



Preliminary Cost-Benefit Analysis

COVID-19 Unemployment Account

Introduction

Pursuant to RCW 34.05.328, the Employment Security Department (Department) hereby analyzes the costs and benefits of adopting the proposed rules implementing the COVID-19 Unemployment Account.

Costs

COSTS FOR THE DEPARTMENT

The Department anticipates a one-time cost of \$80,000 to implement the amended rule. The costs include Information Technology updates, reviewing applications, staff training, and applying benefit off-sets.

COSTS FOR THE PUBLIC

The only cost to businesses is the requirement to submit an application, however, this requirement is expressly dictated by statute.

Benefits

Experience Rating

An employer's experience rating is based on charged benefits to the individual employer. The experience-based tax is based on the amount of unemployment benefits paid to former employees over the previous four years. The four-year rolling average cushions the effect of one bad year for an employer. There are 40 experience-rate classes, and employers move up and down those classes based on their past experience. New businesses are charged an experience rating associated with their respective industry until the business establishes an individual experience rating, with a federal mandated minimum of 1% for new businesses.

Employer Benefits

The COVID-19 Unemployment Account will provide an opportunity for a portion of certain employers' charged benefits to be offset. The offset benefits will reduce the amount of charged benefits used to calculate the employer's future tax rating.

Conclusion

The COVID-19 Unemployment Account will provide relief to employers and help alleviate the burden of rising tax rates due to the pandemic. The implementation costs to the Department are outweighed by the benefits to employers.