



## Unemployment Insurance Advisory Committee

### Meeting details

**Date:** Wednesday, June 9, 2021

**Time:** 10:00 a.m. to 12:00 p.m.

**Location:** Zoom

#### Committee members present

- Robert Battles
- Julia Gorton
- Sybill Hyppolite
- Kevin Perkey
- Cindy Richardson
- Jerry VanderWood
- Brenda Wiest

#### Committee members absent

- Tammie Hetrick
- Josh Swanson

#### ESD staff

- Joy Adams
- Claire DeLong
- Nick Demerice
- Joshua Dye
- Stasha Espinosa
- Wendy Goldmark
- Carole Holland
- Matthew Klein
- Matt LePalm
- Nona Mallicoat
- Scott Michael
- Jeff Robinson
- Dan Zeitlin

## Summary

### Meeting Recorded

This meeting was recorded and is available at <https://esd.wa.gov/newsroom/UIAC/recordings>.

### Welcome and Opening Remarks

Employment Security Department (ESD) Policy Director, Dan Zeitlin, welcomed everyone and asked Wendy Goldmark to take roll call. All committee members were present, except Tammie Hetrick and Josh Swanson.

### Agenda

Dan Zeitlin reviewed the meeting agenda and asked if anyone had any questions. (See Addendum I.)

### Meeting Minutes

Dan Zeitlin requested that everyone review the meeting minutes for May 12, 2021 and provide their feedback. Robert Battles asked for the committee's request to reinstate job search requirements be noted in the minutes. This was seconded by Kevin Perkey and Julia Gorton. Dan Zeitlin requested that Wendy Goldmark make the changes to the minutes and noted that the May 12, 2021 meeting minutes will be reviewed again at the June 24, 2021 meeting for approval.

### Opening Discussion

Dan Zeitlin opened the meeting discussion with a [slide presentation](#) and highlighted the below topics to be covered:

- UI Budget
- SB 5061 Report
- Work Search Reinstatement
- Next Agenda

Dan Zeitlin handed the meeting over to Carole Holland, Chief Financial Officer, ESD to lead the discussion on UI Budget:

### Main Revenue Sources for UI

- Federal Unemployment Tax Act (FUTA)
  - Paid to IRS
  - Revenues held in the Federal UI Trust Fund
  - Pays administrative costs for states and the USDOL
  - Excess revenues pay extended benefits, loans, and Reed Act distributions
- State Unemployment Tax Act (SUTA)
  - Paid to ESD and revenues held in the state's unemployment trust fund
  - Funds can only be used to pay UI benefits to claimants

**Federal UI Administrative Grant**

➤ **Base Funding**

- Distributed to states through complex formula that encompasses population, number of people covered by UI law, cost of administration and other components -Resource Justification Model (RJM)
- Granted at beginning of federal fiscal year
- Apportioned to states quarterly-drawn by ESD as needed

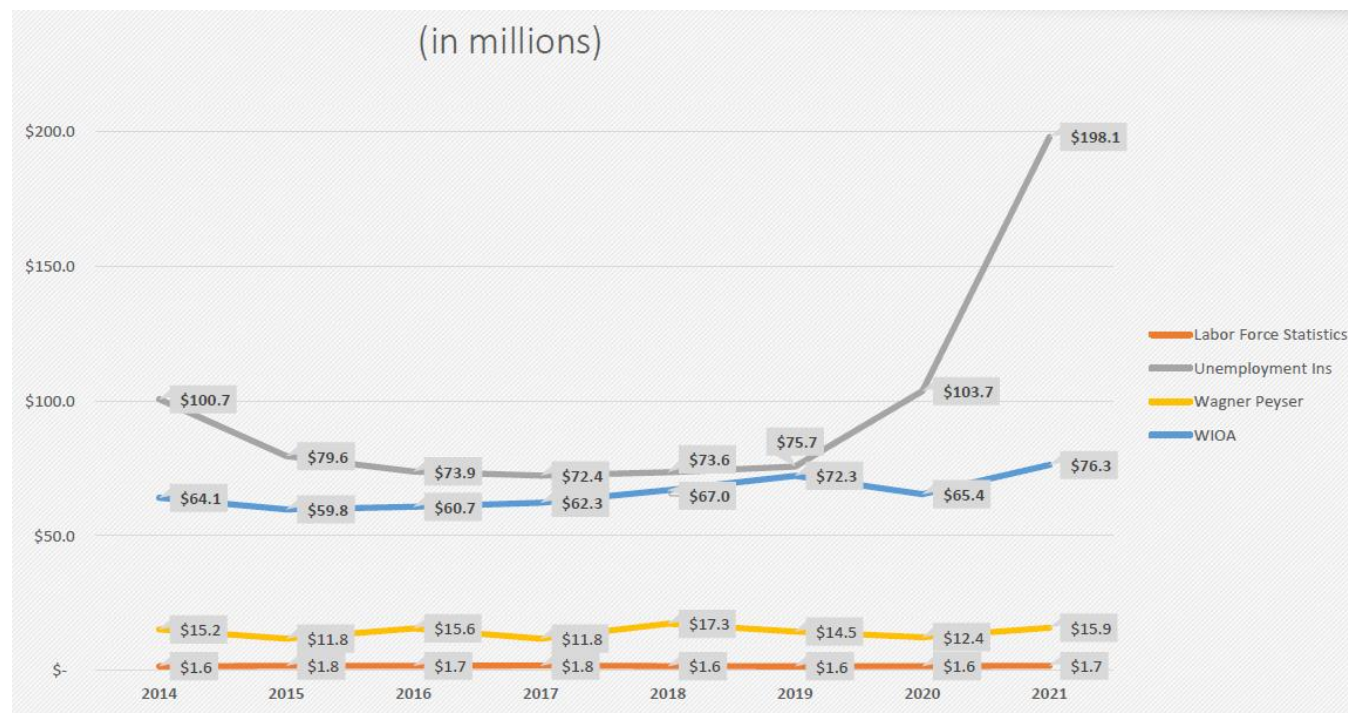
➤ **Above Base Funding**

- Additional funds are available on a quarterly basis for claims-related workloads processed above the base level

➤ **Reed Act Funds**

- When certain statutory federal financial conditions/limits are met, excess federal tax funds in the federal UI Trust Fund are transferred to state accounts via Reed Act
- Special one-time distributions –when authorized by Congress

**ESD Federal Revenue Trend 2014-2021**

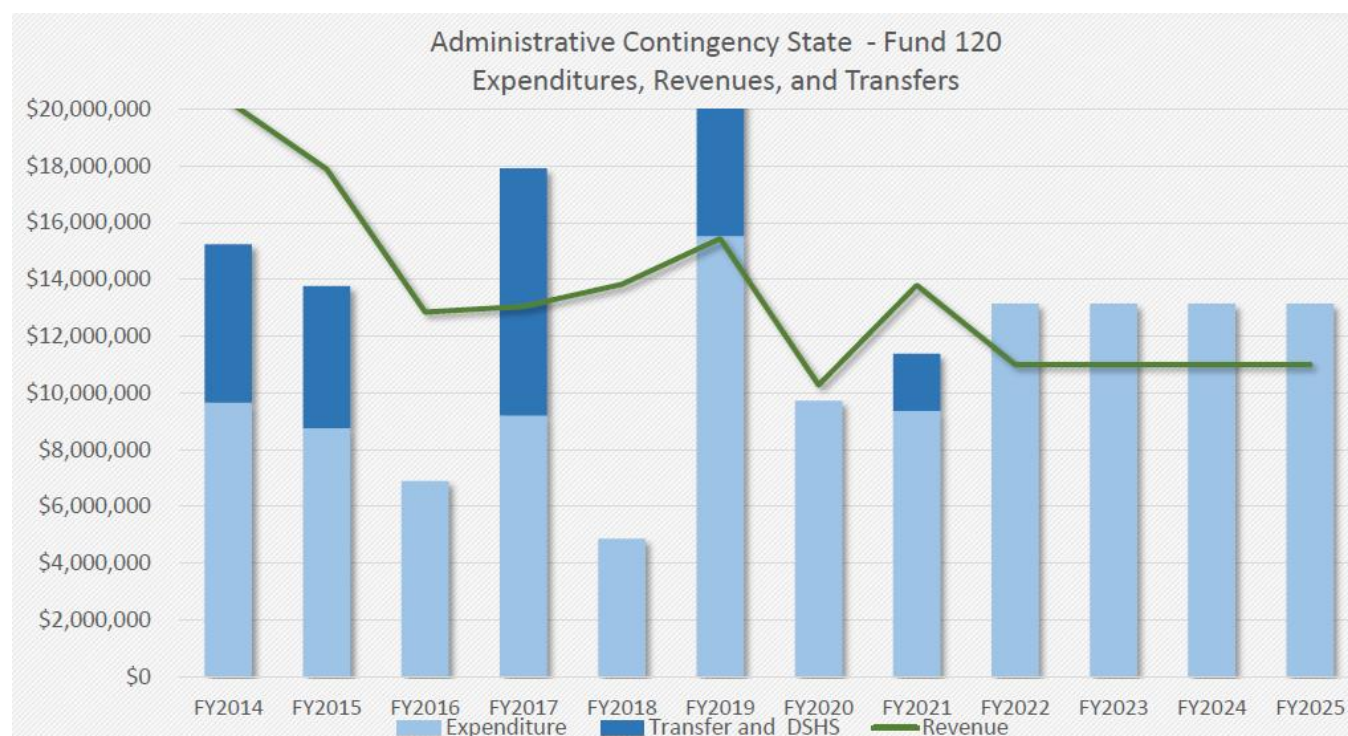


**State Revenue Sources**

- State revenue sources are also flat or are projected to increase slightly
- Two primary revenue state sources for ESD
  - Administrative Contingency Account –Fund 120
  - Employment Services Administrative Account –Fund 134
- General Fund –State funding is not a likely new source

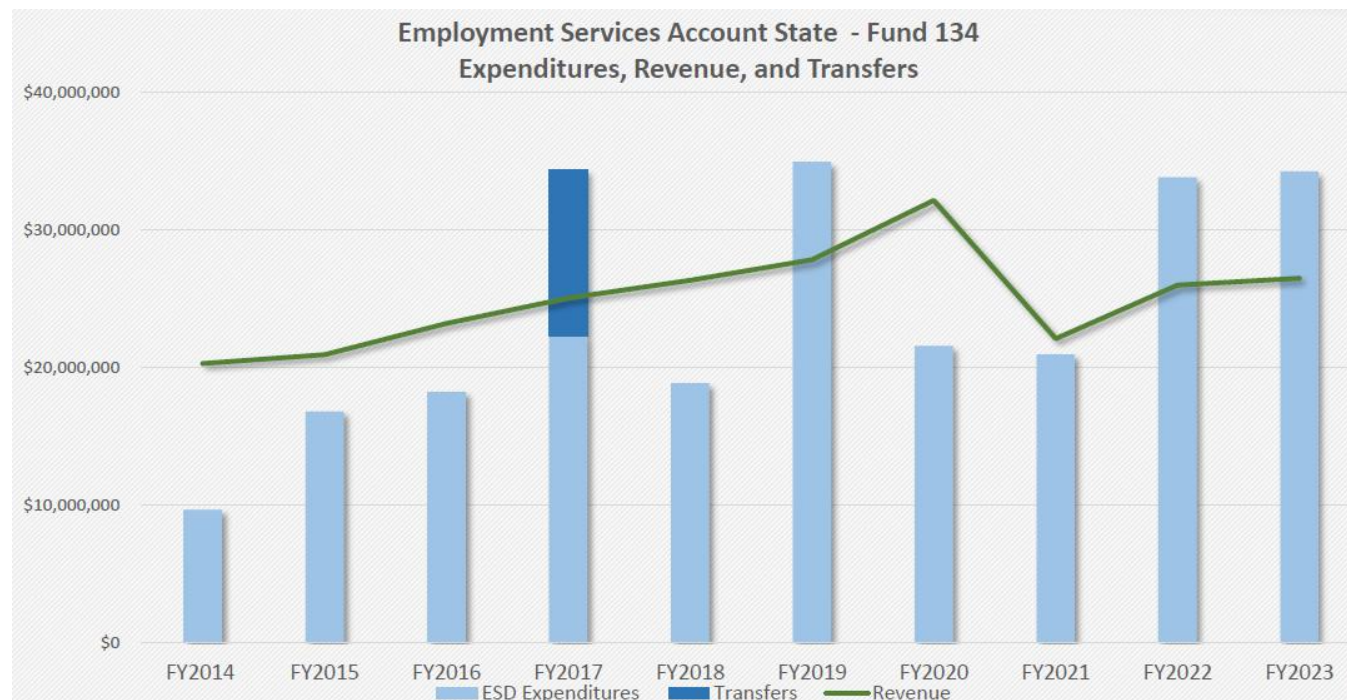
**Fund 120 – Administrative Contingency Account (P&I)**

- Established in 1973 under RCW 50.16.010
- Revenues from:
  - Penalties and interest from employers for late or incorrect unemployment taxes
  - Interest from unemployment insurance recipients who must repay benefits to which they were not entitled (1-3% of total revenues received)

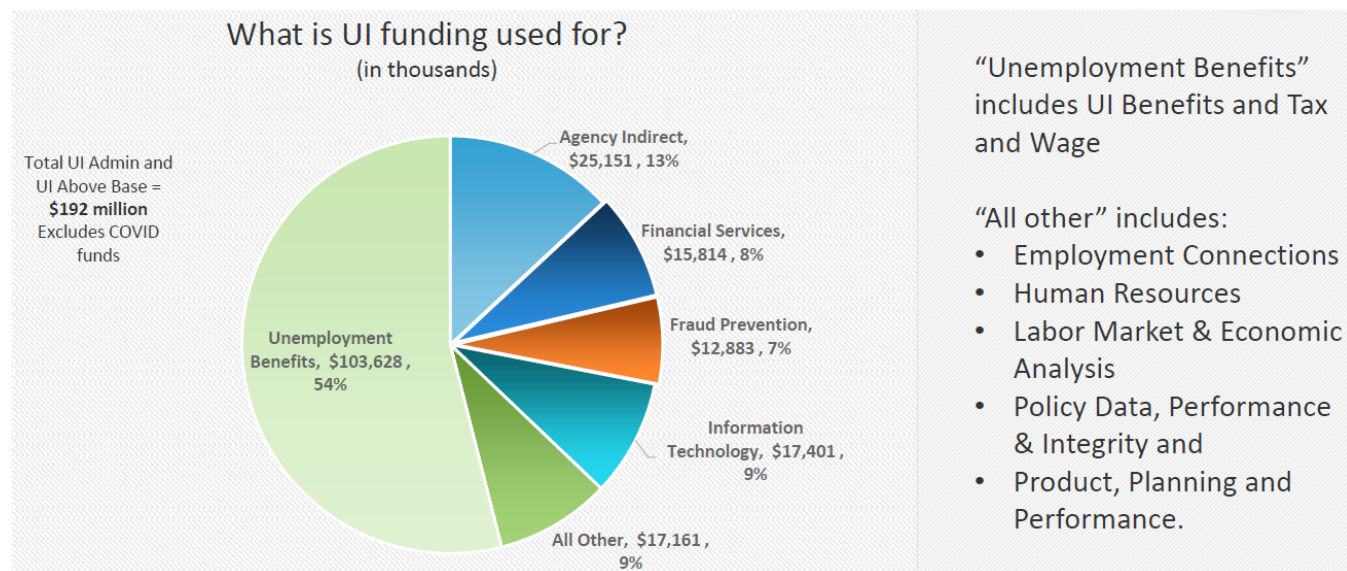


**Fund 134 – Employment Services Administrative Account (CPP)**

- Source of Employment Services Administrative Account (Claimant Placement Program) Revenues:
  - Employer tax of 0.02 percent of taxable wages
  - Employer tax of 0.01 percent of taxable wages –excluding class rate 20 and class rate 40 (rate classes 20 and 40 account for less than 2% of taxable wages)



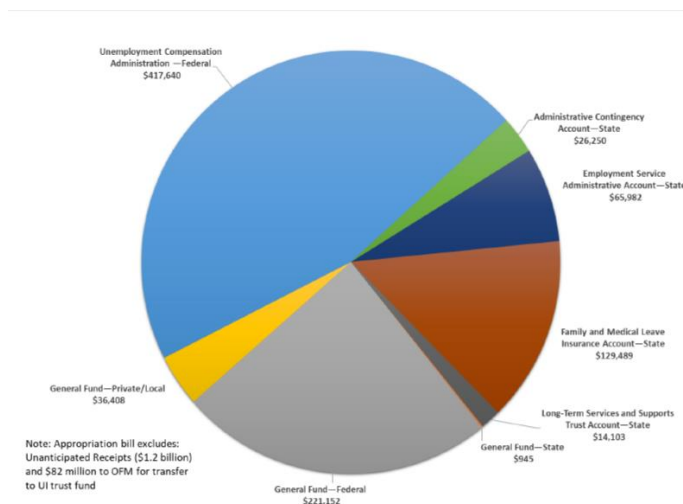
**Employment Security Federal UI Funding Expenditures (Fund 119)**



### What do UI grant funds purchase?

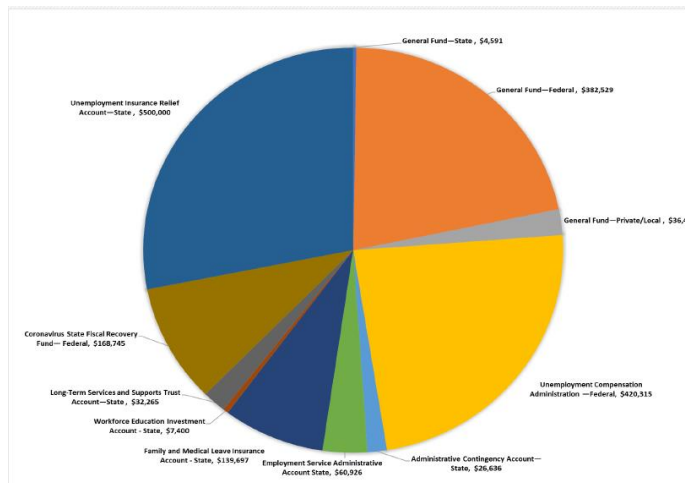
Division	Description of work
Executive Programs	UI's portion of records management, data sharing, Equal Opportunity , Commissioner's Review Office
Information Technology	IT staff providing updates and maintenance of the UI mainframe systems, UTAB and NGTS. Direct expenses for customer support and technology infrastructure specifically for UI
Financial Services	Treasury staff who receive and report UI Revenues, and UI's share of central service costs, (such as OAH and ATG), and fraud recovery.
Administrative Services	Mailroom staff who handle UI mail and imaging staff supporting UI
Employment Connections	Staff to assist UI claimants who are unemployed to get back to work through the WorkSource Offices
Human Resources	Specific HR support for UI HR tissues not typically covered in AS&T
Policy, Data, Performance & Integrity	Guidance, policy development, quality assurance, monitoring of UI activities, assistance with legal appeals, UI statistical analytics and assisting with USDOL reporting
Unemployment Insurance	Customer service functions supporting unemployed individuals and administering the UI Trust Fund/tax collection
Agency Services & Technology / Shared Services	Agency-wide activities supporting the organization including Executive, Communications, Public Relations, HR, Administrative Services , Financial Services, Information Technology

### ESD 2021 Supplemental Budget



- The supplemental budget increased from \$810 to about \$912 million
- When including the unanticipated receipts, this reflected about \$2.1 billion
- The maintenance level federal funding adjustment provided an additional \$69 million in authority and 142.7 FTEs
- Total authorized FTEs were increased from 1,895 to 2104.5, however, the actual FTEs have been about 2,650
- Highlights include funding to address backlogs, fraud prevention, phone system upgrades and customer access improvements
- It is likely that we will ask for some of the expenditure authority to be moved to next fiscal year as some of the provided items are taking longer than expected to bring on-line

2021-23 ESD Biennial Budget



- Funding increased from \$805 million to \$1.8 billion, including \$160 million for PFML benefits and \$500 million for employer unemployment insurance tax relief
- Funding also includes:
  - Continuation of the Agricultural and Seasonal Workforce program (\$3.3m)
  - Continuation of funding for the LTSS program (\$30.5 m)
  - Expansion of the Career Connect program (\$1.5 million)
  - IT improvements (\$10 million)
  - Cloud-based phone system UI (\$4.5 m)
  - Funding for UI staffing and fraud prevention (\$13.6 m)
  - Additional funding backlog initiatives including fact finding and use of the National Guard (\$5.9 m)
  - New legislative requirements including HB 1323, HB 1455, and SB 5097, 5190, 5193 (\$5.3 million) and 5478

Dan Zeitlin handed the meeting over to Jeff Robinson, UI Research and Forecasting Manager, ESD to discuss the SB 5061 Report:

**SB 5061 – Three Reports**

- Report 1: Annual UITF balance update.
- Report 2: Annual report on the net impact of the Minimum Weekly Benefit Amount (MWBA) increase.
- Report 3: One-time report reviewing the taxable wage base change.

**UIAC Engagement**

- The report must be submitted by December 1, 2021, and annually thereafter until December 1, 2025 (UITF and MWBA).
- The report must be specifically discussed in a minimum of two UIAC meetings.
- The report must include a section for UIAC members to respond directly to the contents of the report.

**MBWA Report**

- How many people are impacted?
- What was the impact on their wages earned, benefits claimed, and claim duration?

**Taxable Wage Base Report**

- How does an increase in the wages subject to tax influence?
  - Small businesses
  - Medium businesses
  - Large businesses
- How do changes to wages subject to tax influence
  - The UITF balance
  - Employer contributions

**Next Steps**

- Unemployment Insurance Trust Fund Report: Is there anything the committee would like to see that wouldn't already be included in the September report?
- Minimum Weekly Benefit Amount: The increase takes effect on July 1, meaning there will be data to provide in the 2021 report, but a deeper analysis is best suited for the 2022 report and the subsequent years.
- Taxable Wage Base: The 2021 report will include an in-depth analysis of this issue. We will next present on this topic at the September UIAC meeting.
  - ❖ Q: Jerry VanderWood asked for further explanation on what is the in-depth analysis and what does it entail?  
A: SB 5061 specifically looks at changes in taxable wage base and impacts on UI contributions and different sized businesses.
  - ❖ Q: Jerry Vanderwood asked who is choosing the variables?  
A: Variables are based on any change to taxable wage base and impacts

Dan Zeitlin handed the meeting over to Joy Adams, UI Quality Assurance Manager, ESD to discuss Reinstating Work Search:

**Resuming Work Search Requirements**

- Concurrent with the reopening of the economy, ESD will again be asking claimants to actively look for work.
- Even as work search has been voluntary, about 40% of our regular UI claimants have been completing at least three work search activities each week and recording them when they apply for benefits.
- To claim benefits starting the week of July 4th through 10th, claimants will be required to complete three work search activities.
- A list of acceptable activities is on our website at [esd.wa.gov](http://esd.wa.gov).
- We'll be posting the dates on our website today and starting messaging to claimants around June 15 and thereafter.
- We will highlight virtual resources and opportunities available.
- We will have a robust campaign to claimants and employers, including:
  - ✓ Up to 7 direct claimant messages
  - ✓ (3x Pre-launch, Up to 4x reminders)
  - ✓ Updating letters as needed
  - ✓ Information in employer newsletter
  - ✓ Website content
  - ✓ Social media
  - ✓ Press release
  - ✓ FAQs
  - ✓ Phone hold message
- ❖ Q: Kevin Perkey asked when the governor will be announcing? Suggested changes be made to the website to have information front and center. It take seven clicks to find information on job search. Also asked when can we take on flexibility?



*A: Not sure of governor's timing. We are currently making changes to the website. First step is to turn work search back on and get it started, then we can discuss steps for the next year and a half. Website has been updated. It now takes only one click on the ESD website to find job search requirements.*

*<https://esd.wa.gov/unemployment/job-search-requirements>*

Q: Kevin Perkey stressed the importance of addressing flexibility now – months from now is too late.

*A: There is a rulemaking aspect to this. Expanding activities that count as acceptable will require a rule hearing, then 31 days before these changes can be effective. It will take 3 months, plus.*

- ❖ Julia Gorton stated that she is willing to support options for job searches. CDC is quoting a 70% vaccine rate and dropping the capacity rate for businesses. We need to expedite and use tools to reemploy before July 5.

*A: Balancing the customer experience is important. We need to conduct internal training and employ tech to implement. We will be tracking weekly and by July we will be able to see the positive effect of the communication strategy that will be captured in weekly claims.*

- ❖ Bob Battles agreed with Kevin Perkey and Julia Gorton that no frivolous searches would be acceptable. Why can we not turn this on today? We must start hiring ahead of June 30. Delaying will damage the economy. This needs to happen sooner – July 5 is too late.

*A: See ESD website for details on refusal of work: <https://esd.wa.gov/unemployment/work/refuse>*

- ❖ Sybill Hyppolite stressed that we need to make sure that we do a proper roll out. She would like to see a detailed communications plan. Would like to see a language access plan.

*A: Language access plan is part of the communications plan. Communications plan will be covered at the June 24 meeting.*

- ❖ Bob Battles agreed that a communication plan is important, but we need to get people in the pipeline.

Joy Adams handed the meeting back to Dan Zeitlin, who continued the meeting discussion:

### **Future Agenda Item**

[ESSB 5193 Sec. 3 \(3\)](#) requires ESD to work with the UIAC to explore:

- Establishing thresholds that will trigger automatic adjustments in ESD staffing assignments and phone agent staffing levels;
- Establishing a pilot to provide a caseworker approach to the claims of a group of claimants with that casework carrying over to reemployment services;
- Increasing language access, including by providing translation of notices sent to claimants as part of their unemployment insurance claims; and
- The frequency of the initial and continuing training to maintain a reserve force of skilled adjudicators who can be available quickly when claims volume demands.

***ESD will brief UIAC on these issues.***

### **Action Items**

- Provide information on how different employment sectors have been impacted by the relief efforts, i.e. the impact of the \$500 million on different industries.
- Provide minimum weekly benefit amount report with claimant profiling on who is qualifying for increased benefit amount (wages and hours profile possible, but full-time vs. part-time more difficult).

- Look at taxable wage base of average states and overlay with Washington state to discern how different industry sectors are impacted.  
*The comparison of different state taxable wages bases can be found on pages 2-5 through 2-7 in this link: <https://oui.doleta.gov/unemploy/pdf/uilawcompar/2020/financing.pdf>*

ESD committed to reviewing action items and returning to these topics.

### **Next Agenda Discussion**

- June Trust Fund Report
- Reinstating Work Search - Update

### **Public Comments**

Bruce Beckett, Washington Retail Association

Anne Paxton, Unemployment Law Project

### **Adjourned**

Dan Zeitlin thanked everyone for their continued active participation and for their commitment to this work, then ended the meeting at 12:03 p.m.

### **Next meeting**

The next Unemployment Insurance Advisory Committee meeting is on Thursday, June 24, 2021 from 10:00 a.m. to 11:00 a.m. via Zoom.

Addendum I

Agenda

Unemployment Insurance Advisory Committee (UIAC)

Wednesday, June 9, 2021 | 10:00 am – 12:00 pm | Via Zoom

Agenda Items

Time	Topic
10:00 am	Welcome from Dan Zeitlin, Director, Employment System Policy & Integrity (ESPI) Division, Employment Security Department (ESD) <ul style="list-style-type: none"> <li>o Agenda Review</li> </ul>
10:05 am	Approval of May 12, 2021 Meeting Minutes
10:10 am	UI Administration Budget 101 and Current/Future Funding <ul style="list-style-type: none"> <li>o Carole Holland, Chief Financial Officer (CFO), ESD</li> </ul>
10:55 am	Break
11:10 am	SB 5061 Report (Trust Fund/Minimum WBA/Taxable Wage Base) <ul style="list-style-type: none"> <li>o Dan Zeitlin, ESPI Director, ESD</li> <li>o Jeff Robinson, UI Research and Forecasting Manager, ESD</li> <li>o Matthew Klein, Operations Research Specialist, ESD</li> </ul>
11:25 am	Reinstating Work Search <ul style="list-style-type: none"> <li>o Dan Zeitlin, ESPI Director, ESD</li> <li>o Joy Adams, UI Quality Assurance Manager, ESD</li> </ul>
11:45 am	Next Agenda Discussion <ul style="list-style-type: none"> <li>o Dan Zeitlin, ESPI Director, ESD</li> </ul>
11:50 am	Public Comments
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. 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.**