

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 room has large windows and a reflective floor.

Unemployment Insurance ADVISORY COMMITTEE



Employment Security Department
WASHINGTON STATE

April 9, 2021

UI Policy Discussion



**Employment
Security
Department**
WASHINGTON STATE

Unemployment Insurance Advisory Committee Presentation

April 9, 2021

Dan Zeitlin, Employment System Policy Director

Employment Security Department

Agenda



- UI Program Implementation Update
- State Legislative, Rulemaking and Budget 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 waives shared work charging when fully federally funded.
- **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.

UI Program Implementation Update



Federal Benefit Extensions

- Implemented ARPA extensions with no gap in benefits for claimants receiving additional weeks of PUA, PEUC and FPUC.
- Claimants who had been on Extended Benefits are now able to receive additional weeks of PEUC.

Benefit Charging Provisions

- Benefit charge relief extended for Shared Work and reimbursable employers.

In Progress

- Reinstating benefit charge relief and waiver of waiting week.

UI Program Implementation Update



Coming Next

- PEUC claim continuation
- PUA document verification
- PUA waivers for overpayments
- SB 5061 provisions
- PUA eligibility changes (recent federal guidance)
- Mixed Earner Unemployment Compensation

State Legislation



Agency Request Bills

- SB 5425 – increasing access to extended benefits (passed Legislature)
- HB 1493 – increasing flexibility in job search requirements (passed Legislature)

Benefit Charge Relief Bills

- SB 5478 – Spreads \$500 million across two categories of employers
- HB 1568 – Spreads \$600 million across three categories of employers

State Legislation



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



Implementing New Voluntary Quit/Able and Available Requirements

- ESSB 5061 added flexibility to able and available requirements and created a new voluntary quit – both applicable to high risk workers.
- Emergency rule set requirements for how Employment Security will verify that claimants or the people they live with are in a high risk category, borrowing the same requirements used by Paid Family and Medical Leave.
- Withdrew emergency rule saying high risk individuals are separated due to a “lack of work.”
- Adopted expedited rule adding the new voluntary quit to list of quits that will not be charged to employer tax rates.

Rulemaking



Waiting Week

- Will be adopting emergency rule stating that waiting week will be continuously waived, including the time between the Emergency Proclamation expired in January and SB 5061 passed in February.
- Under ESSB 5061, this also means employers will not be charged for the first week of benefits paid.
- While not a rule, adopting agency policy waiving shared work benefit charging for the same time period.

State 2021-23 Biennial Budget – ESD



Fund Source	Senate (ESSB 5092 APS)	House (Striker H-1459.E)
General Fund—State (FY 2022)	\$910,000	\$960,000
General Fund—State (FY 2023)	\$910,000	\$960,000
General Fund—Federal	\$384,464,000	\$401,241,000
General Fund—Private/Local	\$36,211,000	\$36,546,000
Unemployment Compensation Administration Account— Federal	\$408,986,000	\$419,302,000
Administrative Contingency Account—State	\$26,231,000	\$26,361,000
Employment Service Administrative Account—State	\$60,746,000	\$61,652,000
Family and Medical Leave Insurance Account—State	\$139,190,000	\$140,263,000
Workforce Education Investment Account—State	\$6,895,000	\$7,894,000
Long-Term Services and Supports Trust Account—State	\$30,458,000	\$30,458,000
Coronavirus State Fiscal Recovery Fund—Federal	\$200,000,000	\$204,722,000
Unemployment Insurance Relief Account—State	n/a*	\$600,000,000
TOTAL APPROPRIATION	\$1,295,001,000*	\$1,930,359,000

*Note: Senate budget includes money in separate sections for:

- \$500 million for SB 5478
- \$82 million to deposit in trust fund in response to fraud.

Budget Provisos – 2021-23 Biennial Budget



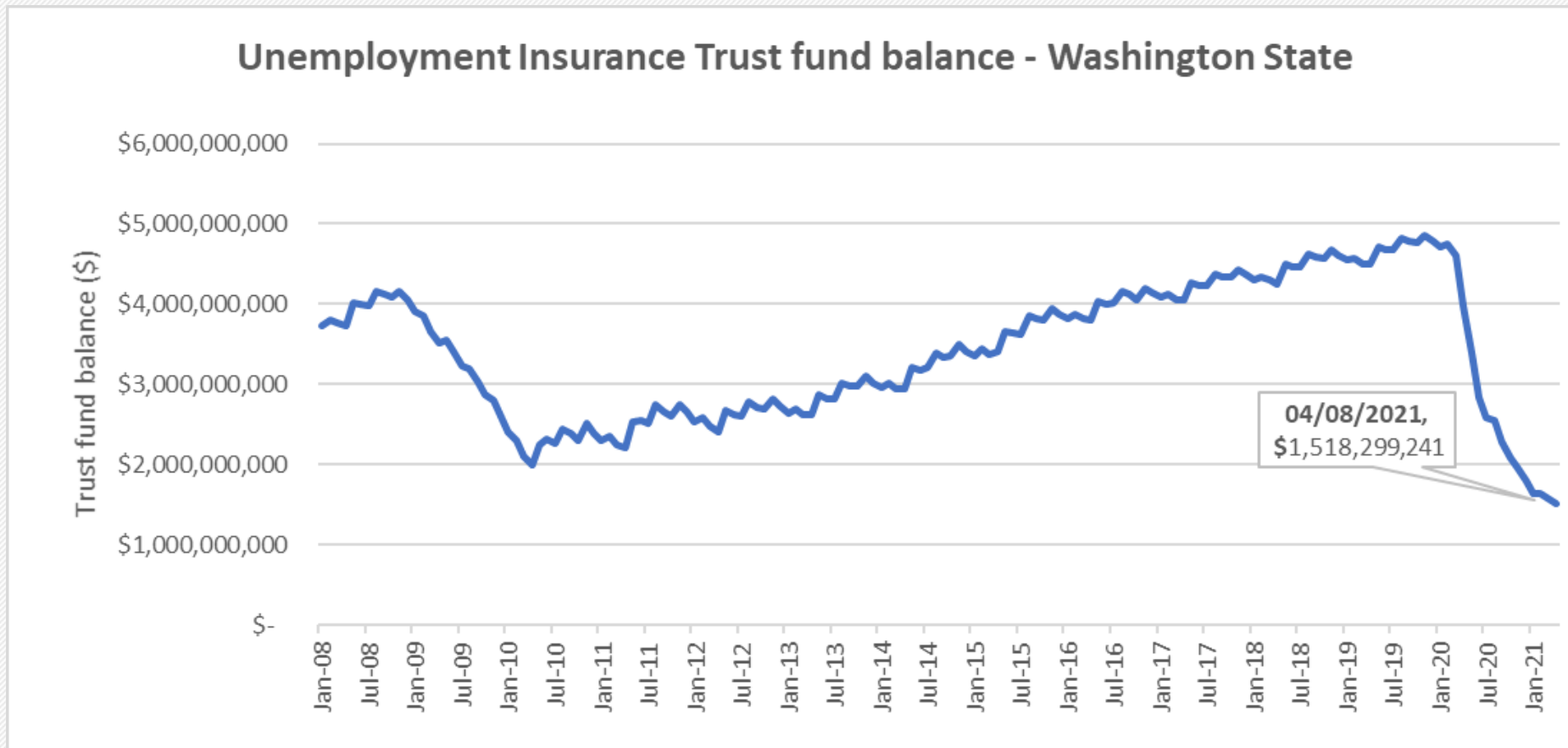
- Funding to implement SB 5061 - \$476,000 UCAA-F (Reed Act)
- Funding for study replicating UI program for non-citizens- \$80,000 (ESAA-S)
- UI fraud detection and prevention, timely UI processing , and promoting equitable access to UI benefits - \$35.7 million (GF-ARPA and CRF)
- UI Backlog – OAH appeal costs - \$22.3 million (GF-ARPA)
- Fraud technology and staffing - \$4.8 million (GF-ARPA)
- National guard and fact-finding resources to reduce backlog - \$2.7 million (GF-ARPA)

In Negotiations: IT/phone system enhancements, customer access improvements

Unemployment Insurance Trust fund



- On April 8th, the UI trust fund balance was \$1.518 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 (4/8/21)



Trust Fund Balance: \$1.52 billion

Total Wages: \$196 billion

Reserve Ratio (RR): $\left(\frac{\$1.5 \text{ billion}}{\$196 \text{ billion}}\right) * 100 = .77$

Average High-Cost Rate (AHCR): 2.44

Months of Benefits: $\left(\frac{.765}{2.44}\right) * 12 = \mathbf{3.8 \text{ Months of Benefits}}$

Federal Advance and Loans



Projection at current rate:

- Three months of benefits on June 22, 2021.
- One month of benefits on December 26, 2021. ***Request Federal Advance***
- Zero months of benefits on March 29, 2022. ***Take Federal Loans***