Program Needs and Resources
Report to the Office of Financial Management – September 1, 2021

Background

Engrossed Substitute Senate Bill 5092 (Section 225 (3)) requires the Employment Security Department (ESD) to reassess our ongoing staffing and funding needs for the Paid Family and Medical Leave (Paid Leave) program and submit documentation of the updated need to the Office of Financial Management by September 1, 2021. This report is submitted to meet this requirement and seeks to create understanding about the resources needed to support the program.

The Paid Family and Medical Leave program has been processing applications and weekly claims for only 19 months, providing important benefits to Washington state workers and employers. During this time, which is arguably the most tumultuous employment period in US history, Paid Family and Medical Leave has distributed over $1 Billion in leave benefits to employees. In 2021 alone, we've processed more than 100,000 benefit applications and 800,000 weekly claims.

During our first 19 months, we have also continued to grow to fill all our funded positions and iterate on our technology. The Paid Family and Medical program was implemented with an aggressive timeline. We started with minimal staffing and processes, plus technology that focused on premium collection and benefit administration. Since then, we have worked to build out the program and will continue to do so over the coming years. With the resources previously budgeted for the team, we have made extensive changes to our technology to streamline processes and resolve common customer concerns. We continue to invest in ways to mature and improve processes, increase customer self-service, and address issues that impede our customers' ability to access their benefits. We have already built the capacity to make continuous improvements into our previous staffing model. We have also invested in maintaining exceptional organizational health, which has resulted in minimal staffing turn-over. We anticipate we will continue to grow our workstreams and adapt the functionality of our program over the next 5-10 years.

We have also undergone significant disruptions as a team, along with the rest of our communities. All of our staff transitioned from in-person work to telework, or joined the team remotely. The agency's resources became overwhelmed while responding to a historic volume of unemployment insurance claims. We are now supporting the implementation of a second program, WA Cares Fund, and are implementing two significant changes to the Paid Leave program.

We consider Paid Family and Medical Leave implementation a success and an exceptional model for programs across the country. Throughout the last year, we have met our goal of processing applications in about 2 weeks. Weekly claim processing continues to be a top priority, too. However, we still have substantial work to do to meet customer needs. Our focus for the upcoming year is to improve our customer response systems so that we can efficiently assist more people who call or email. We believe the staffing adjustments recommended in this report will result in significant improvements in these areas. We also believe that the outcome of these improvements will benefit program equity and

inclusion, as it will create the capacity needed to support individuals with limited English proficiency and with low digital literacy.

In addition to increased customer service support, the Paid Family and Medical Leave program recommends hiring more staff because of a better understanding of three areas and resulting improvement to our modeling:

- Available capacity per FTE, which was decreased in the modeling to account for time not spent on benefit processing activities
- Amount of time required was increased to account for not only initial review of the benefit application, but also the related tasks necessary
- The number of claims is expected to increase in the coming years

This report will seek to demonstrate the methods used to determine necessary staffing increases to support continued program success.

Paid Leave Benefits Claims are Projected to Increase

Standard Paid Leave Application Volume Projections

The chart below (Chart 1) shows the submitted versus processed benefit applications since January 2020. Over the last year, the team has continued to work to keep processing times for applications at or below 2 weeks and to process weekly claims as quickly as possible. The team is not currently able to keep up with that objective without foregoing other work, including being as available to our customers as much as we know is needed.

Chart 1: Application Volume – Monthly Cumulative Submitted vs. Processed
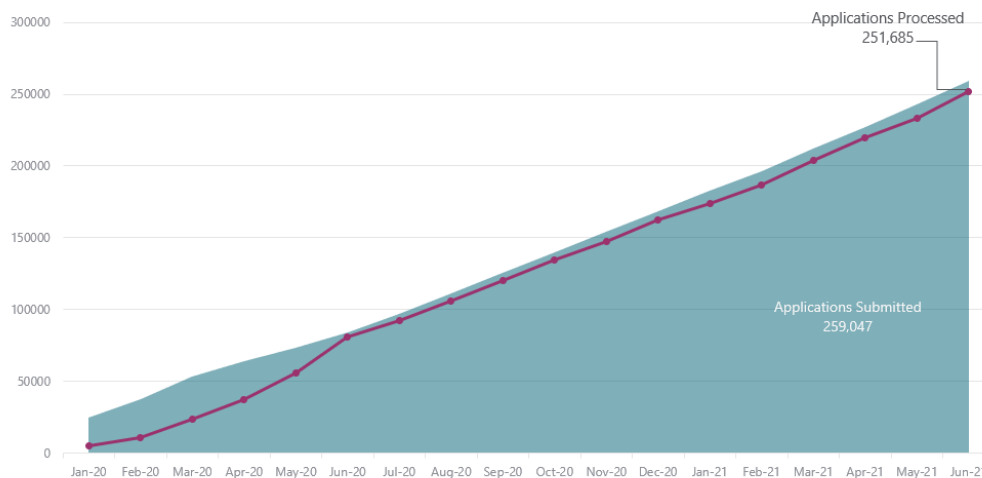
We will finalize the updated claim volume projections and fund solvency projections this fall. Preliminary volume projections indicate that claim volumes will continue to increase in the future as they have over the past 19 months.

Table 1: Baseline Projection Applications, Projection Claims and Projection Benefits Payments

| Fiscal Year	Baseline Projection Applications[1]	Baseline Projection Paid Claims[2]	Baseline Projection Benefits Payments
FY21 (Actual)	174,931	139,232	$771,229,762
FY22	203,316	137,748	$804,003,850
FY23	218,323	147,915	$871,879,714
FY24	229,239	155,311	$924,628,437
FY25	234,830	159,099	$956,536,083

Legislative Changes 2021-22

Claim volumes will also increase this biennium because of two legislative changes. No additional staffing is needed to support the increase of claims beyond the established budget.

Benefits expanded under HB 1073 are available for claims initiated between January 1, 2021 and March 31, 2022. Benefit claims under this change became available August 1, 2021.

Table 2: Projected Application Totals for HB 1073 and ESSB 5097

Calendar Year	Projected Applications for 1073	Projected Applications for 5097	Projected Applications 1073 & 5097 Combined
2021	27,109	942	28,051
2022	7,455	2,101	9,556

Chart 2: Baseline Projection Applications with ESSB 1073 and ESSB 5097, CY2021-2025

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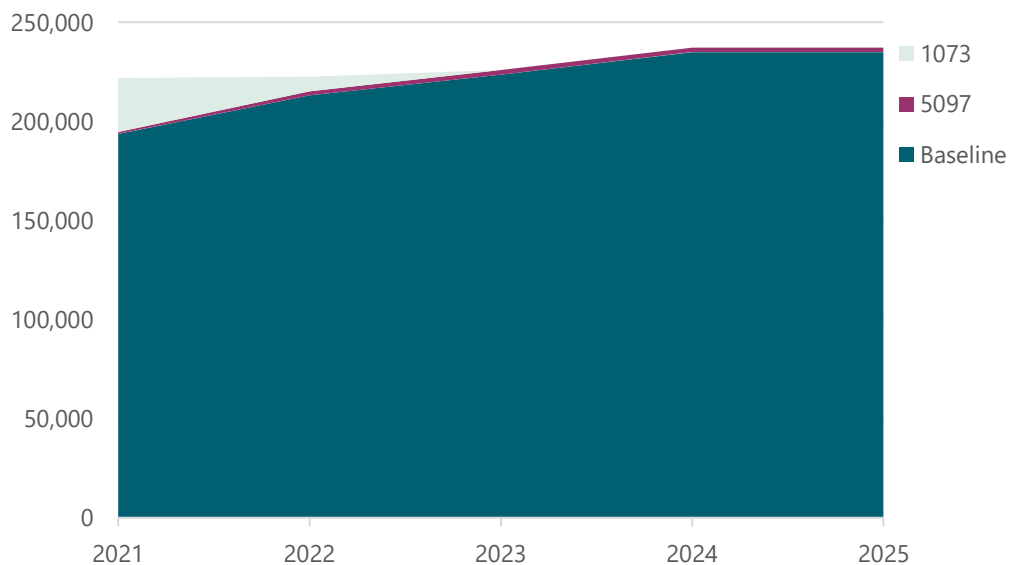
[1] "Applications" is all claims submitted, without including 1073 and 5097
[2] "Paid Claims" is approved and paid on applications

Staffing Calculations, Structure and Methodology

As our program continues to grow, we learn more about the work that needs to be completed and how much time it takes for our staff to complete various tasks. The model defined below uses claim volumes to determine the number of Paid Leave Specialists needed to process applications and claims along with the work that comes with those processes. Then, based on the number of Paid Leave Specialists needed, we determined the number of other positions needed to support the overall size of the organization.

We updated our staffing methodology from last year to reflect more accurately what staffing levels are needed to provide timely Paid Leave customer service. The updated staffing methodology is based on actual Paid Leave program performance and is applied to projected volumes. As we gather more years' worth of data, we expect to continue to update our methodology to match how we have extended, stabilized, and improved the program.

Program Staffing Additions

We are currently revising our upcoming projections in collaboration with our Advisory Committee. Our early estimates indicate that our incoming Paid Leave application volume for FY 2022 is 203,316, which is up from 174,931 in FY 2021. If we use that number for our benefit calculation and apply the staffing needs methodology, we calculate our staffing needs for the upcoming year will increase by 147. We will be working to hire staff up to that level. We anticipate it will take 5-6 months to recruit, hire and onboard the additional staff, as outlined below. The department has the necessary funding available in the PFML base budget to apply this staffing model during the 2021-23 biennium and plans to submit a decision package for the 2022 Supplemental to request the FTE authority necessary to align with this recommendation.

Operations Team Structure

The Paid Leave Operations Unit is comprised of the compliance, training, and Customer Care Team workstreams.

Most staffing is in the Customer Care Team, which is comprised of numerous individual teams that share the same structure.

Each Customer Care Team will include:

- 1 supervisor[3] who supervises the team, provides coaching, and monitors workload
- 12 Paid Leave Specialist 1s or 2s who perform the work to assist our benefit and employer customers
- 1 Paid Leave Specialist 3 Lead who provides technical assistance, guidance, and clarification to the team

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[3] Supervisors are classified as a WMS1.

A Service Delivery Manager will oversee three Customer Care teams. Their role is to provide leadership to the teams and contribute to program decision and implementation. They will also assist in projects at the division level to implement new items and improvements.

This is a change to our current structure where each team is supervised by a Service Delivery Manager. The addition of unit supervisors allows us to reduce the number of Service Delivery Managers, who will now be able to focus more on broader service delivery improvements, projects, and operational changes. This will enable supervisors to remain focused on supporting line staff. The ratio of staff to supervisors is high, with each supervisor having 13 direct reports. Each SDM will have a team of 42 staff, making the ratio of staff to managers closer to 10:1.

To manage a team of this size, including phone availability, task specializations and frequent movement of staff as the program grows, we are also seeking to add supporting staff positions. These new hires would help with managing logistics and schedules, specialize in certain areas of the program, coordinate projects, and provide administrative assistance.

Over the next six months, we plan to establish a team to focus on customer contacts. The current demand for phone and email correspondence with customers, along with the team's other work to process applications and weekly claims, prevents us from responding to customers as quickly as they need and expect. There will be three teams of 12 Customer Support Specialists, each with a supervisor, handling customer contact support.

We have heard repeatedly from customers and stakeholders that difficulty contacting the program due to consistently long hold times and slow responses to emails is highly problematic. Hold times and email processing times are also likely to have the greatest impact on customers who need the most help accessing the program. This results in program inequities among our most vulnerable and marginalized customer groups.

Non-Operations Paid Leave Staffing

The Leave and Care Division includes other Paid Leave functions, outside of the operations unit, that we also expect to be directly affected by program and operations growth. These include:

- Information Technology: As the team size increases and the program and technology continue to grow, System Operations, which supports our production systems and our internal users, will have increased user requests and increased user support demands.
- Policy: The policy and rules team will see an increased demand for policy interpretation and rules adjustments as the program continues to grow and there are future legislative changes.

Table 3: Operations Staffing Increases

The table below represents current classifications and positions required to support the staffing plan for the coming year laid out in this report. This staffing represents FTEs required to support the Paid Leave program.

Job Classification	Current	New for FY22	FY22 Total	Reason for Increased Staffing
Paid Leave Specialist 2	156	60	216	- Support for current and additional claim volumes - Increased capacity for employer support - Improved monitoring and support for employer reporting compliance
Paid Leave Specialist 3	51	20	71	- Team leads to support increased number of specialists - Dedicated program and customer support subject matter expertise to enable faster and smoother claim processing and specialist on-boarding - Improved monitoring and support for employer reporting compliance
WMS1	16	16	32	- Additional leadership to support increased number of specialists - Increased capacity for team level supervision and continuous improvement - Dedicated leadership to support program changes and team logistics and scheduling
Office Assistant 3	7	4	11	- Support for current and additional claim volumes
Customer Service Specialist 2	0	36	36	- Support for current and additional claim volumes - Increased capacity to support customer contacts, increase call connect and reduce phone and email wait times
Customer Service Specialist 4	0	3	3	- Supervision for increased capacity to support customer contacts
Management Analyst 3	4	2	6	- Leadership to support increased Office Assistant capacity - Increase capacity for monitoring and measuring operational effectiveness and performance data
Hearing Examiner	0	2	2	- Support for current and additional claim volumes
Management Analyst 5	2	0	2	N/A
Secretary Senior	1	0	1	N/A
WMS3	1	0	1	N/A
Admin Hearing Supervisor	1	0	1	N/A
EMS3	1	0	1	N/A
Administrative Assistant 4	1	0	1	N/A
WMS2	2	0	2	N/A
Total	**243**	**143**	**386**	

Table 4: Non-Operations Staffing Additions

The table below represents current classifications and positions required in other areas of the division that supports Paid Leave to respond to the increase in staffing and program demand.

Classification	New Staffing	Reason for Increased Staffing
System Administration Journey	2	- Technical and system support to enable faster and smoother claim processing and specialist on-boarding and system stability
Tax and Policy Specialist 2	2	- Legal and policy subject matter expertise to provide guidance to Operations teams regarding employer services, claims processing, and compliance concerns.

Methodology to Inform Staffing Additions

Available Staff Time

The methodology this year more accurately captures direct service delivery capacity for specialists, and the updated hours were used in the modeling. With the assistance of the ESD Budget and Human Resource team, the direct time available was calculated. This took into consideration a 40-hour base week, with breaks, sick leave, vacation leave, holidays and lunch removed. Time was also allocated for meetings, trainings, and non-processing administrative desk time. The result is that each Paid Leave Specialist has thirty and a half (30.5) hours a week available to direct customer service.

Benefit Applications Methodology

Tasks related to issuing Paid Leave benefits constitutes the most work for the CCT and require the largest number of staff. To determine the number of staff needed, we developed a new methodology that captures all items related to benefits and uses a mathematical formula to capture staffing needs. The goal of this approach was to be able to use one input (benefit applications volume) and use that to calculate staffing needs for all Paid Leave benefit work.

In this approach, the primary components of processing a benefit claim and the associated time were taken into consideration. This includes phone calls, weekly claims, redeterminations, requests for review and email messages. The result is that each benefit application requires an average of 84.8 minutes of Customer Care Team staff capacity over the duration of the claim.

Task	Quantity	Timing (in minutes)	Total Staff Time
Initial Application	1	43	43
Phone Calls	.7	18	12.6
Weekly Claim	3.6	4	14.4
Redetermination	.2	26	5.2
Request for Review	.2	26	5.2
Electronic Inquiry	.4	11	4.4
		Total	84.8

Total staff needed for us to keep up with the incoming application volume:

Projected Volume (203,316) x Benefit processing requirements (85 minutes) x available staff time (30.5 hours/week) = 196 FTE needed.

Looking forward to FY 2023, the need will increase to 212 Paid Leave Specialist 2 FTEs, if the application volume projections are realized. This would equate to just over one new team in the CCT. However, we will be continually evaluating projections and will re-assess the FY 2023 needs in next year's annual report.

Employer Services

In addition to Paid Leave benefits, our Customer Care Team provides services to employers across the state. We assist employers with premium withholding and payment, wage reporting and small business assistance grants. We also assist with questions regarding their employees benefit usage and their responsibilities under the law. To determine the number of staff needed for employer services, we projected the number of employer related tasks and multiplied that by the time it takes to complete those tasks based on either actuals or subject matter expertise. These calculations resulted in needing 2,711 staff hours/month for employer customer service.

Total staff needed for employer service:

Employer task hours required a month (2,711) x available staff time (30.5 hours/week) = 22 FTE needed.

Employer Reporting Compliance

Employer Reporting Compliance in this context is the staffing needed to monitor for missing wage reports and premiums, being able to work those to resolution and to assist employers with escalated reporting issues. The approach for us to determine the number of staff needed for employer compliance is very similar to the employer services approach with projections and timing for each task identified. These calculations resulted in needing 1,441 staff hours/month for employer customer service.

Total staff needed for employer reporting compliance:

Employer task hours required a month (1,441) x available staff time (30.5 hours/week) =12 FTE needed.

Other Operations Staffing

In addition to the tasks defined above, the Leave and Care Division operations team performs a variety of critical tasks to ensure the success of the Paid Leave program. These staff members are focused on our compliance and enforcement activities, logistics and continuous improvement.

- **Audit:** This team audits employers for compliance within all areas, including payroll audits, misclassification of employees and proper administration of benefits for voluntary plan employers.
- **Investigations:** This team investigates complaints of employer wrongdoing and investigates alleged fraud to protect the Paid Leave trust from the improper payment of benefits.

- **Appeals:** This teams reviews and processes all appeals submitted, assists the AGO as needed, and participates in hearings at OAH.
- **Quality Management:** This teams consists of Quality Assurance specialists that review processed benefit applications for accuracy, Customer Support Leads that handle escalated customer calls and Ombuds complaints, and functional experts that specialize in specific workload tasks and processes.
- **Implementation:** This team manages upcoming technology releases, policy rule changes, and project management.
- **Training:** This team creates and delivers training for new staff and provides ongoing training for current staff (refresher training and training on new technology releases,[4] policy changes, and process changes).
- **Logistics:** This team includes office assistants to handle numerous tasks related to benefits processing and employer services, data analysts, admin support, and resource management.
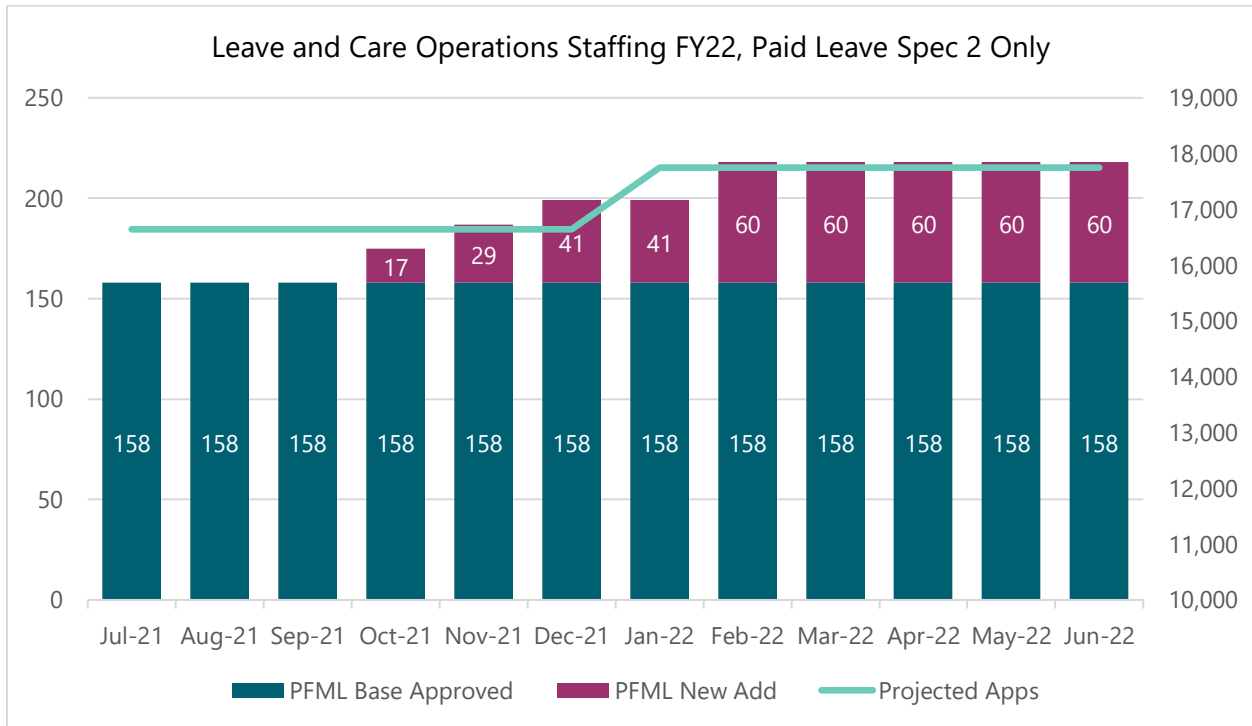
Hiring Strategy

We plan to progressively hire these positions between August 2021 and March 2022. Our strategy will focus first on addressing the current staffing needs identified with the updated staff capacity and processing times, as well as actual claim volumes from FY 2021. This includes increasing capacity for customer contacts. The first two phases of hiring will also be used to implement organizational structure changes needed to support the team growth from last year, the first two phases and the next two phases.

Phase 1 (55) On-board Target 10/1	Phase 2 (45) On-board Target 11/1	Phase 3 (22) On-board Target 12/1	Phase 4 (25) On-board Target 2/1	Phase 5 (TBD) On-board target 3/15
• 1 Logistics Manager (WMS1) • 6 WMS1 Supervisors • 5 Paid Leave Specialist 3s • 17 Paid Leave Specialist 2s • 2 OA3s • 1 OA Supervisor (MA3) • 18 CSS2s • 3 CSS4 • 1 IT Sys Admin-Journey • 1 Tax Policy Specialist 2	• 1 Quality Manager (WMS1) • 5 WMS1 Supervisors • 7 Paid Leave Specialist 3s • 12 Paid Leave Specialist 2 • 18 CSS2's for phones • 1 Operations Data Analyst (MA3) • 1 Hearings Examiner	• Evaluate actual claim volumes against projections and fill accordingly • 12 Paid Leave Specialist 2s • 4 Paid Leave Specialist 3s • 1 OA3s • 2 WMS1 Supervisors • 1 IT Sys Admin-Journey • 1 Tax Policy Specialist 2 • 1 Hearing Examiner	• Evaluate actual claim volumes against projections and fill accordingly • 19 Paid Leave Specialist 2s • 4 Paid Leave Specialist 3s • 1 OA3s • 1 WMS1 Supervisors	• Evaluate actual claim volumes against projections and backfill accordingly • Backfill from promotions (~20) • Any remaining vacancies

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[4] As of the end of July, we have deployed thirteen major technology releases since Benefits launch with updated features, enhancements, and changes that require operational readiness work and training.

The next three phases will focus on incremental growth based on projected claim volume increases for FY 2022. We will target on-boarding of all staff outlined in this report by March 15, 2022. This will include three opportunities to evaluate staffing in the next phase based on actual claim volumes vs. projections. We will do that once in December, January, and March, adjusting staffing needs down if claim volume projections are lower than expected.

Chart 3: Paid Leave Specialist 2 Staffing Adjustments Relative to Projected Application Volumes

Leave and Care Operations Staffing FY22, Paid Leave Spec 2 Only

Legend: PFML Base Approved | PFML New Add | Projected Apps

Budget and Resource Needs

In addition to expenditures incurred by the Leave and Care Division, several other divisions provide assistance in support of the program. For example, the Ombuds Office is in Executive Programs. Financial Services provides accounting and management of the trust fund and has funding for Central Services costs attributed to the program. Support is also provided by the internal support functions through the indirect plan approved by the federal government. For state fiscal year (SFY) 2022, program expenditures are expected to be around $62.7 million, and the appropriation is $70.6 million. For SFY 2023, the costs are expected to be $68.5 million and the appropriation at $70.9 million. Therefore, the budget provides sufficient resources to cover the staffing plan in the current biennium and provides some flexibility to increase staff if the caseload increases more than projected. The overall cost of administration as a percent of total program expenditures is expected to be about 7% in SFY 22 and SFY 23.

Conclusion

As the program continues to grow and change over time, we will closely monitor incoming claims and processing data, and adjust staffing plans accordingly. It is important to note there are only 18 months

of cumulative data, which includes a program rollout that involved a significantly higher than projected initial application volume and the COVID-19 pandemic. We will keep the Office of Financial Management, legislature, the Governor's Office and our Advisory Committee[5] apprised of significant changes to program needs and resources.

For questions about this report, contact John.Mattes@esd.wa.gov

Employment Security Department
WASHINGTON STATE

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[5] The Paid Family and Medical Leave Advisory Committee consists of eight voting members, four representing employees and four representing employers. An ESD representative and the Ombuds are ex-officio members. Created under RCW 50A.05.030.