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**Labor & Workplace Standards  
Committee**

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**HB 1959**

**Brief Description:** Extending parts of the paid family and medical leave program to employers with fewer than 50 employees.

**Sponsors:** Representatives Walen, Ryu, Berry, Ramel, Reed, Ormsby, Doglio, Fosse, Lekanoff, Tharinger, Riccelli, Wylie, Pollet and Davis.

**Brief Summary of Bill**

- Removes the exemption allowing employers with fewer than 50 employees to not pay any portion of the premium for the Paid Family and Medical Leave Program, thereby requiring those employers to pay at least 55 percent of the medical leave share of the premium.

**Hearing Date:** 1/17/24

**Staff:** Kelly Leonard (786-7147).

**Background:**

The Paid Family and Medical Leave (PFML) Program, administered by the Employment Security Department (ESD), provides paid family or medical leave benefits for eligible employees who have worked at least 820 hours during a qualifying year. Eligible employees can take up to 12 weeks of medical leave or family leave, or up to 16 to 18 weeks of combined medical and family leave in a year. Eligible employees may receive cash benefits up to 90 percent of their wages, subject to a weekly maximum cap, which is \$1,456 for 2024.

*Premiums.* Benefits are funded through a premium paid by both employees and employers, which is collected by employers and remitted to the ESD for deposit into the PFML Insurance

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

Account on a quarterly basis. The total premium rate is a percentage of employee gross wages (up to the maximum wages subject to taxation for social security), which is calculated through a statutory formula and adjusted annually by the ESD. The total premium rate has two components: a family leave share and a medical leave share. The split between the shares is based on the percentage of paid claims in each category in the previous year. For the medical leave share, employers with 50 or more employees pay 55 percent, and employees pay 45 percent. For the family leave share, employees pay 100 percent unless the employer chooses to pay a portion. An employer with fewer than 50 employees is exempt from paying premiums, unless it receives a small business assistance grant.

The ESD calculated the total premium rate and percentage split for 2024, providing as follows:

- The total premium rate is 0.74 percent of each employee's gross wages, not including tips, up to the 2024 Social Security cap (\$168,600).
- The employer portion of the total rate is 28.57 percent (except for employers with fewer than 50 employees).
- The employee portion of the total rate is 71.43 percent.

*Small Business Assistance Grants.* Small business assistance grants provide small employers (150 or fewer employees) with grant money to help cover costs associated with one of their employees taking medical leave and family leave. There are two types of small business assistance grants:

- \$3,000 for offsetting the costs of hiring a temporary worker to replace an employee on family or medical leave for seven days or more; or
- \$1,000 for reimbursement of other significant wage-related costs or equipment costs resulting from an employee taking family or medical leave.

An employer may apply for a grant no more than 10 times per calendar year and no more than once for each employee on leave. If an employer with fewer than 50 employees receives a small business grant, then the employer must pay the employer portion of the total premium rate for all its employees for three years from the date of receipt of the grant.

Small business assistance grants are funded from the PFML insurance account.

### **Summary of Bill:**

The exemption allowing employers with fewer than 50 employees to not pay any portion of the premium for the PFML Program is removed, thereby requiring those employers to pay at least 55 percent of the medical leave share of the total premium rate.

**Appropriation:** None.

**Fiscal Note:** Requested on January 10, 2024.

**Effective Date:** The bill takes effect on July 1, 2025.