

SENATE BILL REPORT

SB 5292

As of February 22, 2013

Title: An act relating to implementing family and medical leave insurance.

Brief Description: Implementing family and medical leave insurance.

Sponsors: Senators Keiser, Conway, Murray, Kohl-Welles, Shin, Hasegawa, Harper, Nelson, Hatfield and Kline.

Brief History:

Committee Activity: Commerce & Labor: 2/20/13, 2/22/13.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Edith Rice (786-7444)

Background: In 2007, the Washington State Legislature established the Family Leave Insurance program to provide temporary income support to working parents who are on leave to care for a newborn baby or for a newly adopted child.

The program was administered by the Employment Security Department (ESD) as designed to provide up to \$250 per week for up to five weeks to each eligible parent beginning in the fall of 2009. However, because of the budget challenges at the time, legislation was approved in 2011 to postpone the start of the program until October 1, 2015.

Summary of Bill: A Family and Medical Leave Insurance program is established beginning October 1, 2015. Leave insurance benefits are payable beginning October 1, 2015 for the birth or placement of a child or a family member's serious health condition. Leave for an individual's serious health condition is payable beginning October 1, 2016.

A maximum of 12 weeks of insurance benefits are available for leave for a family member's serious health condition and for the birth or adoption of a child, plus 12 weeks of leave for the individual's serious health condition.

In order to qualify to receive family and medical leave benefits, an employee must have worked for a minimum of 680 hours.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Employers pay premiums at a rate of 0.2 percent of wages beginning July 1, 2014, and 0.4 percent of wages beginning January 1, 2016. Employers may deduct one-half of the premiums from employees' pay. By September 1, 2016, and each September 1 thereafter, the amount of the premium will be adjusted to ensure that the amount is the lowest rate necessary to pay the benefits, administrative costs, and to maintain actuarial solvency in accordance with recognized insurance principles. Premiums will be deposited in the family and medical leave insurance account established in the custody of the state Treasurer. Employers who fail to pay premiums are subject to sanctions.

An individual's family and medical leave weekly benefit will be equal to 5.2 percent of the average quarterly wages of the individual's total wages during the two quarters of the individual's qualifying year in which such total wages were highest. The maximum weekly benefits available starting October 1, 2015, will be \$1,000. By September 30, 2015, and by each subsequent September 30, ESD will calculate an adjusted maximum weekly benefit to account for inflation. These adjusted amounts take effect by the following January 1.

Provisions in this act that require an employee to be restored to a position, apply only to employers with 25 or more employees. The employee must have been employed for six months and worked for at least 650 hours during the previous six-month period. The Department of Labor and Industries is responsible for enforcement.

ESD collects premiums, pays benefits, and administers related provisions of this act.

Appropriation: None.

Fiscal Note: Requested on February 18, 2013.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: There are currently no standards for paid leave. It is imperative to have some level of economic security. Health problems get worse as we age. Families need to be able to care for elderly members as well as children. This bill provides some income stability. Of other countries, 180 have some form of paid leave. Childcare is expensive. Paid leave saves health care costs and decreases dependence on other social programs. Accidents occur and life gets hard in an instant. Few workers have families who can support them through a health crisis. As a small business employer I think it is my responsibility to provide this leave for my employees. If I can afford it, large employers can too. Parents of a newborn should be able to stay with their infant at this critical bonding time. Employees with serious medical conditions should not be forced to go back to work until they are fully well.

CON: We have other support systems in place to cover these situations. The cost should not be shifted to employers. We need to repeal the original law and start over. Fraud is a serious problem. Workers already have some protections available to them. This program should be placed under L&I.

OTHER: This will be overly burdensome for businesses.

Persons Testifying: PRO: Senator Keiser, prime sponsor; Robby Stern, Puget Sound Advocates for Retirement Action; Evelin Vargas-Bogarin, Consuela Gomez, Marty K Inc.; Kristin Rowe-Finkbeiner, MomsRising; Nicholas Wilson-Codega, Marilyn Watkins, WA Work and Family Coalition.

CON: Mark Johnson, WA Retail Assn.; Kris Tefft, Steve Neighbors, Terra Staffing Group; Patrick Connor, National Federation of Independent Business; Scott Dilley, WA Farm Bureau, Karen Johnson, citizen.

OTHER: Erin Shannon, WA Policy Center; Trent England, Freedom Foundation.