



## Unemployment Insurance Advisory Committee

### Meeting details

**Date:** Monday, September 11, 2023

**Time:** 10:00am - 12:00 pm

**Location:** Zoom

#### Committee members and alternates present

##### Employee Representatives

- Sybill Hyppolite, Washington State Labor Council
- Cindy Richardson, UNITE HERE Local 8
- Josh Swanson, Operating Engineers 302

##### Employer Representatives

- Bob Battles, Association of Washington Business
- Josie Cummings, Building Industry Association of Washington

##### General Public Representatives

- Anne Paxton, Unemployment Law Project

##### ESD staff

- Joy Adams
- Danielle Cruver
- Joshua Dye
- Vaughn Ellis
- Colin Helsley
- Caitlyn Jekel
- Matt LaPalm
- Marypat Meuli
- Scott Michael
- JR Richards
- Stephanie Sams

#### Committee members and alternates absent

- Julia Gorton, Washington Hospitality Association
- Tammie Hetrick, Washington Food Industry Association (employee rep)
- Monica Holland, Northwest Justice Project (alternate public rep)
- Joe Kendo, WA State Labor Council
- Allyson O'Malley-Jones, Northwest Justice Project (alternate public rep)
- William Westmoreland, Pac Mtn WF Dev Council
- Brenda Wiest, Teamsters 117
- Courtney Williams, Community Employment Alliance (public rep)

- Dan Zeitlin

## Summary

### Meeting Recorded

This meeting was [recorded](#) and also livestreamed by TVW.

### Welcome and Opening Remarks

Unemployment Insurance Customer Support Director, JR Richards, welcomed everyone and asked committee assistant Colin Helsley to call roll.

### Meeting Minutes

JR Richards requested that everyone review the August 2<sup>nd</sup>, 2023 UIAC meeting minutes which were emailed to committee members prior, and to provide their feedback. Sybill Hyppolite made a motion to approve the minutes and Cindy Richardson seconded the motion. All in favor said “aye”, no members said “nay”. The August 2<sup>nd</sup>, 2023 meeting minutes were approved.

### Agenda

JR Richards reviewed the following agenda items (also see Addendum I.)

- Legislative and budget submissions to OFM/Governor's office
- Minimum Weekly Benefit Amount report
- Rulemaking update
- Brief on wildfires
- Overpayment updates

### Legislative and budget submissions to OFM/Governor's office

JR Richards handed the meeting over to Caitlyn Jekel, Government Relations Director, ESD, to provide updates on ESD’s legislative and budget submissions to the Office of Financial Management/Governor’s office.

Caitlyn presented on the following slides:

## 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.

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### 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.

### 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.

Caitlyn then requested feedback on these three agency request bills from the committee. Josh Swanson made a motion of support for the bills. Bob Battles seconded and asked what specifically was being asked of the votes. Caitlyn answered that the ask was for support of the agency moving forward with submission of these bills for the 2024 legislative session. The vote was put forward and the motion was passed with majority “aye” votes. There were no votes in opposition. Anne Paxton declined to vote.

Caitlyn then handed the floor to Sophal Espiritu, Funds Manager, ESD to provide a briefing on the 2024 Unemployment Insurance decision packages that will be submitted by ESD to OFM. Sophal presented on the following two slides.

## 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**

JR thanked Caitlyn and Sophal and handed the floor to Matt Klein, Operations Research Specialist, ESD to provide the Minimum Weekly Benefit Amount Report. JR added that committee members would receive a copy of the report after the meeting. Matt then presented on the following slides.

## 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

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## 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



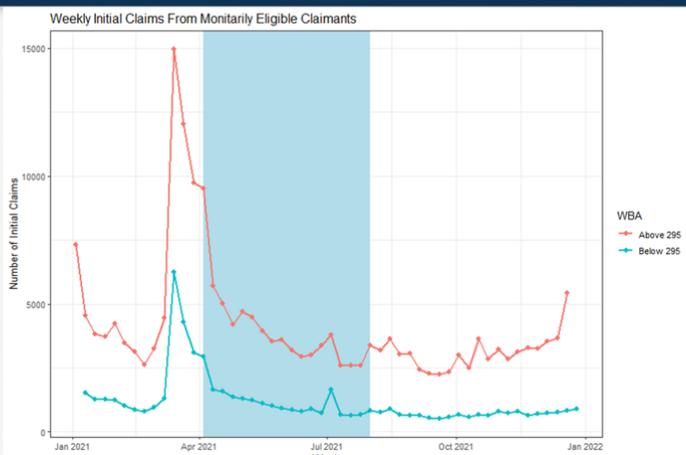
- Claim 1.8 fewer weeks on average
- More money/week, but for fewer weeks = \$91.72 increase in total compensation received

## 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



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## 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

Matt concluded his presentation, and JR opened the floor for questions/comments.

Sybill Hyppolite thanked Matt for sharing this research and added that it's interesting to see what's possible when we invest in workers.

Bob Battles asked if the final report would be sent out to committee members as it contained a lot of data. JR answered affirmatively and stated that that committee members would have a chance to look over the final report ahead of the next UIAC meeting. Caitlyn Jekel added that this report contains a section in closing for stakeholder positions. So, in addition to the two briefings presented at this meeting, ESD will also take written comments from business and labor.

Anne Paxton asked a question regarding the measurement of benefit to employers in the form of the number of claimants whose home address is within 2 miles with the storefront, and how this was considered a significant effect of employers. Matt answered that the best way to measure this would be to collect a bank statement from each person to see what they are spending money on specifically. ESD does not have this information but does have information on company revenues and local expenditures, so this data will be leveraged to answer that question as best as possible.

**At this time, the meeting was paused for a 10-minute break.**

## Rulemaking Update

Upon return from the break, JR handed the floor to Stephanie Frazee, Legislation and Rules Coordinator, ESD to present ESD's rulemaking update. Stephanie proceeded to present information from the following slides.

### 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.

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.

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.

Bob Battles then asked when the deadline is for implementing the voluntary quits rule. Stephanie responded that the bill had staggered deadlines, so there are various deadlines in 2024.

Stephanie then advanced to the following slide to discuss emergency 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.

At this juncture, Bob Battles commented that wildfires are not a surprise, noted past misuse of emergency rules by state agencies, and asked why there are emergency rules on wildfires when they occur every year. Stephanie answered that ESD will be working on permanent rules regarding wildfires in the near future. Bob expressed appreciation for the response and underlined the ongoing concern that wildfires are not an appropriate use of emergency rules.

Stephanie then advanced to the next slide to cover the following bullet points.

**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.

JR thanked Stephanie for joining and acknowledged Bob’s comment and the need for built-in rules regarding wildfires in order to avoid the need for emergency rules.

JR then handed the floor to Steve Ruggles, Business Products Manager, ESD to provide a brief on the agency response to the impact of wildfires to citizens across the state. Steve presented information from the following slides.

## 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)

Sybil Hyppolite asked whether there is a sense of how many people have been impacted or might need support at this time. Steve answered that he knew of nine impacted individuals that claimed unemployment insurance due to the fires. He added that if Disaster Unemployment Assistance (DUA) is approved, there is not an estimation at this time of how many people will need assistance.

Anne Paxton asked if there is any data on potential abuse of emergency rules that Bob was alluding to. Steve answered that ESD does not have this information, but that fraud is a part of the discussions in preparation for the implementation of the DUA program.

JR thanked Steve for joining and transitioned to the next agenda topic: Overpayment Project Update. JR presented information from the following slide.

## Overpayment Project Update



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

Anne Paxton expressed appreciation for the work done on this project and asked whether ESD had investigated the possibility of texting for use in outreach on the overpayment waivers. JR answered that this would be a matter of whether the system is set up for texting, and that in order for individuals to receive texts from ESD, they would have to opt-in. JR added that she will look further into this and follow up with Anne.

### **Future Agenda Topics**

JR gave an overview of the following future meeting topics and asked for feedback.

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

Anne commented that she would like to receive updates on the Navigator Grant project. JR responded that this would be captured and that she's excited to provide updates on that topic.

### **Public Comments**

JR reminded meeting participants that if they would like their comments captured in the meeting minutes to please email them to [Camille.galeno@esd.wa.gov](mailto:Camille.galeno@esd.wa.gov)

### **Action Items**

- A copy of the Minimum Weekly Benefit Amount Report will be emailed to committee members upon its completion (committee members received this report via email on 9/19/2023).
- Updates on the Navigator Grant Project to be added to future UIAC agendas.

### **Adjourned**

JR Richards thanked everyone for joining today and ended the meeting.

**Next meeting**

October 18, 2023, from 10:00 a.m. to 12:00 p.m. via Zoom.

Addendum 1

Agenda

Unemployment Insurance Advisory Committee (UIAC)

Monday, Sept. 11, 2023 | 10:00 am - 12:00 pm | Via Zoom | 212 Maple Park Ave SE, Olympia, WA 98501

Time	Topic
10:00 am	Welcome from JR Richards, Unemployment Insurance Customer Support (UICS) Director, Employment Security Department (ESD) <ul style="list-style-type: none"> <li>o Agenda Overview</li> </ul>
10:05 am	Approval of Aug 3rd, 2023 Meeting Minutes
10:10 am	Legislative and budget submissions to OFM/Gov office - Caitlyn Jekel & Danielle or delegate
10:25 am	Minimum Weekly Benefit Amount report - Matt Klein
11:05 am	BREAK (10 min)
11:15 am	Rulemaking Update - Stephanie Frazee
11:30am	Brief on wildfires - Steve Ruggles
11:40 am	Overpayment Project Updates - JR Richards
11:50 am	Public Comment
12:00 pm	Adjourn

For more information, please visit the UIAC website at <https://esd.wa.gov/newsroom/UIAC>

RECORDING DISCLAIMER:

*This meeting is being recorded and will be live streamed by TVW. Please be advised that your image and voice will be captured and recorded during the videoconference. Your participation in this videoconference equals consent to be recorded as required by law.*

Addendum II



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**Unemployment Insurance Advisory Committee**

**Aug 2023 – June 2024 Meeting Dates**

<b>Date</b>	<b>Location</b>	<b>Host</b>	<b>Notes</b>
Aug 2, 2023 10:00 AM – 12:00 PM	Zoom	ESD	Recorded meeting
Sept 11, 2023 10:00 AM – 12:00 PM	Zoom	ESD	Recorded meeting
Oct 18, 2023 10:00 AM – 12:00 PM	Zoom	ESD	Recorded meeting
Dec 6, 2023 10:00 AM – 12:00 PM	Zoom	ESD	Recorded meeting
Jan 26, 2024 2:00 PM – 3:00 PM	Zoom	ESD	Recorded meeting
Feb 23, 2024 2:00 PM – 3:00 PM	Zoom	ESD	Recorded meeting
Mar 29, 2024 2:00 PM – 3:00 PM	Zoom	ESD	Recorded meeting
May 15, 2024 10:00 AM – 12:00 PM	Zoom	ESD	Recorded meeting
June 26, 2024 10:00 AM – 12:00 PM	Zoom	ESD	Recorded meeting