

A photograph showing the silhouettes of several people standing in a meeting room, illuminated by a bright light source from the left, creating a strong backlight effect. The room has large windows and a reflective floor.

Unemployment Insurance ADVISORY COMMITTEE



Employment Security Department

WASHINGTON STATE

Agenda



- I. Approval of Sept. 4, 2024 meeting minutes
- II. 2025 Proposed Meeting Schedule
- III. Government Relations Update
- IV. September Trust Fund Report
- V. Peak and Employer Performance
- VI. State Quality Service Plan Submission to USDOL
- VII. Minimum Weekly Benefit Amount Report
- VIII. Relief of Benefit Charging Report Out
- IX. Rulemaking Update
- X. Public comment
- XI. Adjourn

2025 Proposed Meeting Schedule



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JR Richards, UI Customer Service Director, ESD



2025 Proposed Meeting Schedule



<p>January 29th February 19th March 19th April 30th</p>	<ul style="list-style-type: none"> • One-hour legislative session meeting • Rulemaking update 	<p>September 17th</p>	<ul style="list-style-type: none"> • Legislative & rulemaking updates
<p>June 25th</p>	<ul style="list-style-type: none"> • Trust Fund Report • Legislative Session follow up & 2026 prep • Rulemaking update 	<p>October 22nd</p>	<ul style="list-style-type: none"> • Legislative & rulemaking updates • State Quality Service Plan submission to USDOL • Legislative reports • Benefit Charging Relief report out
<p>August 20th</p>	<ul style="list-style-type: none"> • Legislative and budget submissions to OFM/Gov office • Rulemaking update 	<p>December 10th</p>	<ul style="list-style-type: none"> • Legislative session prep • Rulemaking update • Governor’s budget • Trust Fund report • OAH appeals updates

Government Relations Update

Caitlyn Jekel, Government Relations Director, ESD

Josh Dye, Legislative Affairs Manager, ESD



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Government Relations Update



- **GR Director transition**

- **Legislative reports on the horizon**

Report

ESD Financial report

Federal Funding Shortfall report

Wage Replacement for Undocumented Workers

Minimum Weekly Benefit Amount report

Annual Labor Market and Economic report

Status

OFM review

OFM review

OFM review

Submitting to OFM following this meeting
in progress, due December 31st

- **Preparing for legislative session**

- Agency request legislation: ESD's Administrative Contingency Fund revenue

September Trust Fund Report



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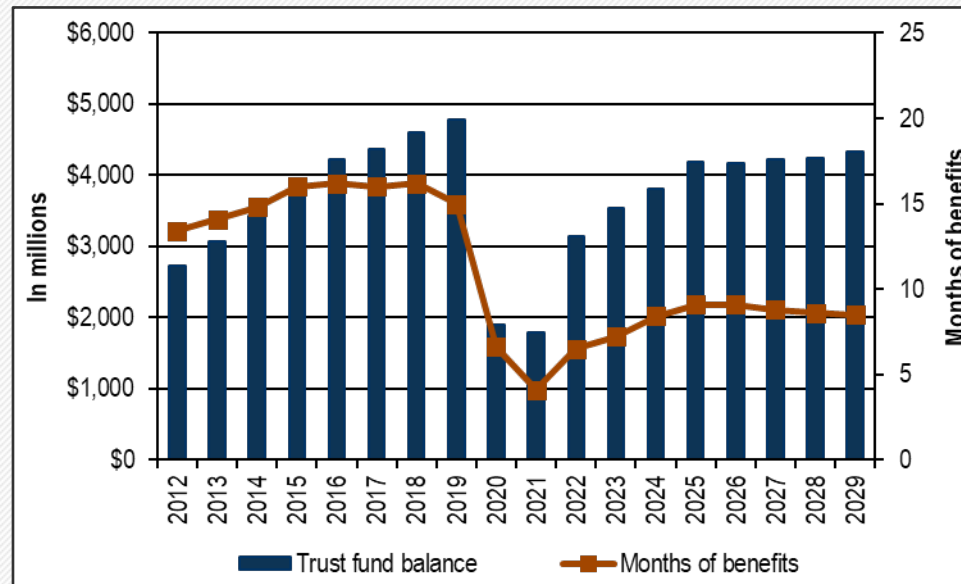
Vaughn Ellis, Actuarial Analyst, Office of Actuarial Services



Unemployment Insurance Trust Fund



On September 30, the UI trust fund held approximately \$3.7 billion, slightly lower than our projected \$3.8 billion.

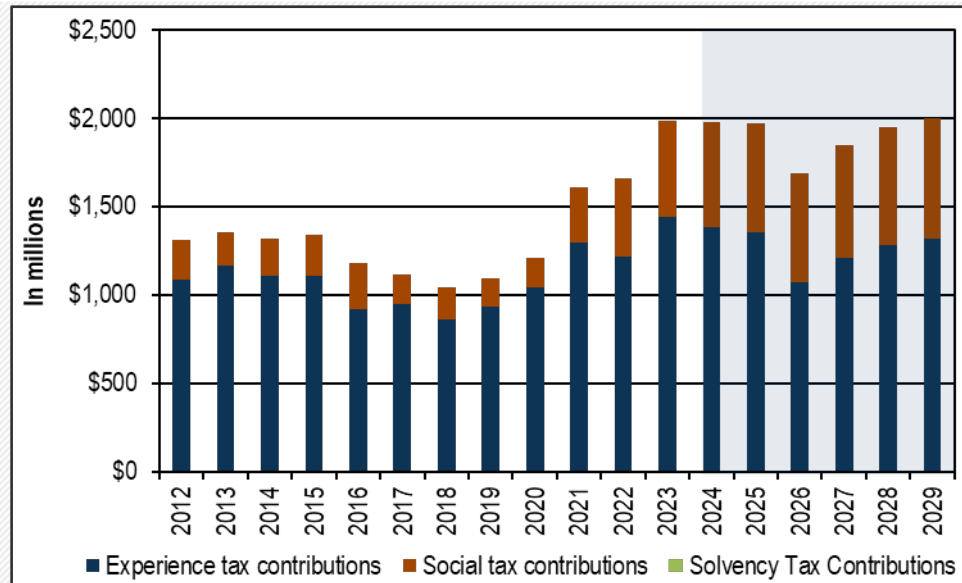




Employer Contributions



Projected Employer Contributions	June 2024	September 2024
2024	\$2.0 Billion	\$2.0 Billion
2025	\$1.8 Billion	\$2.0 Billion

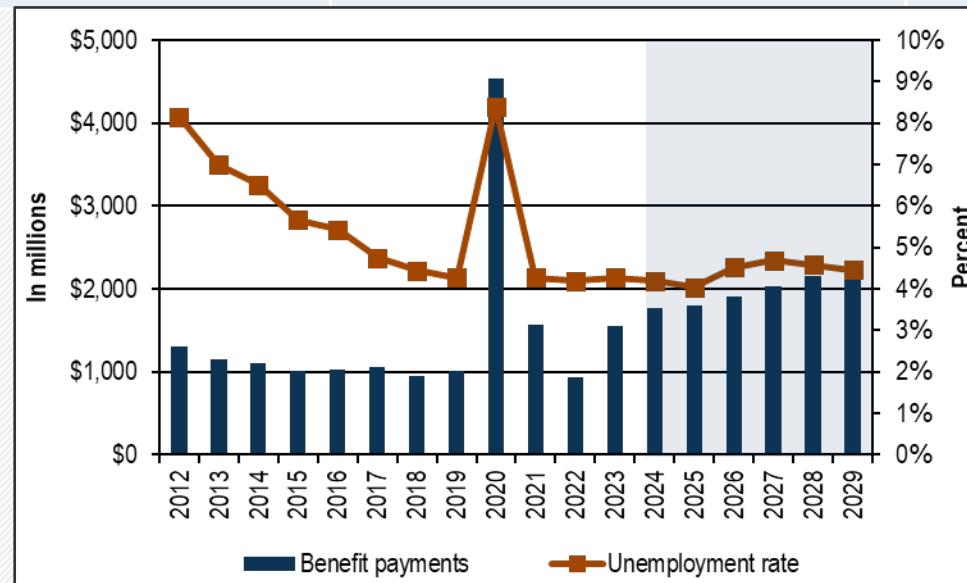




Total Benefit Payments

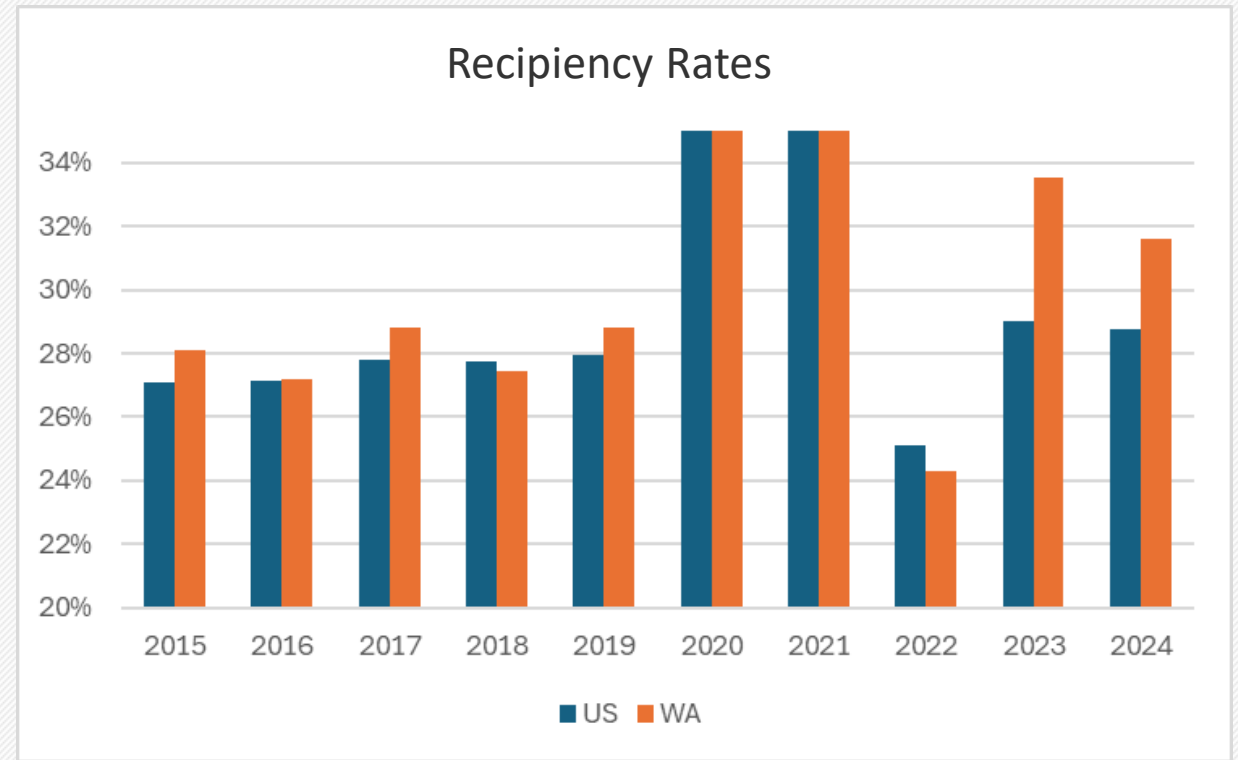
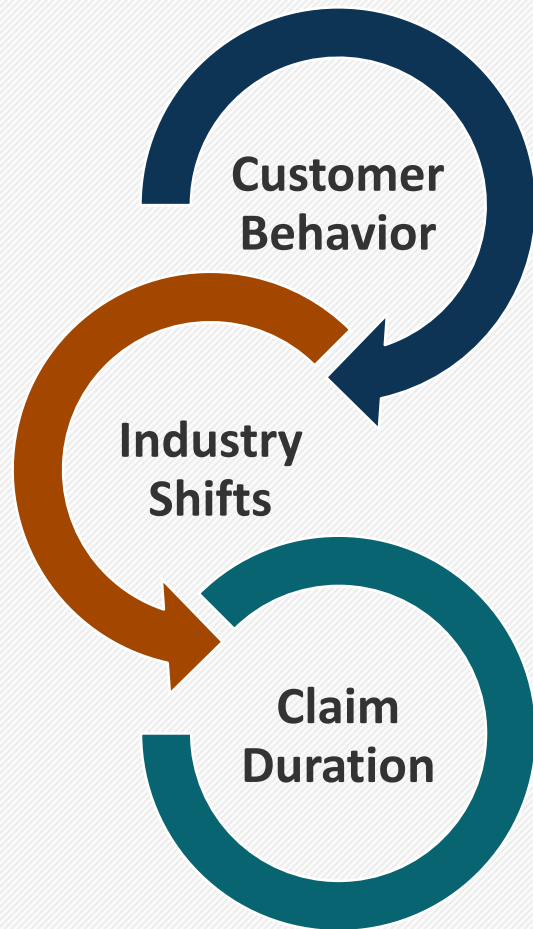


Projected Benefit Payments	June 2024	September 2024
2024	\$1.6 Billion	\$1.8 Billion
2025	\$1.5 Billion	\$1.8 Billion





Increased Volume of Claims



Peak and Employer Performance

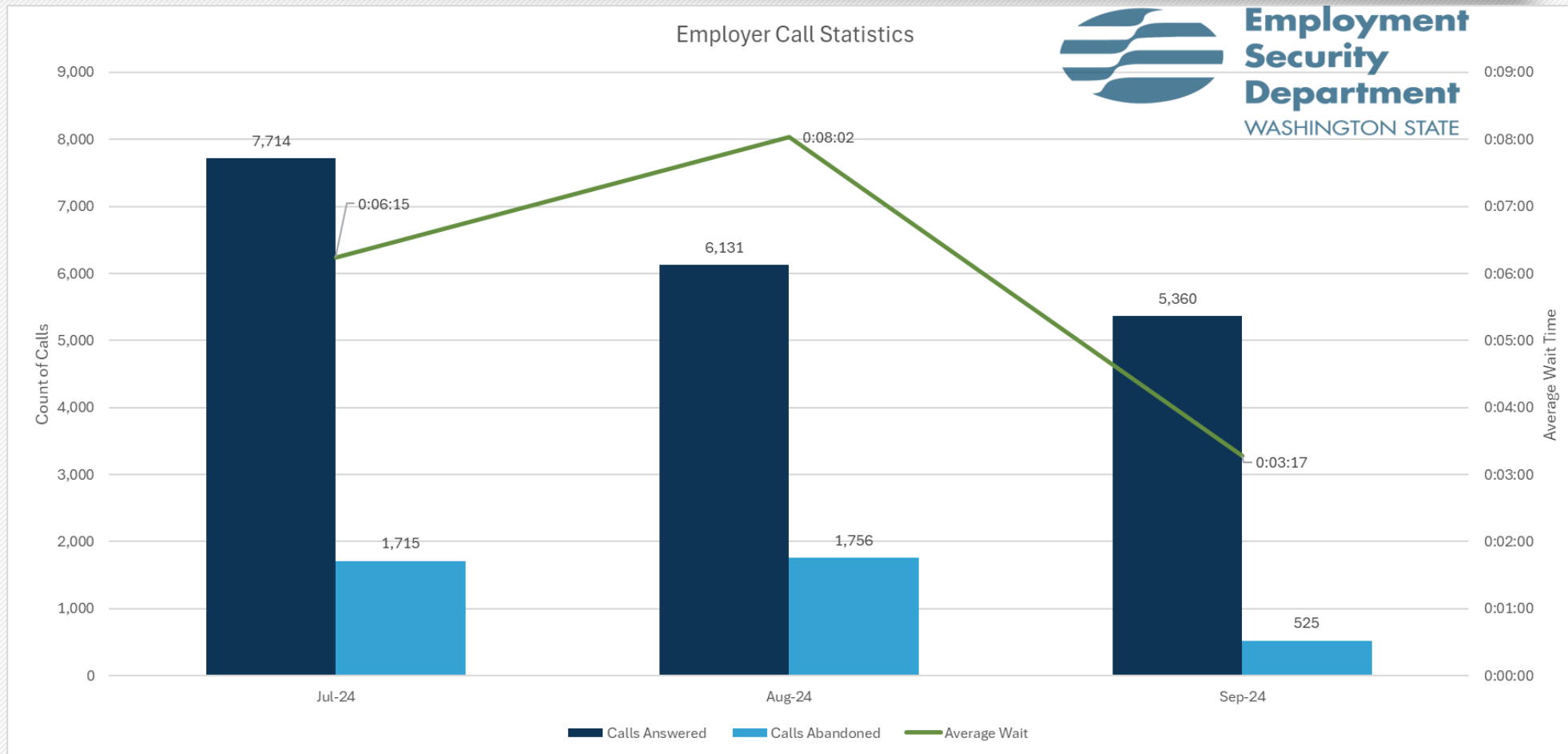


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JR Richards, UI Customer Service Director, ESD



Employer Call Performance





UI Benefits Performance history



Metric	2019	2023	% change
Average UI claims staff	245	223	- 9%
Number of continuing UI claims	1,246,106	1,289,118	+ 3%
Incoming call volume	565,340	1,114,982	+ 97%
Identity issues set	5,295	105,073	+ 1,884%



Analysis of CY 2024 Peak Season issues



- 33% increase in issues set on claims (192,657 total) set in 2023 vs. 2019
- High false positive rate on ID issues
- Work search reporting issues
- Confusing questions in the application
- Internal workflow complexity



Metric	Goal	Current Performance (Apr. 24 – Jun. 24)	Peak Season (Oct. 23 – Mar. 24)
Queued calls answered in goal time	80% within 20 minutes	51%	41%
High Call Volume	<u>Zero</u> during non-peak season <u>Limited</u> during peak season	52 K	237 K
Timely first payment (USDOL standard of 21 days)	> 87%	68.7%	56.7%
Timely non-monetary determination (USDOL standard of 21 days)	> 80%	56.9%	52.6%
Improper payments	< 10%	TBD	10.5%



State Quality Service Plan Submission to USDOL



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Nicole Walker, UI Quality Assurance Manager, ESD

SQSP Overview



1. Report performance to the US Department of Labor (USDOL) using a variety of data sources
2. Address failure to meet USDOL Acceptable Levels of Performance (ALPs)
3. Write Corrective Action Plans (CAPs) when ALPs are not met
4. Develop and track milestones required to meet CAPs
5. Report progress on CAPs and ALPs using milestones
6. Enter progress on SQSP workbook and send to USDOL quarterly

How does SQSP work?



- USDOL provides ESD with the SQSP workbook that includes ALPs ESD is not meeting identified by area of performance.
- ESD then establishes CAPs and MILESTONES by area of performance.
- Quarterly, ESD sends the SQSP workbook back to USDOL with progress information.
- Half-way through the plan year, USDOL reevaluates the SQSP based on more current performance data and provides a revised plan (SQSP Alternate Year Plan (AYP)).
- SQSP CAPs are set using data from quarter ending 3/31 for both Biennial Year Plan (BYP) and AYP

SQSP Guidance and Connections



- The State Plan is intended to be a dynamic document that states can use as a management tool – much like a business plan – not only to ensure program performance, but also to guide key management decisions, such as where to focus resources. ***It should focus the states' efforts to ensure well-balanced performance across the range of UI activities. ET Handbook 336, p. I-iii***
- ESD 2024-2028 Strategic Plan one of the goals is: People receive safe, accessible, and equitable services at the right time the way they need it. KPI category for this goal addresses the community we serve: Focusing on timely claimant payments, accurate and timely decision making, reducing call wait times, supporting the journey to employment, and understanding our customers satisfaction.
- Programs and measures do not live in isolation. They all link to one another.

What is included as part of SQSP?



Materials Shared With UIAC:

1. Narrative: Provides a high-level overview of program areas that are not currently meeting USDOL ALPs, including background on what caused the program to fall short of the ALPs and the steps ESD plans to take to meet performance expectations.
2. Workbook: Used to provide quarterly updates to USDOL, includes an in-depth look at each program area not currently meeting ALPs. Each program tab contains quarterly ALP tracking compared to federal expectations, a full CAP summary, and agency-directed milestones.
3. Integrity Action Plan (IAP): Ties directly to agency performance with improper payments, detection of overpayments, and services ESD provides claimants. The plan includes eight national priority topics that are required to be addressed in relation to fraud detection, prevention, and recovery efforts. Each state was directed to specify which areas are being addressed and to include details of processes, partnerships, and use of USDOL and NASWA resources.
4. Other document as part of our state package include a cover letter to USDOL, signature page, budget documents, State strategic plan, and organizational charts.

SQSP Key Points



The SQSP broadly captures all UI quality assurance needs and, as such, is an opportunity for UIAC to get a general sense of how the program is performing and the agency's activities in this realm:

1. During this review period, WA failed to reach the ALP in most areas, consistent with performance across the nation in response to the pandemic and related recovery efforts.
2. USDOL is particularly focused on fraud prevention, detection, and recovery, quality customer service and equitable access to the program. The Integrity Action Plan addresses the 8 topics identified by USDOL and what they consider to be national priorities.
3. Many of the grant projects are referenced throughout the SQSP Narrative, workbook and IAP which cover projects such as website modernization, translation services, standard work and quality review projects.
4. ESD has a structure for monitoring the milestones included in the SQSP, tracking progress, and working through planning and project timelines. Relevant staff, including leadership, meet regularly to provide updates, gather information, and collaborate on milestone completion.
5. The SQSP is a living document that will continue to be shared regularly with UIAC and other partners to obtain their feedback and collaboration on progress moving forward.



State Quality Service Plan (SQSP)



- DRAFT plan was submitted to USDOL October 9th, 2024
- USDOL sent WA feedback on October 24th, 2024
- Note that Quarter 1 for SQSP Program year began October 1st, 2024
- Quality Assurance team began to work with leadership to finalize the Narrative, workbook and IAP in prep for Commissioner approval and signature on October 25th, 2024
- FINAL SQSP package is due back to USDOL by November 12th, 2024
- First quarter reporting is due to USDOL by February 27th, 2025
- Integrity Action Plan is only updated once every 6 months and will not be due until after Q2 and submitted with the Q2 update to USDOL (to be submitted in May 2025)

BYP 2025 Washington Overview



Washington						
MEASURES/PROGRAMS TO BE ADDRESSED FOR BIENNIAL SQSP FISCAL YEAR (FY) 2025						
	Measures/Programs to be Addressed (Each Measure Below is Hyperlinked to the CAP Worksheet)	Acceptable Level of Performance (ALP)	Corrective Action Plan (CAP)		Narrative Required (In Word Doc.)	SQSP 2025 Performance Year Data
			N	E		
B E N E F I T S	First Payment Promptness	≥ 87%		x		55.26%
	First Payment Promptness (IntraState 14/21 Days)	≥ 87%		x		55.49%
	First Payment Promptness (InterState 14/21 Days)	≥ 70%				44.64%
	First Payment Promptness (IntraState 35 Days)	≥ 93%		x		72.51%
	First Payment Promptness (InterState 35 Days)	≥ 78%		x		70.51%
	Nonmonetary Determination Timeliness	≥ 80%		x		52.79%
	Nonmonetary Determination Quality - Separations	≥ 75%		x		42.12%
	Nonmonetary Determination Quality - Nonseps	≥ 75%				85.69%
	Lower Authority Appeals (30 Days)	≥ 60%		x		6.35%
	Lower Authority Appeals (45 Days)	≥ 80%		x		15.19%
A P P E A L S	Average Age of Pending Lower Authority Appeals	≤ 30 days		x		33.2
	Average Age of Pending Higher Authority Appeals	≤ 40 days				11.6
	Lower Authority Appeals Quality	≥ 80%				90.00%
	New Employer Status Determinations Timelapse	≥ 70%				83.60%
	Tax Quality (Part A)	No more than 3 tax functions failing TPS in a year				Pass
	Tax Quality (Part B)	The same tax function cannot fail for 3 consecutive years		x		Fail: Debits-Reimb
	TPS Sample Reviews	Pass				Pass
	Effective Audit Measure	Pass 4 factors/score ≥ 7				Pass
	Improper Payments Measure	< 10%		x		10.03%
	Detection of Overpayments - 3 Year Measure	≥ 50% & ≤ 95%		x		131.20%
I N T E G R I T Y	Overpayment Recovery Measure	≥ 68%		x		47.37%
	Data Validation - Benefits (All Submitted & Passing)	All Benefit Pops Submitted & Passing		x		Fail: Benefits 3, 3a, 4, 11-15; BTO 2
	Data Validation - Tax (All Submitted & Passing)	All Tax Pops Submitted & Passing		x		Fail: Tax 2 & 3; TPS 1
	NDNH BAM Compliance	Pass				Pass Fail
	BAM Operations Compliant	Pass All M&P		x		Sample Selection; Paid = 472 Denied (Monetary) = 144 Denied (Separation) = 145 Denied (Non-Sep) = 147 Fail Comparison Report: Denied (Non-Sep) = -17.54% Fail
	Incorrect Recording of Issue Detection Date	95%			x	61.93%
	Incorrect Recording of Determination Date	95%				98.12%
	UI Reporting Requirements	Pass				Pass
	Percent of Intrastate Payments Made Timely	87%				55.49%
	Detection of Recoverable Overpayments	57.5%				63.80%
G P R A	Percent of Employer Tax Liability Determinations Made Timely	90%				84.69%
	Integrity Action Plan (IAP) Top Three Root Causes - Payment Integrity Information Act (PIIA) Year Data					
Work Search						
Separation Issues						
Able+Available						

- Although WA made progress from 2024 to 2025, we are still not quite meeting many ALPs.
- We did make notable progress towards First Payment Promptness, Average Age Appeals, and Tax Quality, Overpayment Recovery.
- Improper Payment Rate is currently at 10.03%, (ALP is <10%). Top 3 root causes of WA Improper Payment Rate:
 - Work Search (28%)
 - Separation Issues (21%)
 - Able + Available (20%)

SQSP Integrity Action Plan



- USDOL is particularly focused on integrity, fraud prevention, detection, and recovery, tax operations and equity. The Integrity Action Plan addresses the 8 topics identified by USDOL and what they consider to be national priorities.
 - Ensuring UI program integrity by assessing and evaluating fraud risks, implementing and maintaining an array of sufficient controls to effectively mitigate the likelihood and impact of fraud, and reducing improper payments.
 - State plans and actions to address the state's top three improper payment root causes in 2023 for Payment Integrity Information Act (PIIA) purposes.
 - State coordination and collaboration with the Department of Labor's Office of Inspector General, Office of Investigations (DOL-OIG) and other state and Federal law enforcement agencies to investigate and prosecute UI fraud and recover overpayments.
 - State plans to strengthen program integrity in UI tax operations, including current activities and plans to identify and prevent worker misclassification, State Unemployment Tax Act (SUTA) Dumping, and Fictitious Employer schemes, and development/use of effective employer audit strategies (*i.e.*, use of remote audits).

SQSP Integrity Action Plan – Cont.



- State plans and actions to strengthen internal security and ensure that all appropriate internal controls and processes are in place and are adequate to assess internal risks and threats, ensure program integrity, and minimize program vulnerabilities (see UIPL No. 14-17).
- State plans and actions to balance the need to identify and prevent fraudulent activity while ensuring that eligible individuals with legitimate claims get the benefits they are entitled to when they are due.
- State plans and actions to mitigate negative consequences for victims of UI ID fraud, including ensuring simplified processes to remove victim's liability for overpayments resulting from ID fraud.
- If the state has not provided complete and accurate overpayment reporting on the ETA 227 and 902P, the state must provide information for plans for improvement.

SQSP State Plan Narrative



The narrative focuses on strategies to support WA ESD's three overall goals: Healthy ESD, Happy Customers and a Bright Future.

Progress towards these three goals is measured by key performance indicators, with measures assessed routinely using a scorecard. Scorecard categories include employee belonging, equity and wellbeing; customers and stakeholders; project delivery; and organization health. As ESD phases in its balanced scorecard approach, leaders will be better able to consider performance across different perspectives, consistently apply an equity lens, and incorporate data-driven decisions reflecting agency goals.

The right approach and the right time: prioritization and completion

ESD continues to work through the aftereffects of the pandemic, from PUA-related backlog queues to overpayment recovery. At the same time, ESD is better able now to address short- and long-term project prioritization through its portfolio management system. With the numerous projects under each portfolio, including those under its ARPA Umbrella, ESD is working to understand the connections between individual projects and project delivery impacts.

Plan for 2025 is supported by ongoing collaboration and partnership with USDOL, NASWA and other external agencies. ESD continues to move forward with grant-funded projects from Tiger Team, ARPA, Equity and Integrity grants. ESD continues to work through the multiple projects under these grant umbrellas, including: Intake Standard Work, Unemployed Worker Handbook Update, Case Management System improvements, Translation Services, Web Modernization, Data Equity and others. Weekly updates for all projects are provided to USDOL Regional Offices under an ARPA Umbrella, where updates encompass six USDOL ARPA Grants, across four portfolios, totaling 16 projects.

Minimum Weekly Benefit Amount Report

Caitlyn Jekel, Government Relations Director, ESD
Josh Dye, Legislative Affairs Manager, ESD



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Minimum Weekly Benefit Amount data

Q1-Q2 2021
MWBA: \$201

10,767 claimants who received MWBA

Q3-Q4 2021
MWBA: \$295

Calculation % increases from 15-20%

13,842 experienced frontloading
2,700 did not experience frontloading

16,542 claimants who received MWBA

Q1-Q2 2022
MWBA: \$295

WBA capped at claimant weekly wage

10,678 received MWBA
496 received less than MWBA / experienced prolonging

11,174 claimants who received MWBA

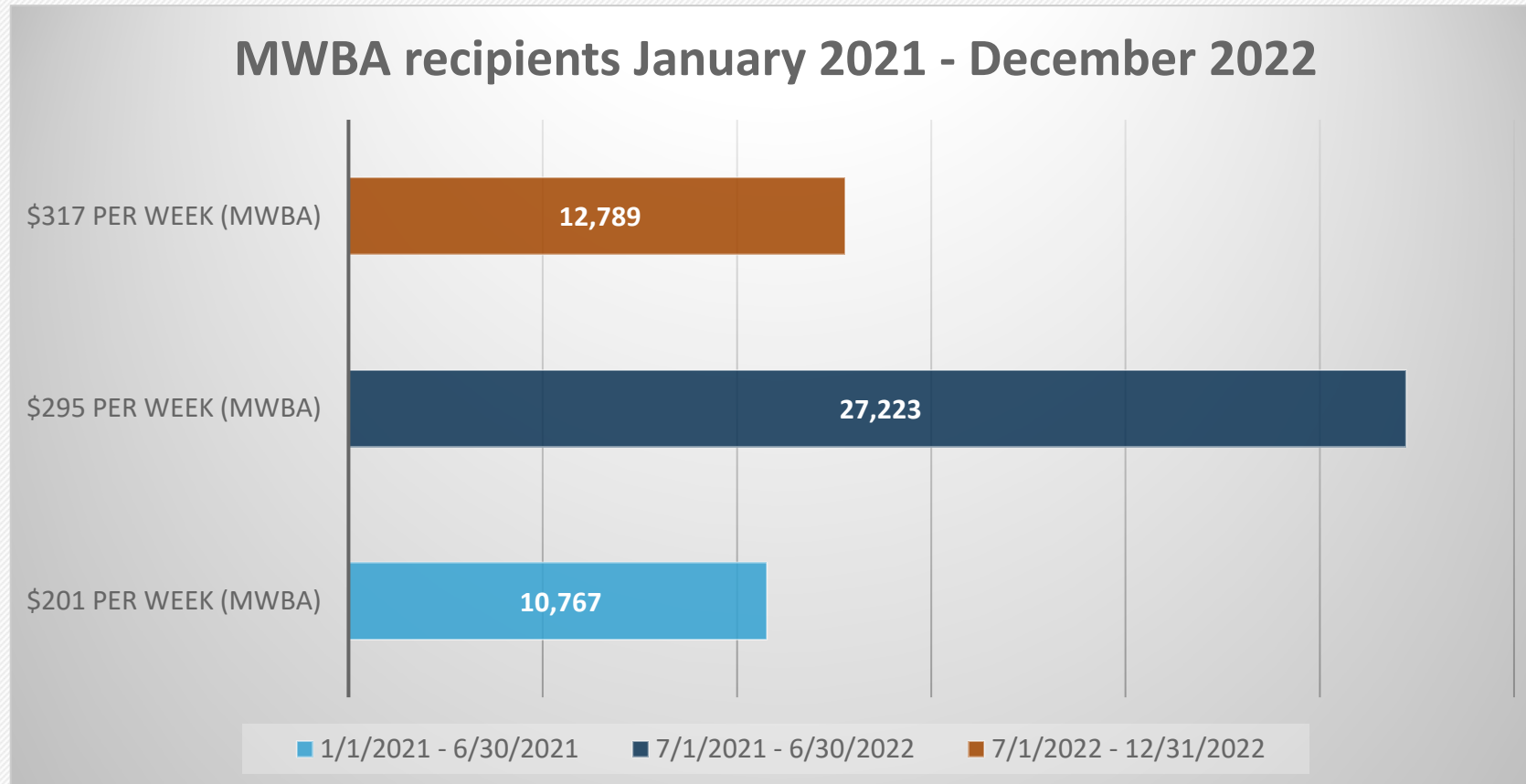
Q3-Q4 2022
MWBA: \$317

WBA capped at claimant weekly wage

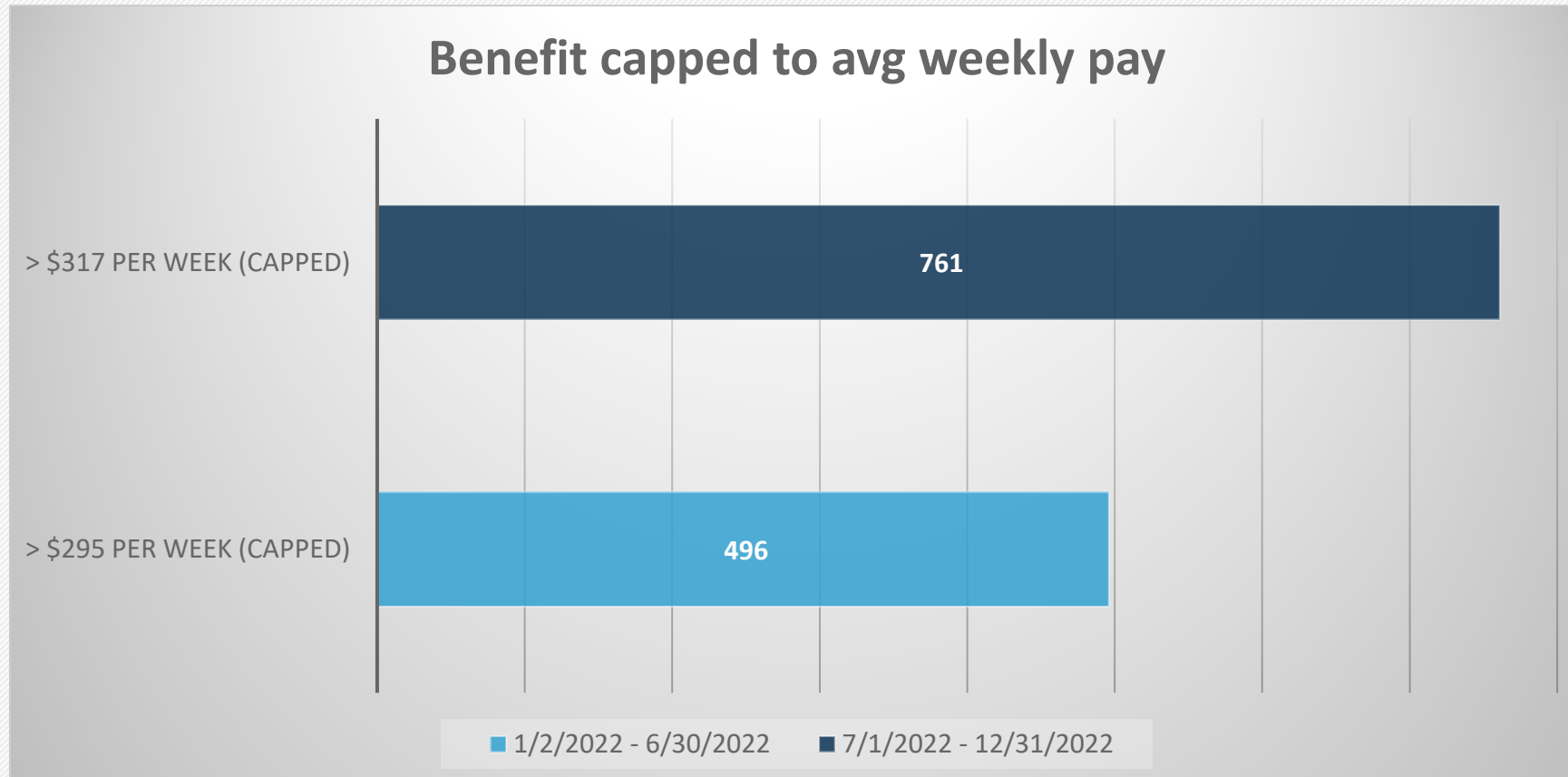
12,788 received MWBA
761 received less than MWBA (capped)

13,549 total claimants

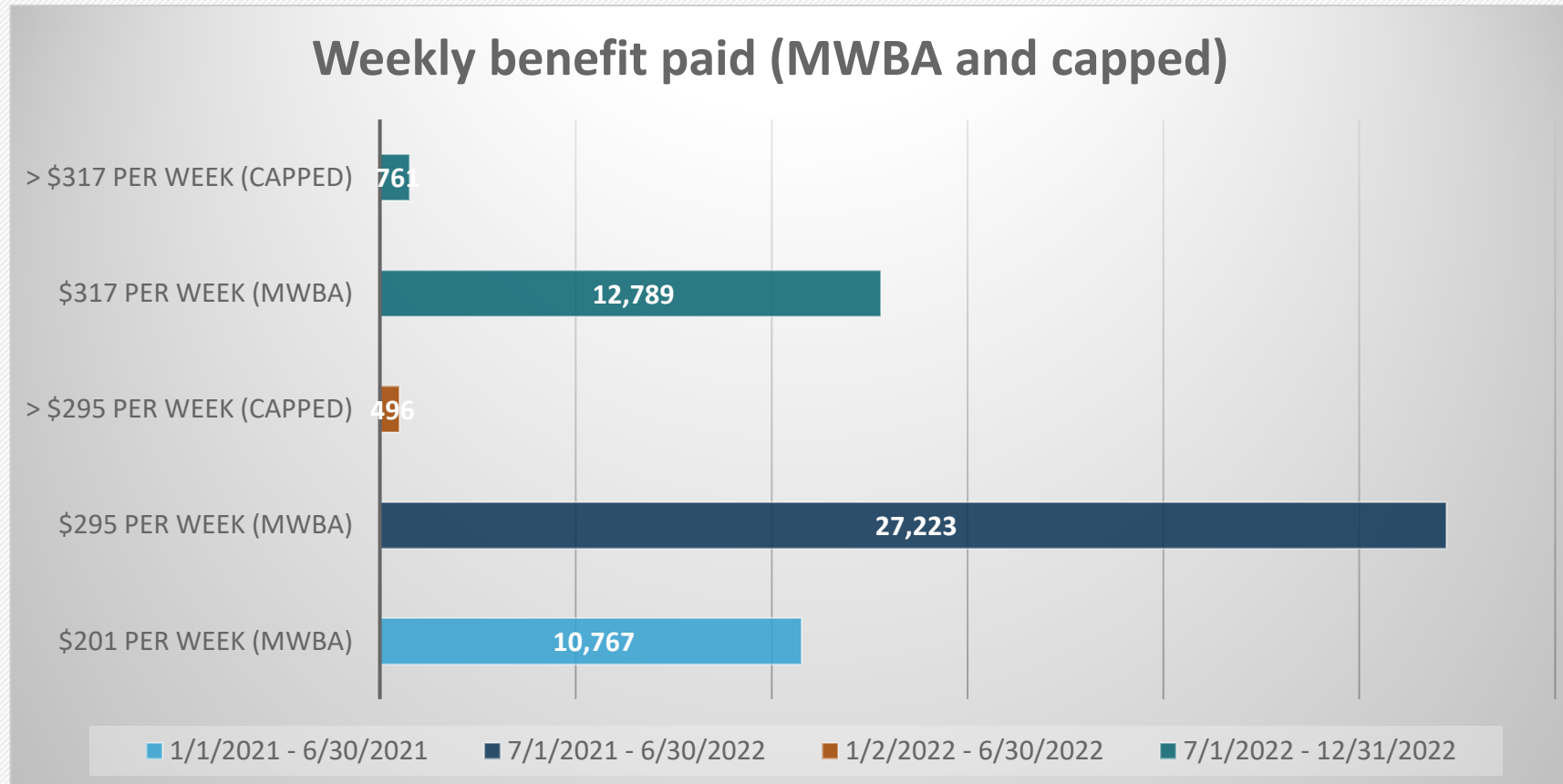
Minimum Weekly Benefit Amount data



Minimum Weekly Benefit Amount data



Minimum Weekly Benefit Amount data



Relief of Benefit Charging Report Out



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WASHINGTON STATE

Stephanie Frazee, Legislation and Rules Coordinator, ESD



Relief of Benefit Charging Report Out



RCW 50.12.200(2) requires the Department to report to UIAC the amount of benefits not charged to employers because the employer discharged an individual because they were unable to satisfy a job prerequisite required by law or administrative rule

From Fourth Quarter 2023 to Third Quarter 2024

- Relief has been granted 20 times, related to claimant not having the required license or certification or failing to complete a background check
- Total potential benefit charge relief across all 20 instances is \$109,978.60
 - Potential benefit charge relief = Maximum Benefits Payable X Employer's Percent of Base Year Wages

Rulemaking Update



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Stephanie Frazee, Legislation and Rules Coordinator, ESD

Rulemaking Update



- **Address Change Requirement** - We are adding an explicit requirement that employers provide their new address to the Department within 30 days after an address change. We have filed the CR 101. Comments were due on October 28.
- **Space Force** – We are updating the rule on mandatory military transfers to include all members of the U.S. Armed Forces, including Space Force. We have filed the CR 101. Comments are due November 11.
- **Rescinding Withdrawal of Appeal** – Working on a process and standard of review for situations where a claimant or employer withdraws an appeal and later wishes to request to reinstate the appeal. Hearing is scheduled for December 2, 2024, at 9:00 AM via Zoom.

Rulemaking Update



- **Failure to Respond** – Formally adopted amended rule on October 7; new rule language will be effective November 6.
- **Relief of Benefit Charges** – Updating our rule to mirror the statutory language. CR 101 has been filed, published on our website, and shared via GovDelivery. Working on draft language.
- **Transportation Network Companies (HB 1570)** – Drafted rules concerning relief of benefit charges for part-time workers and potential other rules needed to implement bill. These have been published on our website and shared via GovDelivery.

Rulemaking Update



- **Emergency Rule for Standby** – We are preparing to file an emergency rule that would allow workers who are furloughed or temporarily laid off as a result of the Boeing strike to be on standby with their employers.

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. *(Camille's email will be posted in the chat)*
- Please limit your comments to **two minutes**.

Thank you

Unemployment Insurance ADVISORY COMMITTEE



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WASHINGTON STATE

**Break
Return at ()**