

FAMILY LEAVE INSURANCE POTENTIAL GOVERNMENT EFFICIENCIES

The numbering for the potential government efficiencies listed below is the same numbering in the documents distributed by the Employment Security Department and the Department of Labor and Industries at the Joint Legislative Task Force on Family Leave Insurance meeting on November 14, 2007. The excerpts describing the current law, potential efficiency, and estimated savings are also from those documents.

TENTATIVE AGREEMENT TO SUPPORT

At the November 14 meeting, the Task Force tentatively agreed to support the following:

- #1a. Initial eligibility decision – simplify the application process
- #3a. Reduce number and cost of appeals – Eliminate attorney’s fees at the administrative level
- #4a. Enhance integrity – Provide for collections tools similar to UI and Workers’ Compensation

TENTATIVE AGREEMENT NOT TO SUPPORT

At the November 14 meeting, the Task Force tentatively agreed not to support the following

- #2a. Simplify benefit calculation – Have the same maximum benefit for all qualified applications.
- #2b. Simplify benefit calculation – Allow maximum \$250 weekly benefits for each week of leave taken unless applicant works more than 20 hours in that week.
- #2c. Simplify benefit calculation – Send applicant one check instead of two checks each month.
- #5b. Other – Require direct deposit for payment of benefit.

NOT DISCUSSED

At the November 14 meeting, the Task Force did not discuss the potential government efficiencies listed below.

- #1b. Reduce interstate eligibility determination costs by requiring 680 hours of work in Washington for eligibility.**

Current Law: The legislation doesn’t require that hours worked to qualify for benefits have been earned in Washington.

Potential Efficiency: Reduce operating costs (the need to call out of state employers or search other states’ data) by requiring only hours worked in Washington count against the required 680 hour eligibility minimum. Note: a potential significant problem with this

efficiency is the impact it would have on Washington residents who work in another state.

Estimated Savings: Potential savings of \$37,000 in FY 2013 (approximately .5 FTE's worth of work). Under current law staff may have to call out of state employers to find out how many hours the applicant worked. There is also potential savings for up front computer programming costs. Savings are still being assessed.

#1c. Eliminate the option of direct withholding of federal income taxes.

Current Law: The legislation requires that each claimant be given the option of withholding federal income taxes on family leave benefits.

Potential Efficiency: Reduce computer programming and operating costs by eliminating this option.

ESD Estimated Savings: \$50,000 in up front computer programming costs.

L&I Estimated Savings: L&I estimated 3,600 hours in programming time to build a system to withhold and report federal income tax. L&I would still have to build a system to report federal income tax, which would require 2,700 hours in programming time. L&I estimates savings of approximately \$90,000 in programming costs.

#1d. Eliminate the requirement for elective coverage of self-employed individuals.

Current Law: The legislation requires that individuals who are self-employed can opt-in to the Family Leave Insurance program.

Potential Efficiency: Reduce operating costs by eliminating the option for self-employed individuals. Since individuals who are self-employed do not report their hours worked to ESD, there is no simple way to verify if they have worked the minimum number of hours needed to qualify for this program.

ESD Estimated Savings: Some savings in up front computer programming (savings are still being assessed). Ongoing savings depends on how many self-employed would have filed claims. Assuming self employed individuals file at one fourth the rate of general population, savings could be approximately \$60,000 in FY 2013.

L&I Estimated Savings: The elective coverage requires development of a system to track hours, along with requiring the reporting of hours to the administering agency. L&I estimated 500 hours to create a system to track elective coverage. Costs for forms and staff time to obtain, validate, and enter information have not been determined. Eliminating elective coverage would reduce required computer programming by 500 hours, for an estimated savings of \$50,000. Estimated savings in benefits are

indeterminate as we cannot estimate how many self-employed individuals and employees of non-covered employers would file claims.

#1e. Eliminate required weekly filing for benefits.

Current Law: The legislation requires applicants file weekly.

Potential Efficiency: Reduce operating costs by having applicant identify up-front how long leave will be, and simply require applicant to notify department if there are changes, as in the California program. This would eliminate the costs associated with each applicant filing a weekly claim with the Department.

L&I Concern: This will result in some benefit overpayments if there is a delay in notifying the department of changes in leave status.

ESD Estimated Savings: Reduces upfront computer programming costs by at least \$50,000. This will also reduce operating costs by an additional \$100,000 (reduced printing, 1-800 calls and staff time).

L&I Estimated Savings: We estimate this may save up to one adjudicator FTE (approximately \$56,000 per year). It may also result in some savings in telephone costs, but the savings maybe offset by additional costs in adjusting benefits and assessing overpayments. This would not reduce L&I's computer programming costs.

#1f. Allow for leave payments for weeks prior to the Department receiving a formal application.

Current Law: The legislation does not allow for paid leave to start until the application is filed.

L&I Concern: This may require some coordination with the DSHS public assistance Temporary Assistance to Needy Families (TANF) program as applicants could qualify for and receive TANF benefits before applying for FLI benefits.

Potential Efficiency: Combined with the option above (1e) of eliminating the requirement for weekly filing, allow the option of filing an application after leave has begun. This could ensure a more accurate accounting of the number of weeks of leave taken and whether the individual worked part-time during those weeks. This is similar to how the California program is administered.

Estimated Savings: Savings linked to option iv. above. Additional savings would be some reduction in number of checks mailed to claimants.

#3b. Reduce number and cost of appeals. Limit appeals to Office of Administrative Hearings

Current Law: The legislation requires the option of both hearings by a hearings officer (at the Office of Administrative Hearings) and a later director-level hearing.

Potential Efficiency: Reduce appeals costs by eliminating the commissioner/director-level review.

L&I Concern: This could potentially increase the number of appeals that move forward to judicial review.

Estimated Savings: \$70,000 in FY 2013.

#5a. Other. Eliminate payments to deceased applicants.

Current Law: Legislation requires payments owed to deceased applicants distributed according to applicant's will.

Potential Efficiency: Eliminate requirement to pay any benefits to applicants who have died.

Estimated Savings: Indeterminate.

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Prepared By: Ingrid Mungia, Senate Committee Services
360-786-7423 or mungia.ingrid@leg.wa.gov

Jill Reinmuth, Office of Program Research
360-786-7134 or reinmuth.jill@leg.wa.gov