

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 people appear to be engaged in a discussion or presentation.

# Unemployment Insurance ADVISORY COMMITTEE



**Employment Security Department**  
WASHINGTON STATE

March 12, 2021

# UI Policy Discussion



**Employment  
Security  
Department**  
WASHINGTON STATE

**Unemployment Insurance Advisory Committee Presentation**

**March 12, 2021**

Dan Zeitlin, Employment System Policy Director

Employment Security Department

# Agenda



- Federal UI Program Update
- Extended Benefits
- State Legislative and Rulemaking Update
- Trust Fund Balance

# American Rescue Plan Act



## **Pandemic Unemployment Assistance (PUA)**

- Extends PUA through the claim week ending September 4, 2021 and increases the number of weeks of benefits an individual may claim from 50 to 79.

## **Federal Pandemic Unemployment Compensation (FPUC)**

- Maintains the supplemental FPUC payment at \$300 per week through the claim week ending September 4, 2021.

## **Pandemic Emergency Unemployment Compensation (PEUC)**

- Extends PEUC through the claim week ending September 4, 2021 and increases the number of weeks of PEUC benefits an individual may claim from 24 to 53.

# American Rescue Plan Act



## Federal Provision Extensions

- **Waiting Week:** Federal financing extended at 100% through the claim week ending September 4, 2021 and retroactively from December 26, 2020. SB 5061 waives the waiting week when fully federally funded.
- **Shared Work:** Federal financing of benefits extended through the claim week ending September 4, 2021. SB 5061 reinstates non-charging (signed February 8, 2021). Due to lapsed Emergency Proclamation, employer accounts charged between Jan. 10 and Feb. 8, 2021.
- **Reimbursable Employers:** Beginning the week ending April 10, 2021 through the week ending September 4, 2021, federal financing of benefits paid to employees of reimbursable employers is increased from 50% to 75%.
- **Trust Fund Loan Interest:** Interest free federal loans for states that must borrow to maintain UI trust fund solvency extended through September 6, 2021.

# American Rescue Plan Act



## Other

- **Mixed Earner Unemployment Compensation (MEUC):** Provides a federally funded \$100 per week additional benefit to individuals who have at least \$5,000 a year in self-employment income but are disqualified from receiving PUA because they are eligible for regular state unemployment benefits. The program is extended to cover weeks from December 26, 2020 through September 4, 2021.
- **Tax Exempt Benefits:** The first \$10,200 of UI benefits are tax-exempt for households with income up to \$150,000/year for tax year 2020.
- **State Administrative Funding:** Provides \$2 billion to be allocated to the States to: a) detect and prevent fraud; b) promote equitable access; and c) ensure timely payment of benefits.

# USDOL Guidance: Expanded PUA Eligibility



The US Department of Labor on February 25, 2021 issued [guidance](#) expanding PUA eligibility to 3 categories of workers:

- Those denied UI after they refused to work or accept an offer of work at a worksite not in compliance with coronavirus health and safety standards.
- School employees working without a contract or reasonable assurance of continued employment who face reduced paychecks and no assurance of continued pay when schools are closed due to coronavirus.
- Workers laid off, or who have had their work hours reduced as a direct result of the pandemic.

# Extended Benefits-WA “Triggers On”



## Extended Benefits (EB) Timeline

- **April 2020:** Washington’s 13-week average Insured Unemployment Rate (IUR) was high enough (5% minimum) to “trigger on” 13 weeks of EB.
- **June 2020:** Washington’s 3-month average seasonally adjusted Total Unemployment Rate (TUR) was high enough (8% minimum) to “trigger on” 7 extra weeks of EB (EB High).
- **July 2020:** Beginning the week of July 5, 2020, claimants began exhausting PEUC and became eligible for up to 20 weeks of EB.



# Extended Benefits-WA “Triggers Off”



## Extended Benefits (EB) Timeline

- **December 2020:** The TUR (August, September and October) was below 8% and Washington “triggered off” the extra 7 weeks (EB High). Beginning the week of December 13, 2020, claimants were eligible for up to 13 rather than 20 weeks of EB.
- **February 20, 2020:** Washington’s 3-month average seasonally adjusted TUR was below 6.5% and the 13-week average IUR was below 5%. Washington “triggered off” EB.

# Extended Benefits-WA “Triggers Off”



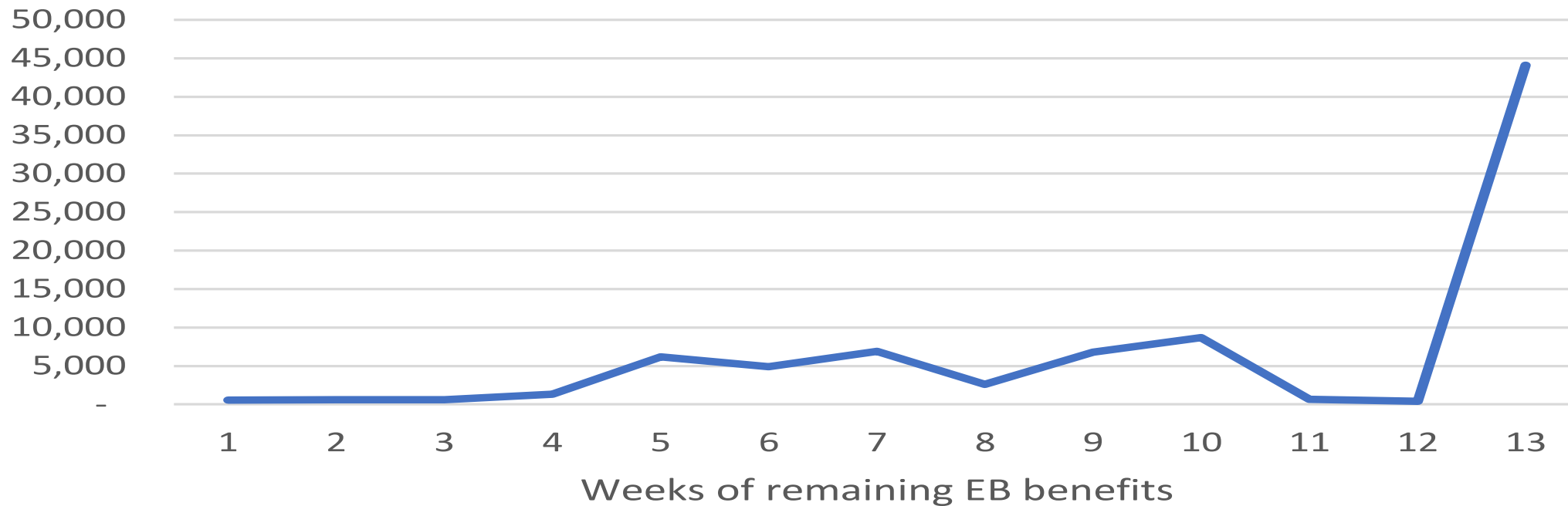
## Claimant Impact

- **Week Ending March 13:** Last week claimants can claim EB (file March 14-20).
- **Week Ending March 20:** : With passage of the American Rescue Plan Act, EB claimants can again claim PEUC (up to 29 more weeks) through September 4, 2021 (file beginning March 21-27).
- **Agency Request Legislation (HB 1492/SB 5425):** Would immediately reinstate EB if Washington “triggers on” again in 2021.

# EB Claimant Population



**Extended benefits - claims with remaining weeks of Extended benefits**



# Active State Legislation



## Agency request bills

HB 1492 – increasing access to extended benefits

HB 1493 – increasing flexibility in job search requirements

## Other bills

HB 1455 – removing social security numbers from Department correspondence

SB 5190 – unemployment benefits for health care workers

SB 5193 – general improvements to the unemployment program

# Rulemaking



## Hours of Availability

- In January 2020, ESD proposed a rule that claimants need to be available for suitable work for **40** hours customary for their occupation, instead of **all** customary hours as is currently required.
- Public hearing held in March 2020 as pandemic hit, UI claims spiked, and CARES Act was enacted creating other priorities for the agency and making this a challenging rule to implement to date.
- ESD will refile the CR 101 shortly and re-release the proposed rule in May.
- ESD will hold another hearing to elicit further stakeholder feedback in June given the experience over the last year so that we can finalize and implement the rule this year.

# Rulemaking



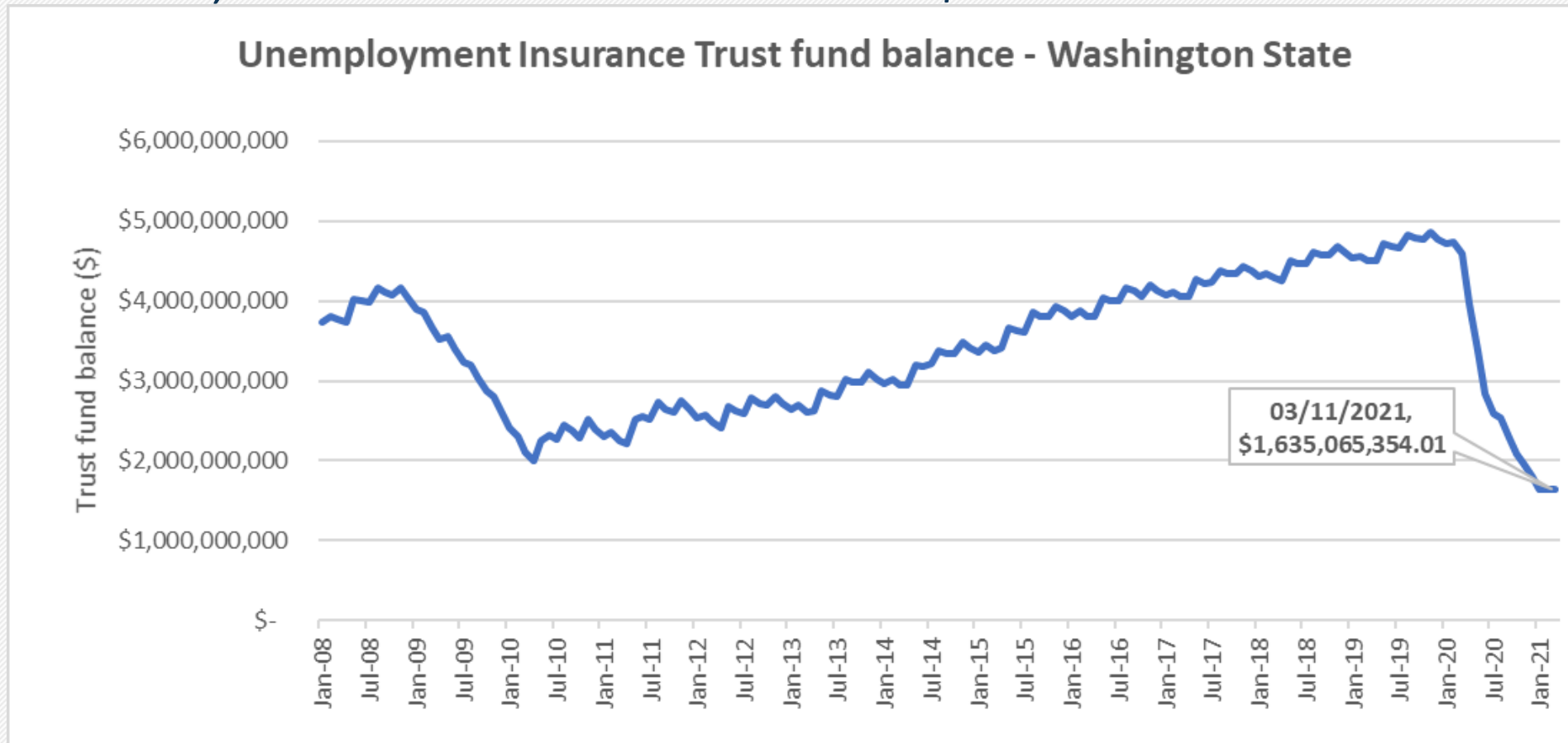
## 3<sup>rd</sup> Set of Emergency Rules

- Filed CR 101 to begin exploring whether emergency rules should be made permanent:
  - Petitions for judicial review can be filed via e-mail instead of in person
  - Rules allowing claimants to backdate a reopened unemployment claim made consistent with the rules for backdating an initial claim
  - Clarifying who needs to serve a waiting week after Governor Proclamation expired
  - Relief of combined-wage claim benefit charging under ESSB 5061

# Unemployment Insurance Trust fund



- On March 11, the UI trust fund balance was \$1.635 billion



# Months of Benefits Calculation



- ESD calculates the months of benefits available in the trust fund following the trust fund solvency reporting requirements of the U.S. Department of Labor and [RCW 50.29.025](#).
- ESD first calculates the reserve ratio (RR). The RR is derived by dividing the trust fund balance by the total wages reported by taxable employers in the preceding state fiscal year (July 1-June 30) and then multiplying that number by 100.
- ESD then calculates the average high-cost rate (AHCR). Benefit cost rates are benefits paid as a percent of total wages in taxable employment. The AHCR is the 3 highest calendar benefit cost rates in the last three recessions (2020, 2009, 2002).
- Finally, ESD determines the number of benefits available by dividing the RR by the AHCR then multiplying that number by 12.



# Months of Benefits Calculation (3/11/21)



**Trust Fund Balance:** \$1.635 billion

**Total Wage:** \$196 billion

**Reserve Ratio (RR):**  $\left(\frac{\$1.635 \text{ billion}}{\$196 \text{ billion}}\right) * 100 = .83$

**Average High-Cost Rate (AHCR):** 2.44

**Months of Benefits:**  $\left(\frac{.83}{2.44}\right) * 12 = \mathbf{4.1 \text{ Months of Benefits}}$