



Paid Family Leave Passes Again in Washington State

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Overview

Washington State paid family and medical leave, passed by the legislature on June 30, 2017 and signed by the Governor on July 5, 2017, establishes a family and medical leave program administered by the state. Below is additional information on the details of the program.

When Does Washington Paid Family and Medical Leave Become Effective?

Assessment of family and medical leave premiums for eligible employees will begin on January 1, 2019, with payment of benefits commencing by January 1, 2020.

Who Is Eligible?

Any person employed by an employer in the State of Washington who has worked at least 820 hours in a year is eligible for benefits. Self-employed individuals and independent contractors are excluded. However, self-employed individuals may choose to elect coverage.

For Which Reasons Can an Employee Take Leave?

Family leave includes leave to care for a family member with a serious health condition, leave for bonding with or placement of a child for the first twelve months, and medical leave includes leave taken by an employee for his or her own serious health condition.

How Much Time Will Employees Be Able to Take?

The law will provide employees up to 12 weeks of either paid family leave or paid medical leave, or up to a maximum of 16 weeks of combined paid family and medical leave, with an additional two weeks for an employee's pregnancy that results in incapacity, within a 52-week period.

What Type of Benefits Will Employees Receive?

Eligible employees who have worked at least 820 hours in a year will receive leave benefits that vary depending on income. Individuals with an average weekly wage less than or equal to 50% of the state average weekly wage will receive a 90% benefit. Those earning more than 50% of the state average weekly wage will receive the underlying 90% benefit plus an additional 50% of the amount the eligible individual's average weekly wage exceeds 50% of the state average weekly wage. Benefits will be capped at \$1,000 per week until December 31, 2020. Every year thereafter, the commissioner shall adjust the maximum weekly benefit amount to 90% of the state average weekly wage, which shall take effect on the following January 1st.

What Are the Anticipated Premiums for This Benefit?

The premium rate for medical leave benefits is equal to two-thirds of the total premium while the premium rate for family leave benefits is equal to one-third of the total premium. Beginning January 1, 2019 and ending December 31, 2020, the total employee paid premium is set at 0.4% of the employee's wages.

Employers must pay at least 55% of the medical leave premium, while the full amount of the family leave premium may be deducted from the employee's wages. Employers with less than 50 employees in the state of Washington do not have to pay the employer portion of the premium. An employer can pay all or any portion of the employee's share of the premium for both family and medical leave. Beginning in the calendar year 2022, the commissioner may adjust the premium rates.

Are All Employers Required to Offer This Benefit?

Employers may opt out of the state-run program by having an approved voluntary plan for the payment of either family leave benefits or medical leave benefits, or both. The benefits and leave durations afforded to the employees must be equivalent to or greater than the benefits the employees are entitled to in the state's family and medical leave program. An employee covered by an approved voluntary plan at the commencement of a period of family leave or a medical leave benefit period is not entitled to benefits from the state program.

Why Did This Pass Now?

After California, Washington was the second state to pass a paid family leave law in 2007, but the implementation of the law was postponed several times due to funding and administration concerns. Subsequently, legislation was passed that required the state to specifically appropriate funding and enact an implementation date before the family leave insurance program could be implemented. In 2015, the state received a federal grant for a feasibility study and design of a paid family leave program.

Washington Paid Family Leave will be a state-run benefit program; however, Frenkel will continue to evaluate this benefit and will advise in advance of its effective date any impacts to absence management services or other applicable coverages.

Please be aware that this does not represent legal or tax advice and is only Frenkel's interpretation of the laws, regulations and statutes. It is highly recommended that you seek the advice of your legal and tax professional as to the applicability of this information to your particular situation.