Work closely with stakeholders, including legislative and advisory stakeholders, external customers, advocacy groups, other states' programs, and external research partners, as well as divisional leaders to accomplish these goals.
- Reduce bottlenecks resulting in delayed responses to key stakeholders.
- Supervise, coach, and direct the work of research and data team staff.

As the Paid Leave program passes the five-year mark, it now has sufficient years of data following the pandemic unemployment crisis to begin usage and impact evaluations. These evaluations require longer-term data to conduct and are crucial to inform legislative and other stakeholders about potential outcomes of desired future program changes, gain insight on the impacts of specific program parameters, and understand how the program intersects with other state and federal programs where customers may be receiving multiple types of benefits (e.g., Paid Leave and SNAP). Initial research indicates that usage of programs such as Paid Leave can show cost savings in other state-run social safety nets such as Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program.

Employer Services

As more Washington workers become aware of the program, more employers are engaging with the Paid Leave program to learn how it works for their employees. This has increased demand on our employer services unit. In addition to the benefit customer focused KPIs, the agency has adopted a KPI related to tracking employer account access and is developing indicators relating to employers with outstanding account balances and wage reporting timeliness. Employer services team carries out the follow work:

- Assist with account reconciliation issues for employers such as conference and conciliation.
- Review, contact, and investigate employer accounts.
- Resolve employer account balances or credits.
- Support billing statements for employers once penalties and interest on past due accounts are implemented.

Employment Security requested additional funding and appropriation authority through a FY25 decision package to resource this work, which the legislature partially funded in the biennium budget. Employer services are those functions that see the most potential in efficiency gains given the reorganization of programs across the agency. There is roughly a 95% overlap in the employers served across the three programs and the ways in which employers file quarterly wage reports and pay premiums is very similar. However, it is too early to assess the potential of these efficiency gains.

Impacts to the employer services team are still unknown as more future developments are being implemented based on legally required mandates, notably program statements and penalties and interest. Should these features result in increased staff workload, Employment Security may require additional resources as these features become operationalized in future budget cycles.

Office of Actuarial Services

To support an insurance program of this size the Office of Actuarial Services requires additional staff to help refine projections and estimates for the Paid Leave account balance. Additionally, the program will need to further explore rate methodology-related changes to promote future solvency, such as moving toward a forward-looking actuarial rate model as noted in the JLARC study. JLARC recommended that “the legislature should implement a forward-looking rate-setting approach that maintains a sufficient financial reserve.” Should the legislature follow the JLARC recommendation, moving to an actuarial model will add additional responsibility and risk to the actuarial team. This would require additional staffing to support the program by:

- Evaluating risk exposures, customer behavior, and programmatic changes.
- Developing and refining modeling around small business assistance grants to implement more frequent monitoring to ensure timely reporting.
- Refining program projections, peer review, and stress testing to support rate setting policies and their impacts.
- Developing strategies and actuarial models for determining account reserves to support limited short-term deficits.

All these together will enable the office to assess account balance impacts from pricing, policy, and legislative changes while providing timely actuarial analysis for decision making regarding long-term program solvency.

Current program priorities and remaining balance of work

Remaining balance of work of Paid Leave implementation

Employment Security remains committed to and has received funding to address the remaining work necessary to finalize implementation of the Paid Leave program and deliver on the full intent of the law. Figure 7 outlines the work that has been prioritized and set to be complete by the end of FY26.

Figure 7: Legislative requirements of remaining balance of work for Paid Leave implementation.

Mandatory legislative requirements	Description
Crossmatching UI and Paid Leave claims	An employee is disqualified from receiving family or medical leave benefits for any week in which the employee is receiving, has received, or will receive compensation from unemployment insurance (UI). There are currently several manual controls in place to identify customers claiming the same weeks for both programs. The scope of this project will include migrating existing manual processes into the system and may be broken into phases with different approaches and solutions for different points in a customer's journey.
Crossmatching Labor & Industry (L&I) and Paid Leave benefits	An employee is disqualified from receiving family or medical leave benefits for any week in which the employee is receiving, has received, or will receive compensation under state statue for either permanent total disability compensation (RCW 51.32.060) or temporary total disability (RCW 51.32.090). The project scope of this work is to be defined.
Elective coverage for Tribes	Implement the ability for a federally recognized Tribe to elect coverage and design functionality for Tribes that have opted in to report wages and pay premiums quarterly.
Withholding child support obligations from benefits	When an applicant is qualified for benefits and has child support obligations, the department shall notify the applicable state or local child support enforcement agency and deduct and withhold an amount from benefits in a manner consistent with RCW 50.40.050. This work includes establishing a crossmatch between Paid Leave benefit customers and child support obligations, process to withhold funds from benefit payments as directed by DCS, and to notify the benefit customer.

Collections	Implement collections processes to collect premiums, interest or penalties when not paid within ten days after the service or mailing of the order and notice of assessment.
Benefit overpayments	Implement a process with the ability to identify, investigate, determine, and receive payment for benefit overpayments. Improvements to existing functionality may be considered enabling work when necessary to reduce manual work or improve the accuracy of the data the program will use to make overpayment determinations.
Employer penalties and interest	Develop processes that enable accurate identification of employers subject to reporting and payment requirements. Implement automated notifications for employers for key tasks and deadlines. Implement system ability to identify potential noncompliance and generate notifications to employers. Project scope to include conference and conciliation prior to assessment of penalties and interest.
Disqualifications, employee penalties and interest	An individual is disqualified for benefits for any week where the claimant knowingly and willfully makes a false statement or representation involving a material fact or knowingly and willfully fails to report a material fact and, as a result, has obtained or attempted to obtain any benefits. This project scope is to be defined.
Conditional benefit payments	If an employee received one or more benefit payments, is in continued claim status, and there is a question about their eligibility for benefits or their employer contests an aspect of the claim, the department must notify the claimant and allow the claimant to choose whether to continue receiving payments conditionally while the department investigates the eligibility issue. This project scope is to be defined.
County and legislative district reporting	Implement the ability to report to the Legislature on the county and legislative district of benefit customers. This will have no impact to program operations or external customers.
Federal income taxes withholding	Note: The federal Internal Revenue Service (IRS) provide guidance on the taxability of benefits in early 2025 that take effect January 2026. The Department is in the process of developing plan to implement.

However, the agency continues to make process improvements as these program features are being implemented. In places where projects are aligned and concurrent with the remaining balance of work, Employment Security seeks to make process improvements for those as well. For example, while working on updating the weekly claims in preparation for benefit overpayments (a component of the remaining balance of work) the agency took the opportunity to make changes to the weekly claims questionnaire to address points of customer confusion. Additionally, while making technical fixes to claim years, a necessary component for implementing overpayments, adjustments were made so that fewer weekly claims required manual processing due to mismatched weekly benefit amounts and typical work week hours. This reduced weekly claims that need manual processing in this way from around 1,400 per month in March 2024 to less than 1,000 in June 2025. This trend continues to fall over time allowing staff to relocate hours to other tasks such as processing claim applications or handling phones.

Supporting the remaining balance of work

As implementation continues to be the priority for the Paid Leave program, Employment Security is beginning to look at what resources and staff may be required to support and maintain the new features outlined in Figure 7. As new projects are implemented, such as conditional payments and benefit overpayments, additional bodies of work will be created.

Technology, Transformation, and Data Infrastructure

As Paid Leave completes the balance of work and improves the divisional and agency portfolio processes, Employment Security has identified key gaps in our technical services that will require additional resources. To maintain new added technical features while completing the remaining balance for Paid Leave work, technical services will need to also:

- Work with internal and external stakeholders to support on-going development of products and services resulting from the implementation of the remaining balance of Paid Leave work with consistent and effective design.
- Manage the business analyst team by ensuring business requirements are identified, defined and documented in sufficient detail to support new technical features.
- Provide additional support to coordinate updates to the Paid Leave technical system and provide analysis to divisional leadership to make data driven decisions.
- Attain technical infrastructure such as cloud hosting and software licensing due to staffing growth and increased costs on program software.
- Attain resources to help with defining, implementing and driving document handling system improvements. This includes increasing the division's capacity for generating automated letters, efficient processing of incoming documents and ensuring Paid Leave's correspondence is customer-centric, consistent and accessible.

While these are not immediate needs, to best support this growth and provide features and services not yet delivered, technology, transformation, and data teams may request additional ongoing funding in future budget cycles to support increased licensing costs, improve data infrastructure and management, and expand cloud infrastructure to support development, training, and ongoing program operations.

Customer Compliance Division

In 2023, Employment Security created the Customer Compliance Division, bringing together employer audit, fraud management, and financial recovery functions across department programs, including the Paid Leave program. This change increased efficiencies, helped identify potential fraud attacks across programs, and reduced customer confusion and redundancies. To meet federal and state requirements, and provide the current expected level of service, Employment Security requested additional funding and appropriation authority through a FY25 decision package to adequately resource this division. Efficiencies gained by merging these functions include:

- Improved and accelerated fraud detection and prevention.
- Proactive assistance to customers to receive the right benefit and preventing simultaneous payment from multiple programs.
- Integrated employer audits and better enforcement activities.
- Increased collections of penalty and interest revenue.

The decision package was funded at about 70% of the request, allocating $5.89 million and 22.1 FTE to increase audit capacity, investigate illegal acts, and assess penalties and interest, but the true impact of this work has yet to be realized. In future budget cycles, Employment Security may require additional resources as these features become operationalized.

Creating efficiencies beyond remaining balance of work

Employment Security is organized in a way to optimize the use of product, technology, and research teams in order to make data driven decisions when it comes to program implementation. However, due to understaffing and technology constraints, this work is prioritized to support the implementation of the remaining balance of work. This has created a reliance on hiring more customer support staff to improve our key performance metrics such as reducing call hold times and application processing times. However, there are several program improvements that require additional technical development and product research to reenvision elements of the program that would create efficiencies without hiring additional customer support staff. Examples of projects like these would be to create one application path for birth to bonding customers or setting up application programming interfaces (API) regarding medical certifications.

Currently, the birthing parent must submit an application for leave related to the birth of their child as the existing state law defines the first six weeks as medical leave. Then, if they wish to take leave longer than that initial six weeks, they must submit a second, separate application for bonding, which is defined as family leave. This doubles the staff hours customer care teams need to process these applications and doubles the administrative burden facing the birthing parent. Even as these two claims are associated with one event, staff adjudicate the two applications independently, creating inefficiencies.

Other ways Employment Security could improve efficiencies in benefit application processing could include partnerships and systemic connections to other state agencies, like the Department of Health, the Healthcare Authority, and the Department of Children, Youth, and Families, where data sharing and technical solutions may allow for increased automation, reduced fact finding, and smoother experiences for our shared customers.

Program improvements such as these would reduce the number of staffing hours required to adjudicate claims, resulting in an improved customer experience by decreasing processing times and getting individuals their benefits more quickly. However, the program has not had the capacity to adequately research and design these systems, the technology support to develop and implement these features, or the staff resources to evaluate and measure outcomes. As the program begins to mature, some of these features will need to be addressed to continue to improve the customer experience and meet KPIs in ways that don't create an over reliance on funding additional customer care teams.

Program funding needs

While the agency recognizes that the program is still in a high growth phase and it is still lagging in some KPIs, Employment Security will not be submitting a request for additional staff resources. Based on the last year's staffing model projections, Employment Security submitted a decision package to fund additional benefit specialists and employer frontline staff to increase employer support capacity. That decision package was partially funded in the 2025-2027 biennium budget and some of these positions are yet to be filled. Until assumed efficiencies achieved through reorganization, internal process changes are realized, and customer care teams are onboarded from budgeted allotments, Employment Security faces challenges in evaluating the need for future staff. This is compounded as the program's work to fully implement the law is ongoing. Employment Security will reassess Paid Leave staffing levels prior to the 2027 legislative session.