

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 scene is set against a large window with vertical frames.

Unemployment Insurance ADVISORY COMMITTEE



Employment Security Department
WASHINGTON STATE

December 14, 2022

Agenda



- I. 2023 Committee Meeting Schedule
- II. Agency Request Legislation
- III. Benefit Charge Report
- IV. Overpayments Update
- V. SQSP Discussion Continued
- VI. November Trust Fund Report
- VII. Future Agenda Topics

UI Agency Request Legislation



**Employment
Security
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WASHINGTON STATE

Caitlyn Jekel, Government Relations Director, ESD

UI Agency Request Legislation



Remove required review of availability issues during appeal (Benefit Appeal Procedures)

- [RCW 50.32.040](#) requires the Office of Administrative Hearings (OAH) to consider availability issues on each case it reviews, even when availability is not an issue addressed by ESD in the determination letter
- Proposed removal of this provision to reduce time and confusion for individuals and employers engaged in appeals
- Increase OAH efficiency

Extend flexibility of job search monitoring requirements (Job Search Requirements)

- ESD's legal ability to pursue alternate ways for claimants to fulfill job search requirements is set to sunset in 2023
- Proposed removal of the sunset to make these provisions permanent, adding reporting requirement

UI Agency Request Legislation



Removing the terms "master" and "servant" from Titles 50 and 50A

- ESD proposed agency request legislation on language changes in 2021 but did not ultimately run the bill.
- In 2021 UIAC voted to approve the bill.
- ESD is pursuing a more narrow version this year that removes reference to “the relationship of master and servant” in the definition of employment in the UI and PFML statutes.

Benefit Charge Report



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Scott Michael, Legal Services Manager, ESD

Benefit Charge Report



[RCW 50.12.200\(2\)](#): Beginning in 2021 and ending in 2030, the commissioner shall annually report to the state advisory council the amount of benefits that were not charged to employers as a direct consequence of RCW 50.29.021(3)(a)(viii).

[RCW 50.29.021\(3\)\(a\)\(viii\)](#): A contribution paying base year employer not otherwise eligible for relief of charges for benefits under this section, may receive such relief if the benefit charges result from payment to an individual who was discharged because the individual was unable to satisfy a job prerequisite required by law or administrative rule.

Benefit Charge Report



August 2021 – October 2022

- Relief of benefit charges was granted with relation to 13 different claims
- A total of \$45,387.78 was non-charged
- Examples:
 - Commercial driver license suspended, \$20,550.00 non-charged
 - EMT certification was not renewed, \$11,820.00 non-charged

Overpayments Update



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WASHINGTON STATE

JR Richards, Unemployment Insurance Customer Support Director, ESD

Overpayments Update



Providing overpayment relief is ESD's highest priority project

Coverage – Pandemic Era Benefits Feb 2, 2020 – Sept 4, 2021

Q1 2023 start processing automated waivers

- Six scenarios already authorized by USDOL for federally funded benefits
- Claimants not required to take any action – ESD completes entire process
- Claimants will be notified overpayment have been waived

Q1 start charging off overpayments less than \$1,000

- Federal and/or state funded benefits
- Claimants not required to request – ESD completes entire process
- Claimants will be notified charge-off is complete

Q1 2023 start accepting individual waiver requests

- Previous waiver looked only at financial ability to pay
- Newly expanded criteria take lived experience into account
- Web-based fillable application form linked from [ESD.WA.GOV](https://www.esd.wa.gov)
- Staff available by phone to help

Overpayments Update



Individual waiver process

Any claimants with a pandemic era overpayment can request a waiver

- Includes claimants who have appealed, those denied waiver under old rules

Two step process

- Claimants will fill out waiver application
- ESD adjudication staff will review information provided against newly established criteria
- Qualifying claimants will receive a waiver and notice of the outcome
- Waivers cover principal overpayment, penalty, interest

Claimants who don't qualify for waivers will be notified and can:

- Continue with their appeal process
- Set up a payment plan with reasonable amount due each month

ESD not collecting on overpayments as waiver process is underway

Overpayments Update



Claimants with overpayments outside the pandemic period

Claimants with regular UI overpayments should contact ESD for help

Claimants can:

- File an appeal if they believe they should not have an overpayment and it is still within the appeal window.
- Request a standard waiver form if they believe they may qualify for a waiver.
- Set up a payment plan if they cannot afford to repay the overpayment all at once.

State Quality Service Plan (SQSP)



**Employment
Security
Department**
WASHINGTON STATE

Joy Adams, ESPI Deputy Director, ESD

Nicole Sherman, UI Quality Assurance Manager, ESD

State Quality Service Plan (SQSP)



Process Overview

- Plan was submitted to USDOL October 27th, 2022 and provided to UIAC prior to the November meeting for review
- USDOL sent WA signed approval of SQSP November 28th, 2022
- Quarter 1 for SQSP Program year began October 1st, 2022
- First quarter reporting is due to USDOL by February, 27th, 2022
- There are currently no documented milestone updates included in the SQSP Workbook as we are still within Quarter 1
- 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 2023)

State Quality Service Plan (SQSP)



Corrective Action Plans – First Pay and Non-Monetary Timeliness

Performance Measures – First Pay Timeliness	ALP	CAP Based on 04/01/2021 - 03/31/2022 Performance
First Payment Promptness: % of all 1st payments within 14/21 days after the compensable week.	≥ 87%	62.51%
First Payment Promptness, 14/21 days Intrastate UI full weeks	≥ 87%	61.79%
First Payment Promptness, 14/21 days Interstate UI full weeks	≥ 70%	53.52%
First Payment Promptness, 35 days Intrastate UI full weeks	≥ 93%	72.77%
First Payment Promptness, 35 days Interstate UI full weeks	≥ 78%	67.32%

Performance Measures	ALP	CAP Based on 04/01/2021 - 03/31/2022 Performance
Nonmonetary Determination Timeliness	≥ 80%	57.30%

- First pay and non-monetary timeliness results often linked.
- During pandemic huge work volume and adjudication backlog were key factors
- Overall work volume greatly reduced, but still not meeting timeliness targets
- Currently exploring multiple potential root causes
- After data collection and analysis, ESD will add milestones to corrective action plans

State Quality Service Plan (SQSP)



Corrective Action Plans – First Pay and Non-Monetary Timeliness

Root causes under review

- Identity theft investigation delays on other issues awaiting adjudication
- Fact-finding efficiency - phone calls versus emails
- Earnings issues investigations that trigger other issues
- Total production hours available for original decisions versus redeterminations, appeals, other work
- Large number of agents in training
- Workflow – older cases coming out of indefinite hold
- Workflow – how adjudicators handling assigned cases
- Overall complexity of claims that may be affected by issues set in previous years

State Quality Service Plan - SQSP



Corrective Action Plan – Lower Authority Appeals

Performance Measures	ALP	CAP Based on 04/01/2021 - 03/31/2022 Performance
Average Age of Pending Lower Authority Appeals	≤ 30 days	109.20
Lower Authority Appeals Time Lapse - 30 days	≥ 60%	1.90%
Lower Authority Appeals Time Lapse - 45 days	≥ 80%	2.54%

- ESD and OAH continues to work Pandemic-related appeals and issues
- Now creating current and future state maps and appeals pilot project to increase efficiencies
- Full pilot launch of future state appeals process is expected June 2023
- ESD continues to partner with OAH to problem solve the volume and backlog of appeals

State Quality Service Plan (SQSP)



Integrity Action Plan

USDOL particularly focused on fraud prevention, detection, and recovery

Integrity Action Plan addresses seven national priorities set by USDOL

- Tools, services, strategies, process improvements, and procedural changes to combat fraud, verify identities, and enhance recovery efforts.
- Addressing top three improper payment root causes in 2021 for Payment Integrity Information Act (PIIA) purposes.
- State coordination and collaboration with USDOL Office of Inspector General, Office of Investigations and other state and Federal law enforcement agencies to investigate and prosecute UI fraud.
- Strengthen program integrity in UI tax operations, including identifying and prevent worker misclassification, State Unemployment Tax Act (SUTA) dumping, fictitious employer schemes, and improving employer audit strategies.

State Quality Service Plan (SQSP)



Integrity Action Plan - continued

- 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.
- Balance identifying and preventing fraudulent activity with ensuring that eligible individuals with legitimate claims get benefits when due.
- Complete, accurate, and timely overpayment reporting on benefit overpayments and identity theft on ETA 227 and 902P reports.

November UI Trust Fund Report



**Employment
Security
Department**
WASHINGTON STATE

Vaughn Ellis, UI Trust Fund Analysis Supervisor, ESD

November UI Trust Fund Report

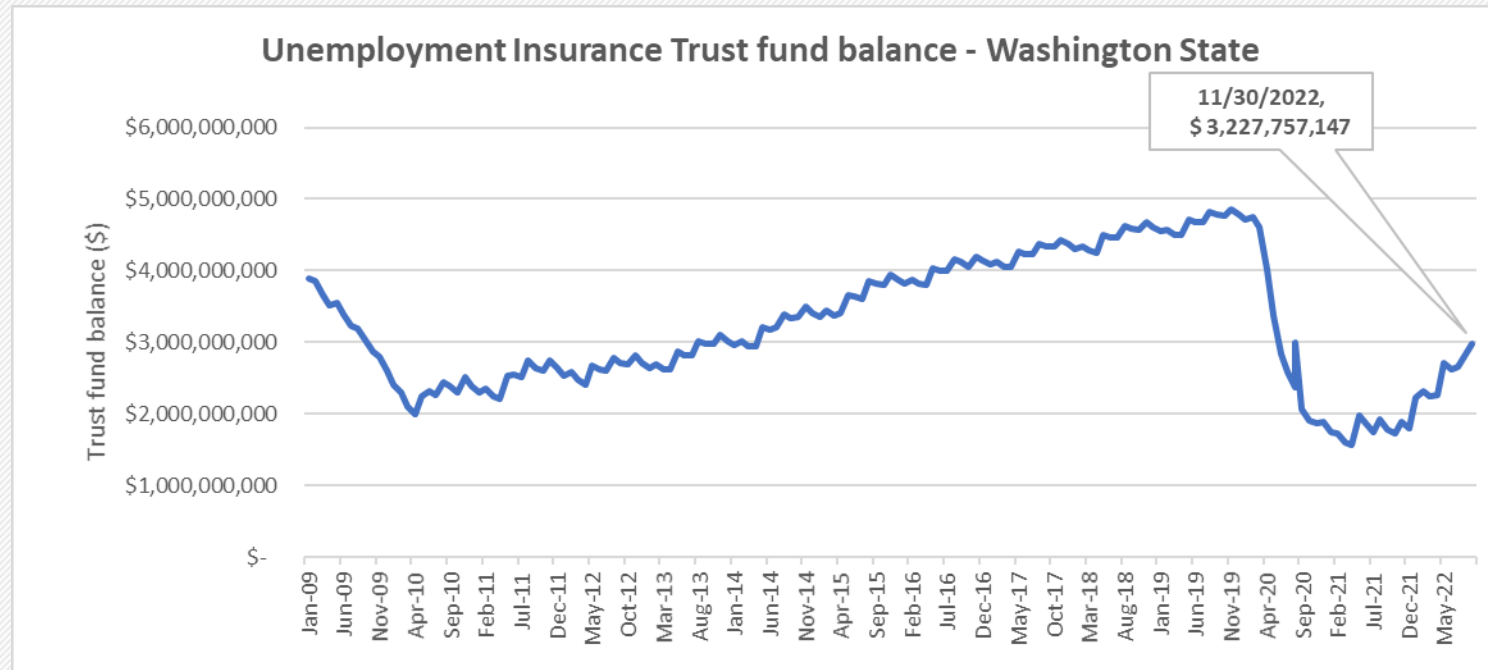


- The [November 2022 report](#) provides the status and updated projections of the state's unemployment insurance (UI) trust fund for 2022 through 2027.
- The report is based upon the November 2022 economic forecast released by the state's Economic and Revenue Forecast Council (ERFC).
- The report uses quarterly forecast information and UI tax and benefit data through September 2022 (Q3 2022).

UI Trust Fund Balance



- On November 30, the UI trust fund balance was approximately \$3.2 billion



November UI Trust Fund Report: Key Takeaways



- The unemployment trust fund balance is on a positive trajectory through 2027.
- The projected trust fund balance for 2022 is roughly \$3.1 billion, about \$230 million lower than in the September report.
- The average projected tax rate for 2022 is 1.33%, as it was with the September report.
- Benefit payments are projected to be approximately \$83 million lower in 2022 than projected in the September report.

Unemployment-insurance trust fund: November 2022 Baseline Forecast

(based on actual data through September 30th, 2022. November 2022 Washington State Economic and Revenue Forecast Council assumptions)



Taxes	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Average experience tax rate (percent)	1.23%	1.00%	1.00%	1.00%	1.00%	0.78%	0.75%
Experience tax contributions	\$1,295.49	\$1,287.10	\$1,289.31	\$1,320.35	\$1,365.09	\$1,106.10	\$1,090.17
Flat social tax rate (percent)	0.50%	0.50%	0.60%	0.60%	0.60%	0.50%	0.50%
Social tax contributions	\$310.27	\$434.77	\$511.58	\$536.34	\$554.51	\$477.48	\$476.56
Solvency tax rate (percent)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Solvency tax contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total average tax rate (experience tax + social tax)	1.52%	1.33%	1.40%	1.41%	1.41%	1.12%	1.08%
Total tax contributions	\$1,605.8	\$1,721.9	\$1,800.9	\$1,856.7	\$1,919.6	\$1,583.6	\$1,566.7
Benefits							
Weeks compensated (in millions) - regular benefits	3.3	1.7	2.1	2.3	2.3	2.2	2.2
Average weekly benefit amount	\$490.43	\$592.32	\$628.57	\$666.91	\$697.43	\$732.87	\$754.43
Regular benefit payments	\$1,562.9	\$992.6	\$1,291.7	\$1,553.0	\$1,634.7	\$1,647.2	\$1,634.5
Total benefit liability	\$1,469.1	\$933.0	\$1,214.2	\$1,459.8	\$1,536.6	\$1,548.3	\$1,536.4
Reimbursable benefit payments	\$93.8	\$59.6	\$77.5	\$93.2	\$98.1	\$98.8	\$98.1
Total benefit payments	\$1,562.9	\$992.6	\$1,291.7	\$1,553.0	\$1,634.7	\$1,647.2	\$1,634.5
Trust fund							
Beginning trust fund balance	\$1,890.6	\$1,790.2	\$3,071.1	\$3,740.2	\$4,234.7	\$4,578.0	\$4,704.5
Trust fund interest	\$34.5	\$48.9	\$82.5	\$97.6	\$108.8	\$115.5	\$118.6
Total tax contributions	\$1,605.8	\$1,766.7	\$1,800.9	\$1,856.7	\$1,771.1	\$1,559.3	\$1,566.7
Reimbursements from reimbursables	\$93.8	\$59.6	\$77.5	\$93.2	\$98.1	\$98.8	\$98.1
Total benefit payments	\$1,562.9	\$992.6	\$1,291.7	\$1,553.0	\$1,634.7	\$1,647.2	\$1,634.5
Ending trust fund balance (as of 12/31)	\$1,790.2	\$3,071.1	\$3,740.2	\$4,234.7	\$4,578.0	\$4,704.5	\$4,853.4
Months of benefits available (as of 9/30)	4.1	7.0	8.6	9.6	10.2	10.2	10.2

UI Trust Fund Forecast (November 2022)



	Sep 2022 Forecast	Nov 2022 Forecast
2022 Unemployment Benefit payment projection	\$1.1 Billion	\$1.0 Billion
2023 Unemployment Benefit payment projection	\$1.3 Billion	\$1.3 Billion
2022 Employer Contributions	\$1.7 Billion	\$1.8 Billion
2023 Employer Contributions	\$1.7 Billion	\$1.8 Billion

Benefit Payments



- The average annual wage is used to calculate unemployment benefit levels for the year (July-June).
- The minimum weekly unemployment benefit, calculated per state statute at 20 percent of the average weekly wage, is \$317 for new claims opened on or after July 4th.
- The maximum weekly benefit, which is the greater of \$496 or 63 percent of the average weekly wage, is \$999.

Benefit Payment Amounts

Year:	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Amount (in billions):	\$1.6	\$1.0	\$1.3	\$1.6	\$1.6	\$1.6	\$1.6

Experience Tax Rate



- The experience rate tax is an annual calculation based on the ratio of benefit claims charged to the employer and “taxable wages” reported by the employer over the preceding four fiscal years.
- Per state statute, the taxable wage base was \$62,500 in 2022 and will be \$67,600 in 2023.

Average Experience Tax Rates

CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
1.23%	1.00%	1.00%	1.00%	1.00%	0.78%	0.75%

Social Tax Rate

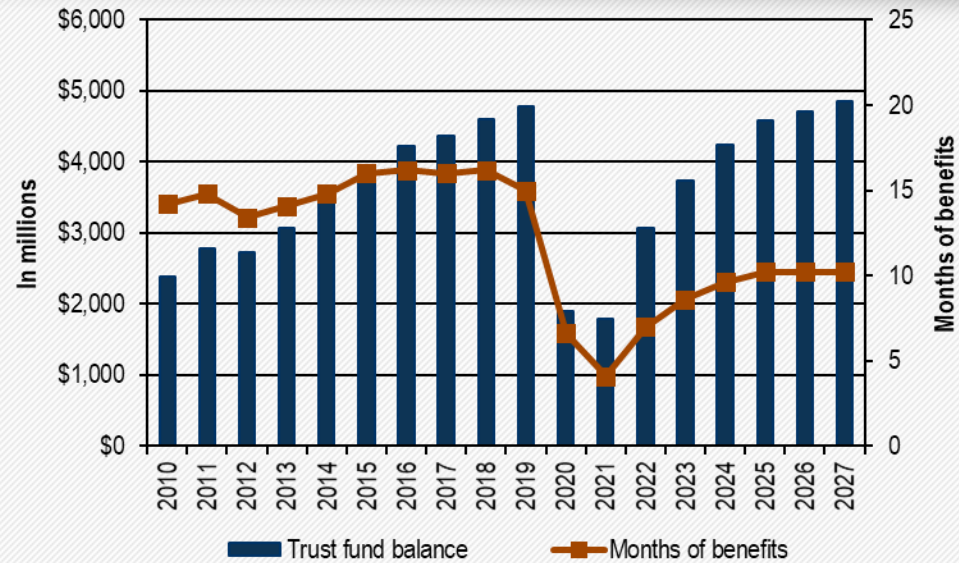


- The “flat social tax” is an annual tax calculation made after September 30 subtracting total experience rated taxes paid by all employers over four consecutive quarters from total unemployment benefits paid to all claimants over those same quarters.
- This amount is then divided by total taxable payrolls and expressed as a percent.

Projected Flat Social Tax Rates

CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
0.50%	0.50%	0.60%	0.60%	0.60%	0.50%	0.50%

Projected Trust Fund Balances



Year	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Amount (in billions):	\$ 1.8	\$ 3.1	\$ 3.7	\$ 4.2	\$ 4.6	\$ 4.7	\$ 4.9

Future Meeting Topics



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