

A photograph showing the silhouettes of several people standing around a table in a meeting room, with a bright light source creating a lens flare effect. The image is used as a background for the top left portion of the slide.

# Unemployment Insurance ADVISORY COMMITTEE



**Employment Security Department**

WASHINGTON STATE

# Agenda



- I. Approval of meeting schedule
- II. Legislative and budget submissions to OFM/Governor's office
- III. Minimum Weekly Benefit Amount report
- IV. Rulemaking update
- V. Brief on wildfires
- VI. Overpayment updates

# Legislative and budget submissions to OFM/Gov. office

Caitlyn Jekel, Government Relations Director, ESD  
Sophal Espiritu, Revenue Director, ESD



**Employment  
Security  
Department**  
WASHINGTON STATE

# 2024 Agency Request Legislation



## Relief of Benefit Charges RCW 50.29.021

Employers may receive relief without being required to file an application for relief under various circumstances, such as:

- A claimant was later determined to be disqualified or ineligible for those benefits.
- Benefits paid under the total disability statute or the state's share of extended benefits.
- Benefits allowed due to necessary protection from domestic violence or stalking, entering an approved apprenticeship program, illness or disability, lack of available care for a child or vulnerable adult, certain requirements during a public health emergency, relocation to follow a minor child.

Employment Security may apply relief in both cases where an individual is ineligible or disqualified.

Relief may not be granted to an employer with a history of failing to act timely, and the 30-day deadline to request relief may be extended for good cause.

# 2024 Agency Request Legislation



## Voluntary Contribution sunset RCW 50.29.026

The Legislature adopted Engrossed Substitute Senate Bill 5061 in 2021, making the program more accessible. The modifications, which expire on May 31, 2026:

- Removed the 10% surcharge requirement
- Opened the program up to employers that have moved 8, rather than 12, rate classes
- Allowed employers to buy down enough benefit charges to move down at least 2, rather than 4
- Extended the deadline to apply for voluntary contributions from Feb. 15 to March 31

This bill removes the sunset and makes these provisions permanent.

# 2024 Agency Request Legislation



## **Pandemic-era overpayment interest RCW 50.20.190**

Due to the unprecedented number of claims, the Department was unable to timely process and adjudicate issues, including providing clear and timely guidance and support to individuals with pandemic-era overpayment debt.

This bill will allow Employment Security to:

- Not charge interest on any overpayments that were paid for weeks claimed from February 2020 through September 2021 (the same weeks covered by the federal Pandemic Unemployment Assistance program).
- Lapse the pause on interest on January 1, 2025 to allow adequate time for the agency to process remaining overpayment waiver requests.
- Apply any interest associated with pandemic-era claims to be used to offset other debts the individual may owe, or else be refunded back to the individual.

# 2024 UI Decision Packages



## **Federal Funding Adjustment**

ESD is requesting an adjustment to its appropriation authority to accurately show anticipated revenues and expenditures.

This decision package:

- Reflects projected revenue from federal discretionary grants impacting Workforce and Unemployment Insurance programs across the agency.
- Is an annual process and covers all federal revenue across ESD programs, including unemployment insurance.

# 2024 UI Decision Packages



## Technical Correction

ESD is submitting technical corrections to the expenditure authority level to offset decreased UI administrative funding. Expenditure authority for the state accounts was not adjusted in the biennial budget to allow use of CPP and P&I to offset the shortfall in federal funds.

ESD is requesting the following expenditure authority changes:

- Employment Administrative fund or Claimant Placement Program (CPP) account by \$7,974,000
- Administrative Contingency, or Penalties & Interest (P&I) account by \$18,605,000



# Minimum Weekly Benefit Amount report



**Employment  
Security  
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WASHINGTON STATE

Matt Klein, Operations Research Specialist, ESD

# Goal and Outline



- Goal: summarize the 2023 MWBA report first draft
- Outline:
  - Review the change to the law
  - Summarize the data
  - Summarize the effect on claimants
  - Compare to the 2022 report
  - Introduce a new research direction

# ESSB 5061's Impact on July 1, 2021



1. Dollar per week increase: \$201 → \$295
  - Counterfactual: \$201 → \$221
2. Total benefits potentially payable on a claim is the smaller of:
  - 26\*WBA
  - 1/3 total gross wages in the base year
  - No guarantee of an increase in the total amount
3. Frontloading: more\$/week, but for fewer weeks
  - Claim duration before exhausting decreased by 3 weeks on average (max = 7 weeks)

# 19,008 Claimants affected in 2021



## Four types of impacts: Increased \$/week and

1. Roughly 65.1% of MWBA recipients
  - No increase in the max benefit amount
  - Frontloading
2. 18.5% of MWBA recipients
  - Increase in the max benefit amount
  - No frontloading
3. 13.3% of MWBA recipients
  - Increase in max benefit amount
  - Frontloading
4. Roughly 3.1% of MWBA recipients
  - No front loading, no increase in max

# Effect on claimants' careers (1/4)



- The quarter following the quarter of the EDC
  - 3 percentage points less likely to be employed than if ESSB 5061 had not passed (61.6% were reemployed, counterfactual = 64.6%).
  - If reemployed, earned \$809.91 more from employment
  - If reemployed, worked 52 hours more
  - If reemployed, had an hourly wage that was 34 cents higher

# Effect on claimants' careers (2/4)



The second quarter after the quarter of the EDC

- 1 percentage points less likely to be employed
- If reemployed, earned \$889.75 more from employment
- If reemployed, worked 37.7 hours more
- If reemployed, had an hourly wage that was 41 cents higher

# Effect on claimants' careers (3/4)



The third quarter after the quarter of the EDC

- 0.2 (not statistically significant) percentage points less likely to be employed
- If reemployed, earned \$918.26 more from employment
- If reemployed, worked 36.6 hours more
- If reemployed, had an hourly wage that was 36 cents higher

# Effect on claimants' careers (4/4)



The fourth quarter after the quarter of the EDC

- 0.9 percentage points less likely to be employed
- If reemployed, earned \$1,043.74 more from employment
- If reemployed, worked 52 hours more
- If reemployed, had an hourly wage that was 71 cents higher



# Synthesis



- Spend longer looking for a good-fit, high-paying job
- Secure it by the third quarter after the claim
- Work for a higher wage
- Work more hours, and earn more money
- Mechanism: increase in “reservation wages”

# Effects on claims



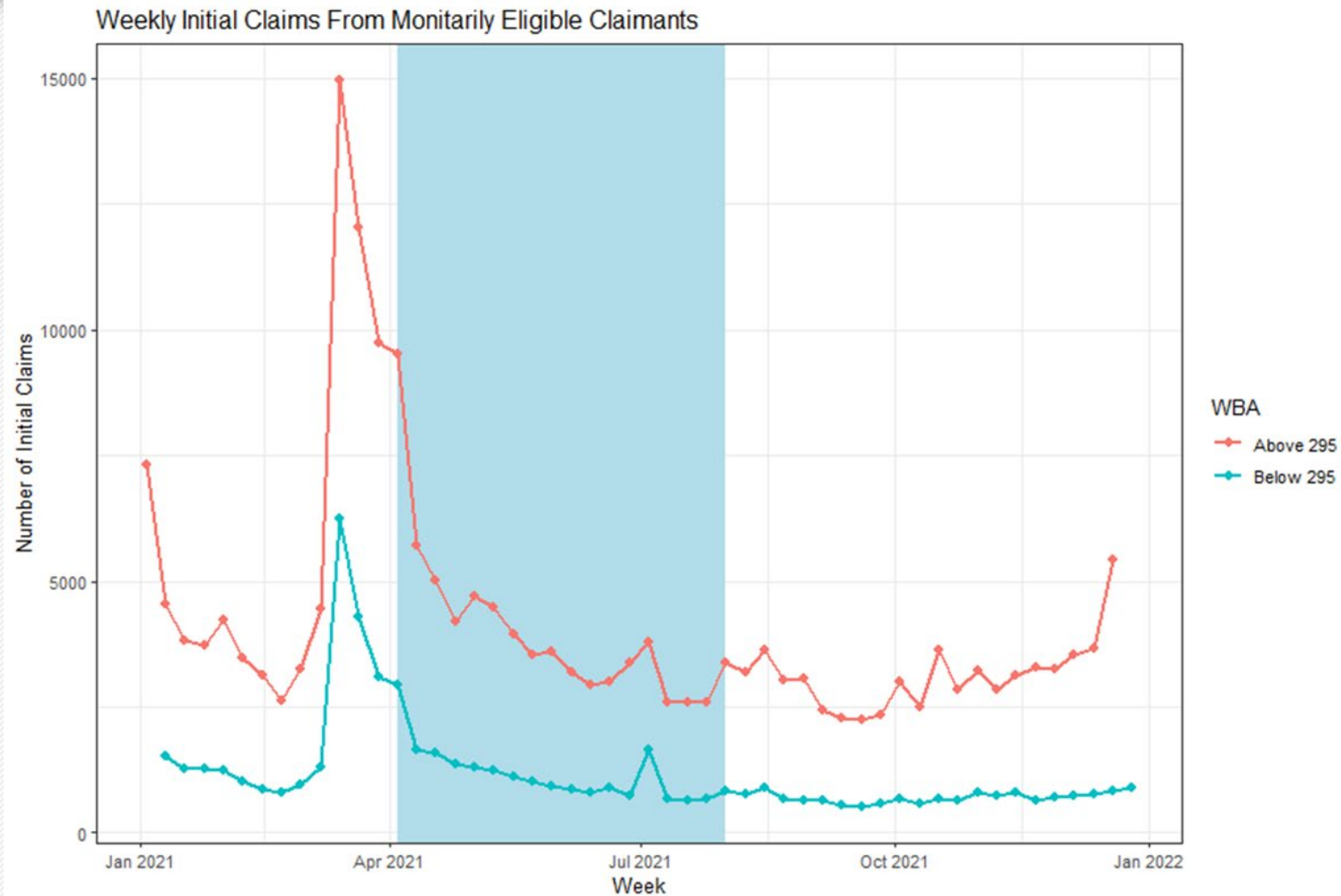
- Claim 1.8 fewer weeks on average
- More money/week, but for fewer weeks = \$91.72 increase in total compensation received

# Three updates to the 2022 report



- Improvement 1: more data
- Improvement 2: data maturation
- Improvement 3: improved modeling for earnings, hours, and wage models
- Five changes to results

# Improvement 1: more data



# Summer v. winter claimants



- 5,201 MWBA recipients included in the analysis for the 2022
- There were 13,807 more MWBA recipients included in this analysis
- New MWBA recipients were different.
  - Ex: 2x probability of coming from the agricultural sector.

# Improvement 2: data maturation



- More claims subject to adjudication completed
- This may have changed the ESD's calculation of their MWBA and total benefit amount

# Improvement 3: Some models updated



- Reemployment models = same
- Claim duration models = same
- Earnings, Hours, Wages = new focus on career progression
  - More aligned with literature
  - Better handles differences in how ESSB 5061 effected different MWBA recipients

# Comparison of Results



- Changes where we **did not** update the modeling
  - employment probability results: positive effect → negative
  - Reduction in claim duration results
- Changes where we **did** update the modeling
  - Reduction in magnitude of earnings impact
  - Calculation of hours worked impact for people who gained reemployment (no previous result reported)
  - Calculation of hourly wage impact for people who gained reemployment (no previous result reported)



# Higher incomes → more economic activity?



- People had more money in their pocket b/c of ESSB 5061.
- More expendable income → higher expenditures
- Higher expenditures → increased revenues, maybe profit, for employers

# Measuring the benefit to employers



- DOR data acquired via Data Sharing Agreement
- Merged with ESD data (dropping all non-covered employers)
- Created a measure of ESSB 5061's effect on employers:
  - # of claimants whose home address is within 2 miles of the storefront
- Results should be prepared by 2024 report

10-minute break



**Please return by: 11:15**

# Rulemaking Update



**Employment  
Security  
Department**  
WASHINGTON STATE

Stephanie Frazee, Legislation and Rules Coordinator, ESD

# Rulemaking



## Recent Past

- **Public Records Procedures** – Officially proposed rules allowing persons making public records requests to ask for an internal agency review of the response to their public records requests. Hearing is September 28, 2023.
- **SOC Code Reporting for Tribes (HB 1684)** – Officially proposed rules allowing tribes to report or not report SOC Codes or job titles on their quarterly reports as they see fit. Hearing is October 5, 2023.
- **Expanded Voluntary Quits (HB 1106)** – Officially proposed rules with definitions of “family member” consistent with PFML definitions and incorporating updates from the bill that are effective September 3, 2023. Hearing is October 26, 2023.

# Rulemaking



## Recent Past

- **Transportation Network Companies (HB 1570)** – Officially proposed rules stating that “hours worked” for purposes of driving for a TNC should be reported as “passenger platform time” doubled. Hearing is October 31, 2023.
- **Overpayment Waivers** – Extended emergency rules to October 25, 2023. Shared draft permanent rules with the public.
- **Failure to Respond** – Adopted final rules setting a possible end date on when someone is denied benefits due to a failure to respond. Rules will become effective October 7, 2023.

# Rulemaking



## Near Future

- **Voluntary Quits** – Listening Session scheduled for September 28, 2023, at 1:00 PM to get public input on other aspects of the rulemaking, such as quitting to follow a minor child, caregiving, definitions, and inaccessible care.
- **Transportation Network Companies (HB 1570)** – Workgroup is discussing possible rules related to relief of charges for part-time employers, quits due to workplace safety, quits due to 25% or more reduction in hours or compensation.

# Rulemaking



## Wildfire Emergency Rulemaking

- Filed emergency rules in response to the recent wildfires.
- Rules expire on December 23, 2023.
- Add definition for disaster, which includes disasters in other states
- Allow a claimant to be available for work even if they are unable to be physically present in their normal labor market due to a disaster and to be considered available for work if they have been impacted by a disaster and are available for work that (1) will commence after they are no longer impacted and (2) can be performed from their current location.



# Rulemaking



## Wildfire Emergency Rulemaking, cont'd

- Specify that a person is impacted by a disaster when they have lost housing, transportation, or another resource critical for accessing employment.
- Allow a claimant receiving training benefits to certify they are making satisfactory progress even if training is impacted by a disaster.
- Expand definition of “employer’s plant, building, worksite, or other facility” for purposes of relief of benefit charges for a catastrophic occurrence to include any building or worksite where an employee works, even if not owned by the employer.
- Will likely begin permanent rulemaking process.

# Brief on Wildfires



**Employment  
Security  
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WASHINGTON STATE

Steve Ruggles, Business Products Manager, ESD

# ESD response to disasters



## Our goal: maintain income security during times of disruption

*This can include a temporary layoff, an employer shuttering, or a natural disaster/public health emergency*

August wildfires in Spokane County sparked need for response

- Filed emergency rules to maintain claimants' access to UI benefits while directly impacted by the disaster
- Statute already allows benefit charge relief for affected employers

*Benefit - immediate clarity and certainty for impacted claimants and businesses*

Simultaneously, we prepare for the possibility that we will be authorized to offer federal aid under Disaster Unemployment Assistance

# Disaster Unemployment Assistance



## Disaster Unemployment Assistance (DUA) - will it be offered?

- When a disaster is large enough to overwhelm state and local resources, Federal Emergency Management Agency (FEMA) provides assistance.
- Disaster Unemployment Assistance is included when "individual assistance" is authorized for a given disaster.
- Funded by FEMA, but administered by state workforce agency (ESD)
- The disaster declaration process often takes up to several weeks, and is not assured

## What does DUA offer?

- DUA offers a UI-like benefit to unemployed workers who do not qualify for regular UI; this may include those who do not have enough hours worked, or those disqualified for other reasons
- Provided under different laws than regular UI (federal Stafford Act) and paid for by FEMA grants (not trust fund)

# Overpayments Project Update



**Employment  
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WASHINGTON STATE

JR Richards, Unemployment Insurance Customer Support Director, ESD

# Overpayment Project Update



- @33,300 individual waivers received
- Outreach campaign
- Staff hired and in training
- Application adjudication will begin on Monday, Sept. 11.

# Future Meeting Topics



- Legislative Session Updates
- Rulemaking Updates
- Overpayments Project Updates
- Appeals Backlog Updates
- Other?

# Public Comment



- If you would like to make public comment, please state your name and spell it so we can capture it correctly for the minutes, as well as the organization you represent if any.
- **Reminder:** Your comments are being recorded.
- If you would like your comments to be included in the meeting minutes, please submit them in writing via email to Camille Galeno at [camille.galeno@esd.wa.gov](mailto:camille.galeno@esd.wa.gov). *(Camille's email will be posted in the chat)*
- Please limit your comments to **two minutes**.