

| Cash Flow for H.107 Family and Medical Leave using ADS/VDOL costs for IT and Administration of Program, Tax Dept. estimate |                                 |                            |                         |                                     |                                    |                      |                 |  |
|--|---------------------------------|----------------------------|-------------------------|-------------------------------------|------------------------------------|----------------------|-----------------|--|
| PRELIMINARY -- Steady Economy, New Wage Base, Benefits grow at 1.5%  |                                 |                            |                         |                                     |                                    |                      |                 |  |
| Assumptions/Parameters   | Tax Dept IT<br>Development Cost | ADS IT<br>Development Cost | Pyrl Tax Rate, Yr 2-5   | Int rate on Treas<br>funds, Yrs 2-4 | Int rate on Treas<br>funds, Yrs 5+ | Pyrl Tax Rate, Yr 6+ |                 |  |
| Tax IT: Collect contributions  | \$1,000,000                     | \$11,350,000               | 0.710%                  | 2.50%                               | 2.50%                              | 0.770%               |                 |  |
| VDOL IT: All else  |                                 |                            |                         |                                     |                                    |                      |                 |  |
|  | Start System 7/1/19             | Start Taxes 7/1/20         | Start Benefits 10/1/21  |                                     |                                    |                      |                 |  |
|  | One year start-up               | No ben's in FY2020         | Fully operating in Oct. | Fully operating                     | Fully operating                    | Fully operating      | Fully operating |  |
|  | FY2020                          | FY2021                     | FY2022                  | FY2023                              | FY2024                             | FY2025               | FY2026          |  |
|  | Year 1                          | Year 2                     | Year 3                  | Year 4                              | Year 5                             | Year 6               | Year 7          |  |
| <b>PROGRAM REVENUE</b>   | \$0                             | \$102,556,251              | \$104,094,595           | \$105,656,014                       | \$107,240,854                      | \$118,048,013        | \$119,818,734   |  |
| Contributions from payroll tax   | \$0                             | \$102,556,251              | \$104,094,595           | \$105,656,014                       | \$107,240,854                      | \$118,048,013        | \$119,818,734   |  |
|  |                                 |                            |                         |                                     |                                    |                      |                 |  |
| <b>TOTAL COSTS (ben, IT, admin, addn to reserves)</b>  | \$5,532,200                     | \$100,430,079              | \$84,302,130            | \$93,742,654                        | \$103,587,871                      | \$113,852,146        | \$115,143,887   |  |
| Benefits paid  |                                 |                            | \$77,421,409            | \$104,776,973                       | \$106,348,628                      | \$107,943,857        | \$109,563,015   |  |
| IT product development & personnel (ADS)   | \$4,865,200                     | \$6,484,400                | \$1,216,962             | \$1,222,691                         | \$1,228,592                        | \$1,234,669          | \$1,240,929     |  |
| Admin costs from VDOL for Yr3+ (\$6 to \$10mil)  |                                 |                            | \$8,000,000             | \$8,184,000                         | \$8,372,232                        | \$8,564,793          | \$8,761,784     |  |
| IT/Personnel costs from Tax Dept   | \$667,000                       | \$977,490                  | \$659,313               | \$674,477                           | \$689,990                          | \$705,860            | \$722,095       |  |
|  |                                 |                            |                         |                                     |                                    |                      |                 |  |
| Needed additions to reserves   |                                 | \$92,968,189               | -\$2,995,554            | -\$21,115,488                       | -\$13,051,570                      | -\$4,597,034         | -\$5,143,936    |  |
| Reserves required: 9 mos bens & admin at t+1   |                                 | \$87,297,684               | \$88,663,898            | \$90,052,285                        | \$91,463,216                       | \$92,897,069         | \$94,376,324    |  |
| Reserve balance carried forward  |                                 | -\$5,532,200               | \$2,126,172             | \$19,792,465                        | \$11,913,360                       | \$3,652,983          | \$4,195,867     |  |
| Interest earned on reserves  | \$0                             | -\$138,305                 | \$2,235,596             | \$2,711,409                         | \$2,549,141                        | \$2,377,905          | \$2,427,323     |  |
| Excess fund balance as of start of year  | \$0                             | -\$5,670,505               | \$4,361,769             | \$22,503,874                        | \$14,462,501                       | \$6,030,888          | \$6,623,191     |  |
|  |                                 |                            |                         |                                     |                                    |                      |                 |  |
| <b>EXCESS FUND BALANCE</b>   | -\$5,532,200                    | \$2,126,172                | \$19,792,465            | \$11,913,360                        | \$3,652,983                        | \$4,195,867          | \$4,674,847     |  |

| For Reference:                             | FY2020           | FY2021           | FY2022           | FY2023           | FY2024           | FY2025           | FY2026           |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Wages subject to PFL tax (update 1mar2019) | \$14,231,076,279 | \$14,444,542,423 | \$14,661,210,560 | \$14,881,128,718 | \$15,104,345,649 | \$15,330,910,834 | \$15,560,874,496 |
| % Change in Wage Base (use historical)     | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             |
| Total benefits, IWPR estimate grow at 1.5% | \$100,200,000    | \$101,703,000    | \$103,228,545    | \$104,776,973    | \$106,348,628    | \$107,943,857    | \$109,563,015    |
| Admin as Share of Benefits                 |                  |                  | 12.76%           | 9.62%            | 9.68%            | 9.73%            | 9.79%            |

| Cash Flow for H.107 Family and Medical Leave using ADS/VDOL costs for IT and Administration of Program, Tax Dept. estimate |                                 |                            |                         |                                     |                                     |                      |                                    |
|--|---------------------------------|----------------------------|-------------------------|-------------------------------------|-------------------------------------|----------------------|------------------------------------|
| PRELIMINARY -- Typical Recession Begins in Year 2  |                                 |                            |                         |                                     |                                     |                      |                                    |
| Assumptions/Parameters   | Tax Dept IT<br>Development Cost | ADS IT<br>Development Cost | Pyrl Tax Rate, Yr 2-4   | Int rate on Treas<br>funds, Yrs 2-3 | Int rate on Treas<br>funds, Yrs 4-5 | Pyrl Tax Rate, Yr 5+ | Int rate on Treas<br>funds, Yrs 6+ |
| Tax IT: Collect contributions  | \$1,000,000                     | \$11,350,000               | 0.710%                  | 0.50%                               | 1.50%                               | 0.770%               | 2.50%                              |
| VDOL IT: All else  |                                 |                            |                         |                                     |                                     |                      |                                    |
|  | Start System 7/1/19             | Start Taxes 7/1/20         | Start Benefits 10/1/21  |                                     |                                     |                      |                                    |
|  | One year start-up               | No ben's in FY2020         | Fully operating in Oct. | Fully operating                     | Fully operating                     | Fully operating      | Fully operating                    |
|  | FY2020                          | FY2021                     | FY2022                  | FY2023                              | FY2024                              | FY2025               | FY2026                             |
|  | Year 1                          | Year 2                     | Year 3                  | Year 4                              | Year 5                              | Year 6               | Year 7                             |
| PROGRAM REVENUE  | \$0                             | \$101,285,286              | \$101,681,969           | \$102,698,789                       | \$104,239,271                       | \$105,802,860        | \$107,389,903                      |
| Contributions from payroll tax   | \$0                             | \$101,285,286              | \$101,681,969           | \$102,698,789                       | \$104,239,271                       | \$105,802,860        | \$107,389,903                      |
| TOTAL COSTS (ben, IT, admin, addn to reserves)   | \$5,532,200                     | \$101,544,681              | \$90,354,772            | \$106,560,173                       | \$124,670,053                       | \$143,500,719        | \$164,018,887                      |
| Benefits paid  |                                 |                            | \$78,646,654            | \$107,274,037                       | \$109,741,339                       | \$112,265,390        | \$114,847,494                      |
| IT product development & personnel (ADS)   | \$4,865,200                     | \$6,484,400                | \$1,216,962             | \$1,222,691                         | \$1,228,592                         | \$1,234,669          | \$1,240,929                        |
| Admin costs from VDOL for Yr3+ (\$6 to \$10mil)  |                                 |                            | \$8,000,000             | \$8,184,000                         | \$8,372,232                         | \$8,564,793          | \$8,761,784                        |
| IT/Personnel costs from Tax Dept   | \$667,000                       | \$977,490                  | \$659,313               | \$674,477                           | \$689,990                           | \$705,860            | \$722,095                          |
| Needed additions to reserves   |                                 | \$94,082,791               | \$1,831,843             | -\$10,795,032                       | \$4,637,899                         | \$20,730,005         | \$38,446,584                       |
| Reserves required: 9 mos bens & admin at t+1   |                                 | \$88,522,930               | \$90,536,696            | \$92,596,819                        | \$94,704,366                        | \$96,860,429         | \$99,088,218                       |
| Reserve balance carried forward  |                                 | -\$5,532,200               | -\$259,394              | \$11,327,197                        | -\$3,861,384                        | -\$20,430,782        | -\$37,697,859                      |
| Interest earned on reserves  | \$0                             | -\$27,661                  | \$441,318               | \$1,527,958                         | \$1,331,032                         | \$1,856,840          | \$1,479,064                        |
| Reserve balance as of start of year  | \$0                             | -\$5,559,861               | \$181,923               | \$12,855,155                        | -\$2,530,352                        | -\$18,573,942        | -\$36,218,795                      |
| EXCESS FUND BALANCE  | -\$5,532,200                    | -\$259,394                 | \$11,327,197            | -\$3,861,384                        | -\$20,430,782                       | -\$37,697,859        | -\$56,628,984                      |

| For reference                               | FY2020           | FY2021           | FY2022           | FY2023           | FY2024           | FY2025           | FY2026           |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Wages subject to PFL tax                    | \$14,231,076,279 | \$14,444,542,423 | \$14,661,210,560 | \$14,881,128,718 | \$15,104,345,649 | \$15,330,910,834 | \$15,560,874,496 |
| % Change in Wage Base (use historical)      |                  | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             |
| Total benefits, IWPR estimate, grow at 1.5% | \$100,200,000    | \$101,703,000    | \$103,228,545    | \$104,776,973    | \$106,348,628    | \$107,943,857    | \$109,563,015    |
| <i>Typical recession like 2001-02</i>       |                  |                  |                  |                  |                  |                  |                  |
| Wages subject to PFL tax                    | \$14,231,076,279 | \$14,265,533,283 | \$14,321,404,102 | \$14,464,618,143 | \$14,681,587,415 | \$14,901,811,226 | \$15,125,338,395 |
| % Change in Wage Base (use historical)      |                  | 0.242%           | 0.392%           | 1.00%            | 1.5%             | 1.5%             | 1.5%             |
| Total benefits, same IWPR estimate          | \$100,200,000    | \$101,703,000    | \$103,228,545    | \$104,776,973    | \$106,348,628    | \$107,943,857    | \$109,563,015    |

|  |                                 |                            |                         |                                     |                                     |                      | JFO/jm; 3/11/19                     |
|--|---------------------------------|----------------------------|-------------------------|-------------------------------------|-------------------------------------|----------------------|-------------------------------------|
| Cash Flow for H.107 Family and Medical Leave using ADS/VDOL costs for IT and Administration of Program, Tax Dept. estimate |                                 |                            |                         |                                     |                                     |                      |                                     |
| PRELIMINARY -- Typical Recession Begins in Year 5  |                                 |                            |                         |                                     |                                     |                      |                                     |
| Assumptions/Parameters   | Tax Dept IT<br>Development Cost | ADS IT<br>Development Cost | Pyrl Tax Rate, Yr 2-5   | Int rate on Treas<br>funds, Yrs 2-4 | Int rate on Treas<br>funds, Yrs 5-6 | Pyrl Tax Rate, Yr 6+ | Int rate on Treas<br>funds, Yrs 7-8 |
| Tax IT: Collect contributions  | \$1,000,000                     | \$11,350,000               | 0.710%                  | 2.50%                               | 0.50%                               | 0.770%               | 1.50%                               |
| VDOL IT: All else  |                                 |                            |                         |                                     |                                     |                      |                                     |
|  | Start System 7/1/19             | Start Taxes 7/1/20         | Start Benefits 10/1/21  |                                     | Recession hits                      |                      |                                     |
|  | One year start-up               | No ben's in FY2020         | Fully operating in Oct. | Fully operating                     | Fully operating                     | Fully operating      | Fully operating                     |
|  | FY2020                          | FY2021                     | FY2022                  | FY2023                              | FY2024                              | FY2025               | FY2026                              |
|  | Year 1                          | Year 2                     | Year 3                  | Year 4                              | Year 5                              | Year 6               | Year 7                              |
| PROGRAM REVENUE  | \$0                             | \$102,556,251              | \$104,094,595           | \$105,656,014                       | \$105,911,701                       | \$106,326,875        | \$107,390,144                       |
| Contributions from payroll tax   | \$0                             | \$102,556,251              | \$104,094,595           | \$105,656,014                       | \$105,911,701                       | \$106,326,875        | \$107,390,144                       |
|  |                                 |                            |                         |                                     |                                     |                      |                                     |
| TOTAL COSTS (ben, IT, admin, addn to reserves)   | \$5,532,200                     | \$100,430,079              | \$84,302,130            | \$93,742,654                        | \$105,627,184                       | \$119,139,778        | \$133,378,718                       |
| Benefits paid  |                                 |                            | \$77,421,409            | \$104,776,973                       | \$106,348,628                       | \$107,943,857        | \$109,563,015                       |
| IT product development & personnel (ADS)   | \$4,865,200                     | \$6,484,400                | \$1,216,962             | \$1,222,691                         | \$1,228,592                         | \$1,234,669          | \$1,240,929                         |
| Admin costs from VDOL for Yr3+ (\$6 to \$10mil)  |                                 |                            | \$8,000,000             | \$8,184,000                         | \$8,372,232                         | \$8,564,793          | \$8,761,784                         |
| IT/Personnel costs from Tax Dept   | \$667,000                       | \$977,490                  | \$659,313               | \$674,477                           | \$689,990                           | \$705,860            | \$722,095                           |
|  |                                 |                            |                         |                                     |                                     |                      |                                     |
| Needed additions to reserves   |                                 | \$92,968,189               | -\$2,995,554            | -\$21,115,488                       | -\$11,012,257                       | \$690,598            | \$13,090,895                        |
| Reserves required: 9 mos bens & admin at t+1   |                                 | \$87,297,684               | \$88,663,898            | \$90,052,285                        | \$91,463,216                        | \$92,897,069         | \$94,376,324                        |
| Reserve balance carried forward  |                                 | -\$5,532,200               | \$2,126,172             | \$19,792,465                        | \$11,913,360                        | \$284,517            | -\$12,812,903                       |
| Interest earned on reserves  | \$0                             | -\$138,305                 | \$2,235,596             | \$2,711,409                         | \$509,828                           | \$458,739            | \$1,201,263                         |
| Reserve balance as of start of year  | \$0                             | -\$5,670,505               | \$4,361,769             | \$22,503,874                        | \$12,423,188                        | \$743,256            | -\$11,611,640                       |
|  |                                 |                            |                         |                                     |                                     |                      |                                     |
| EXCESS FUND BALANCE  | -\$5,532,200                    | \$2,126,172                | \$19,792,465            | \$11,913,360                        | \$284,517                           | -\$12,812,903        | -\$25,988,574                       |

| For reference                               | FY2020           | FY2021           | FY2022           | FY2023           | FY2024           | FY2025           | FY2026           |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Wages subject to PFL tax                    | \$14,231,076,279 | \$14,444,542,423 | \$14,661,210,560 | \$14,881,128,718 | \$15,104,345,649 | \$15,330,910,834 | \$15,560,874,496 |
| % Change in Wage Base (use historical)      |                  | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             |
| Total benefits, IWPR estimate, grow at 1.5% | \$100,200,000    | \$101,703,000    | \$103,228,545    | \$104,776,973    | \$106,348,628    | \$107,943,857    | \$109,563,015    |
| <i>Typical recession like 2001-02</i>       |                  |                  |                  |                  |                  |                  |                  |
| Wages subject to PFL tax                    | \$14,231,076,279 | \$14,444,542,423 | \$14,661,210,560 | \$14,881,128,718 | \$14,917,141,050 | \$14,975,616,243 | \$15,125,372,405 |
| % Change in Wage Base (use CPI-U)           |                  | 1.500%           | 1.500%           | 1.500%           | 0.24%            | 0.39%            | 1.0%             |
| Total benefits, same IWPR estimate          | \$100,200,000    | \$101,703,000    | \$103,228,545    | \$104,776,973    | \$106,348,628    | \$107,943,857    | \$109,563,015    |

| Cash Flow for H.107 Family and Medical Leave using ADS/VDOL costs for IT and Administration of Program, Tax Dept. estimate |                              |                         |                         |                                  |                                 |                      |                 |
|--|------------------------------|-------------------------|-------------------------|----------------------------------|---------------------------------|----------------------|-----------------|
| <b>PRELIMINARY - Benefit Payout 5% higher</b>  |                              |                         |                         |                                  |                                 |                      |                 |
| Assumptions/Parameters   | Tax Dept IT Development Cost | ADS IT Development Cost | Pyrl Tax Rate, Yr 2-5   | Int rate on Treas funds, Yrs 2-4 | Int rate on Treas funds, Yrs 5+ | Pyrl Tax Rate, Yr 6+ |                 |
| Tax IT: Collect contributions  | \$1,000,000                  | \$11,350,000            | 0.710%                  | 2.50%                            | 2.50%                           | 0.770%               |                 |
| VDOL IT: All else  |                              |                         |                         |                                  |                                 |                      |                 |
|  | Start System 7/1/19          | Start Taxes 7/1/20      | Start Benefits 10/1/21  |                                  |                                 |                      |                 |
|  | One year start-up            | No ben's in FY2020      | Fully operating in Oct. | Fully operating                  | Fully operating                 | Fully operating      | Fully operating |
|  | <b>FY2020</b>                | <b>FY2021</b>           | <b>FY2022</b>           | <b>FY2023</b>                    | <b>FY2024</b>                   | <b>FY2025</b>        | <b>FY2026</b>   |
|  | <b>Year 1</b>                | <b>Year 2</b>           | <b>Year 3</b>           | <b>Year 4</b>                    | <b>Year 5</b>                   | <b>Year 6</b>        | <b>Year 7</b>   |
| <b>PROGRAM REVENUE</b>   | \$0                          | \$102,556,251           | \$104,094,595           | \$105,656,014                    | \$107,240,854                   | \$118,048,013        | \$119,818,734   |
| Contributions from payroll tax   | \$0                          | \$102,556,251           | \$104,094,595           | \$105,656,014                    | \$107,240,854                   | \$118,048,013        | \$119,818,734   |
| <b>TOTAL COSTS (ben, IT, admin, addn to reserves)</b>  | \$5,532,200                  | \$104,301,149           | \$92,102,337            | \$106,937,423                    | \$122,390,061                   | \$138,481,104        | \$145,825,633   |
| Benefits paid  |                              |                         | \$81,292,479            | \$110,015,822                    | \$111,666,059                   | \$113,341,050        | \$115,041,166   |
| IT product development & personnel (ADS)   | \$4,865,200                  | \$6,484,400             | \$1,216,962             | \$1,222,691                      | \$1,228,592                     | \$1,234,669          | \$1,240,929     |
| Admin costs from VDOL for Yr3+ (\$6 to \$10mil)  |                              |                         | \$8,000,000             | \$8,184,000                      | \$8,372,232                     | \$8,564,793          | \$8,761,784     |
| IT/Personnel costs from Tax Dept   | \$667,000                    | \$977,490               | \$659,313               | \$674,477                        | \$689,990                       | \$705,860            | \$722,095       |
| Needed additions to reserves   |                              | \$96,839,259            | \$933,582               | -\$13,159,567                    | \$433,188                       | \$14,634,731         | \$20,059,659    |
| Reserves required: 9 mos bens & admin at t+1   |                              | \$91,168,754            | \$92,593,035            | \$94,040,358                     | \$95,511,110                    | \$97,005,682         | \$98,546,566    |
| Reserve balance carried forward  |                              | -\$5,532,200            | -\$1,744,898            | \$11,992,258                     | -\$1,281,409                    | -\$15,149,207        | -\$20,433,090   |
| Interest earned on reserves  | \$0                          | -\$138,305              | \$2,235,596             | \$2,614,632                      | \$2,318,974                     | \$2,009,048          | \$1,914,315     |
| Reserve balance as of start of year  | \$0                          | -\$5,670,505            | \$490,698               | \$14,606,891                     | \$1,037,565                     | -\$13,140,159        | -\$18,518,776   |
| <b>EXCESS FUND BALANCE</b>   | -\$5,532,200                 | -\$1,744,898            | \$11,992,258            | -\$1,281,409                     | -\$15,149,207                   | -\$20,433,090        | -\$26,006,900   |

| For Reference:  | <b>FY2020</b>    | <b>FY2021</b>    | <b>FY2022</b>    | <b>FY2023</b>    | <b>FY2024</b>    | <b>FY2025</b>    | <b>FY2026</b>    |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Wages subject to PFL tax                                | \$14,231,076,279 | \$14,444,542,423 | \$14,661,210,560 | \$14,881,128,718 | \$15,104,345,649 | \$15,330,910,834 | \$15,560,874,496 |
| % Change in Wage Base (use historical)                  |                  | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             | 1.5%             |
| <b>Alternative Scenario -- Benefit Payout 5% higher</b> |                  |                  |                  |                  |                  |                  |                  |
| Total benefits, increase IWPR est. by 5%                | \$105,210,000    | \$106,788,150    | \$108,389,972    | \$110,015,822    | \$111,666,059    | \$113,341,050    | \$115,041,166    |
| Total benefits, same IWPR estimate, grow at 1.5%        | \$100,200,000    | \$101,703,000    | \$103,228,545    | \$104,776,973    | \$106,348,628    | \$107,943,857    | \$109,563,015    |