

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

June 9, 2021

Agenda



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

UI Budget Discussion



**Employment
Security
Department**
WASHINGTON STATE

Unemployment Insurance Advisory Committee Presentation

June 9, 2021

Carole L. Holland, Ed.D.
Chief Financial Officer / Assistant Commissioner
Employment Security Department

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

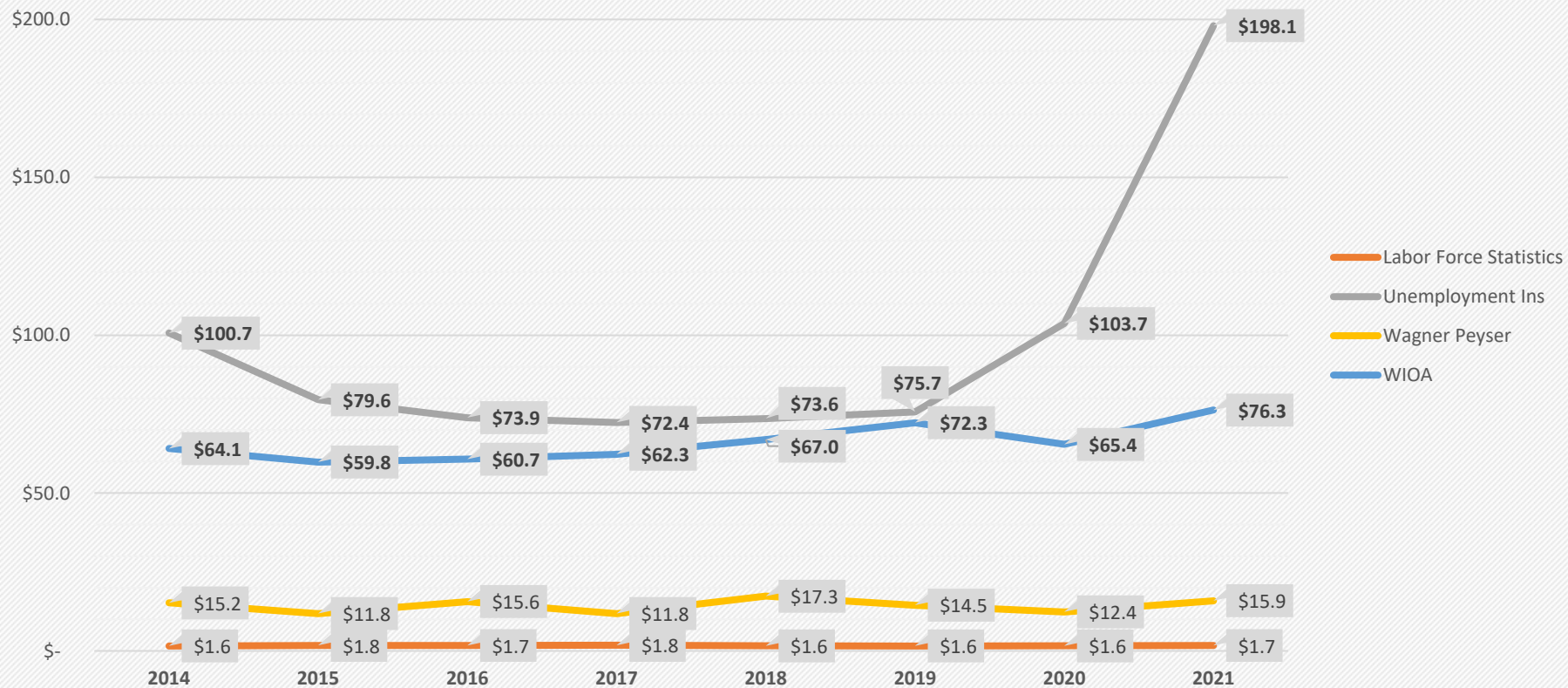
➤ Reed Act Funds

- 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



(in millions)



State Revenue Sources



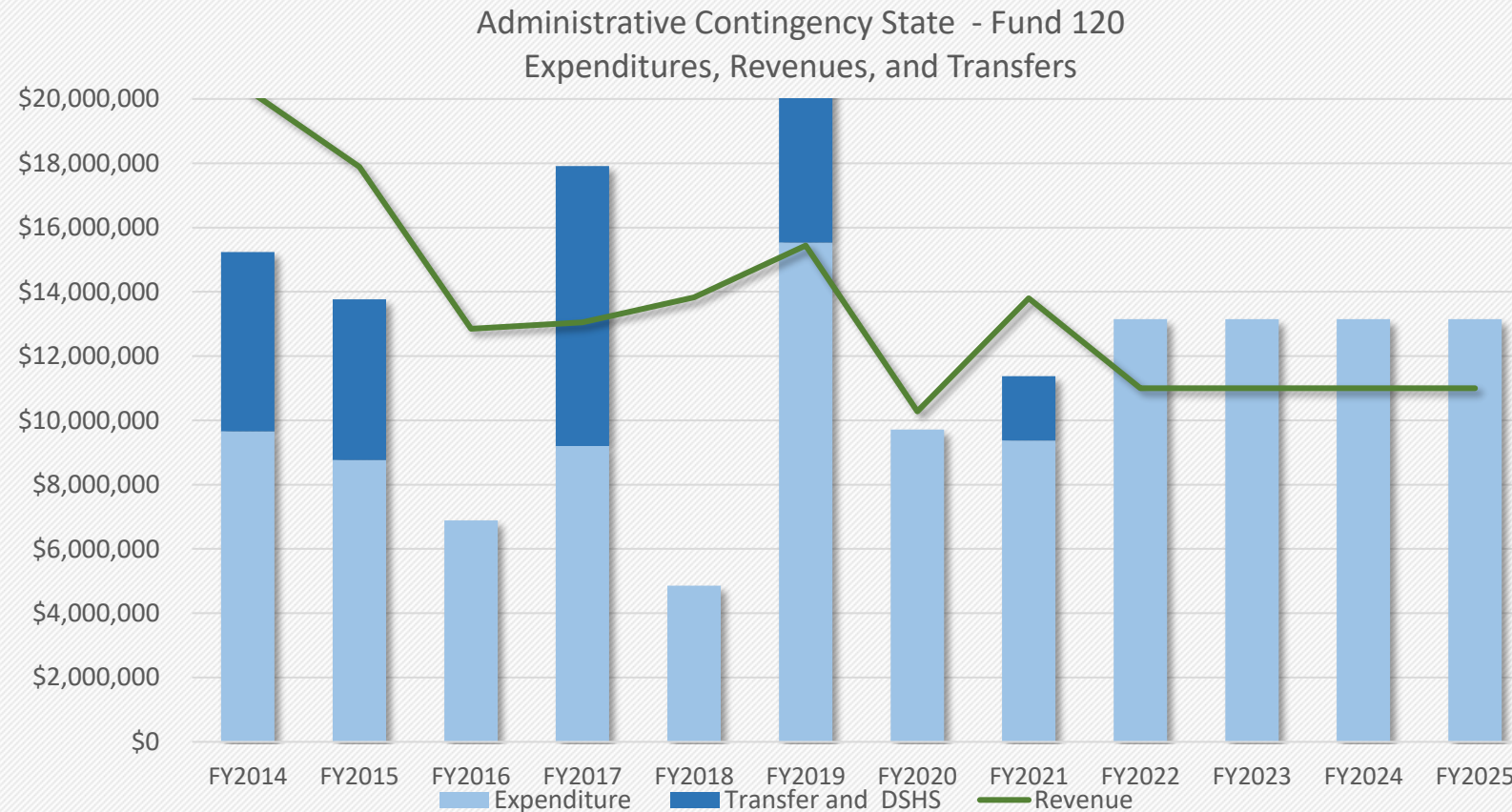
- State revenue sources are also flat or are projected to increase slightly
- Two primary revenue state sources for ESD
 - Administrative Contingency Account – Fund 120
 - Employment Services Administrative Account – Fund 134
- General Fund – State funding is not a likely new source

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 120 – Administrative Contingency Account (P&I)



Fund 134 – Employment Services Administrative Account (CPP)

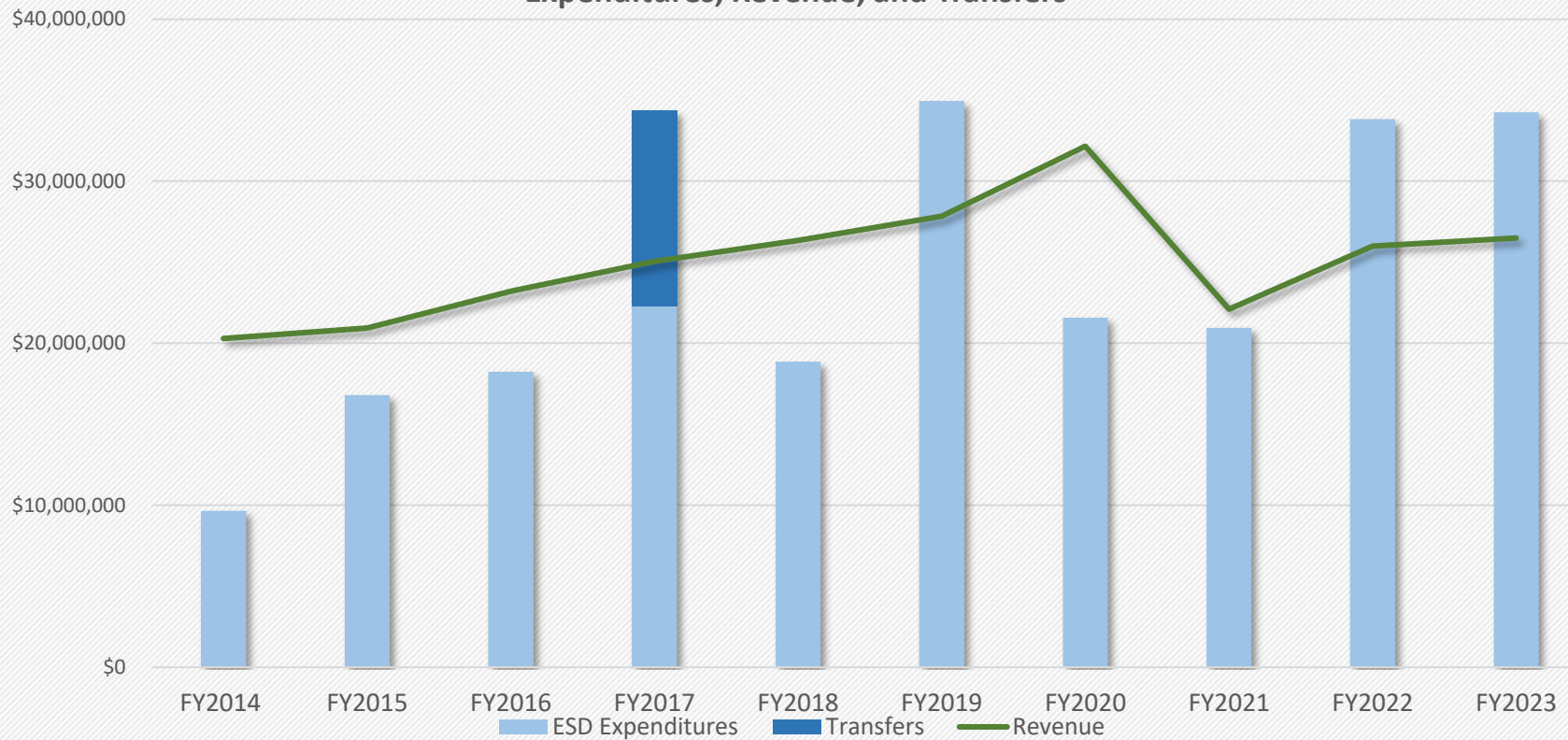


- Source of Employment Services Administrative Account (Claimant Placement Program) Revenues:
 - Employer tax of 0.02 percent of taxable wages
 - Employer tax of 0.01 percent of taxable wages – excluding class rate 20 and class rate 40 (rate classes 20 and 40 account for less than 2% of taxable wages)

Fund 134 – Employment Services Administrative Account



Employment Services Account State - Fund 134
Expenditures, Revenue, and Transfers

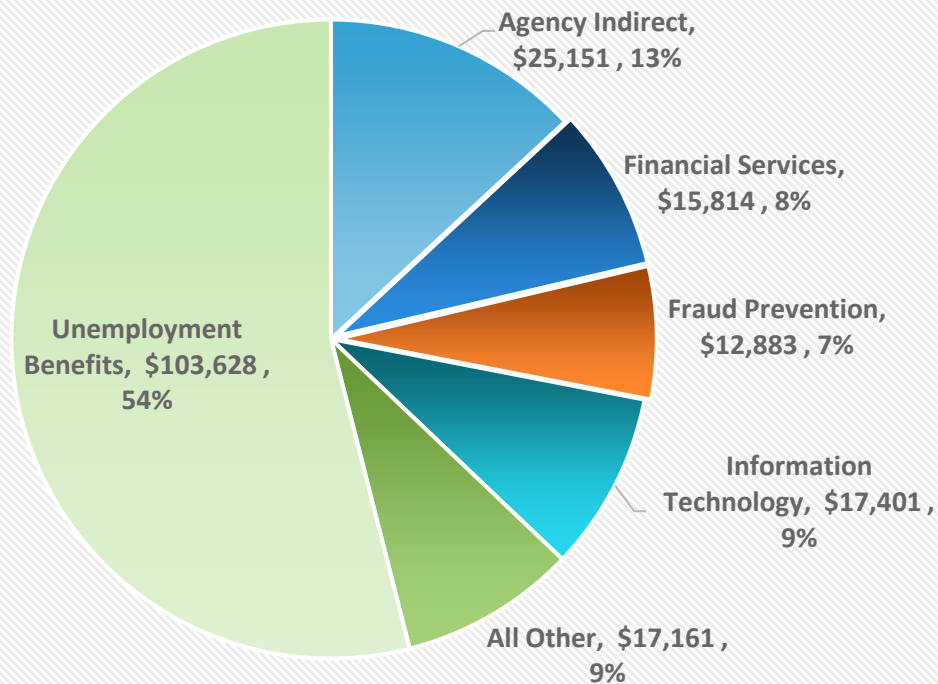


Employment Security Federal UI Funding Expenditures (Fund 119)



What is UI funding used for? (in thousands)

Total UI Admin and
UI Above Base =
\$192 million
Excludes COVID
funds



“Unemployment Benefits”
includes UI Benefits and Tax
and Wage

“All other” includes:

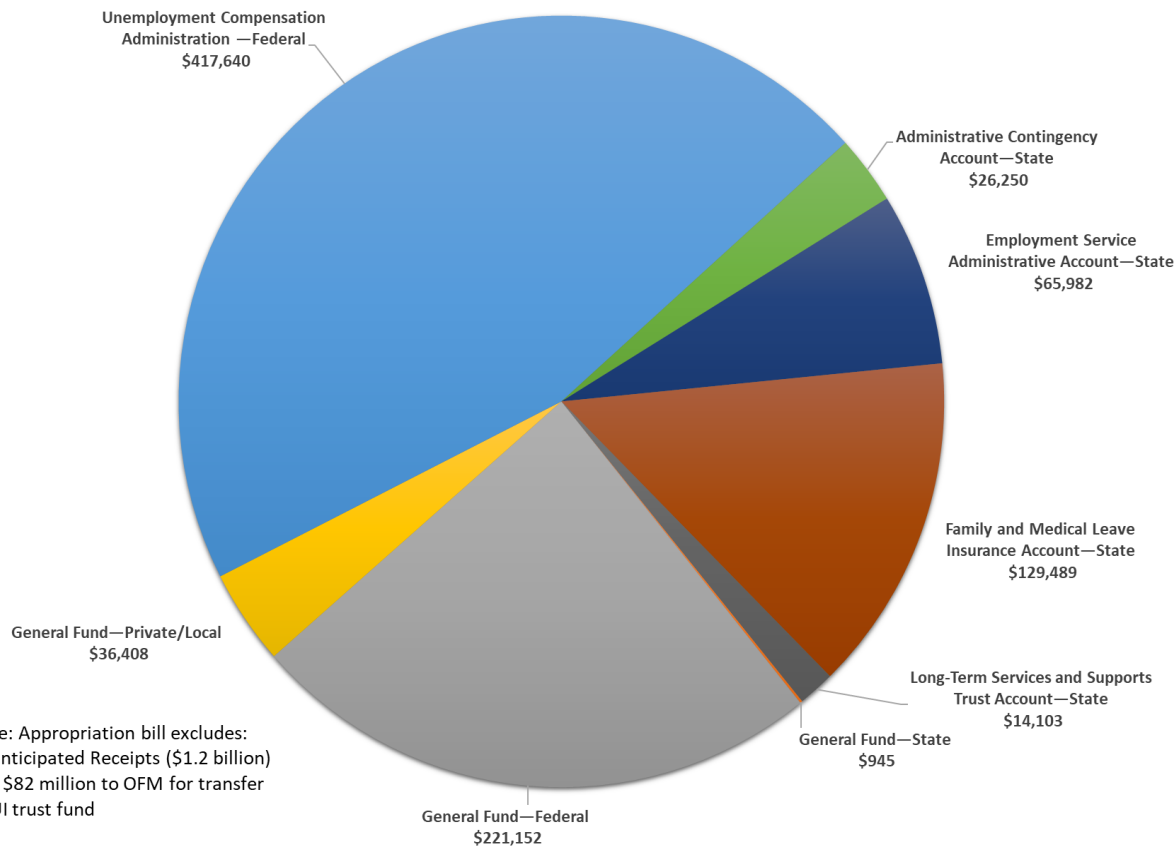
- Employment Connections
- Human Resources
- Labor Market & Economic Analysis
- Policy Data, Performance & Integrity and
- Product, Planning and Performance.

What do UI grant funds purchase?



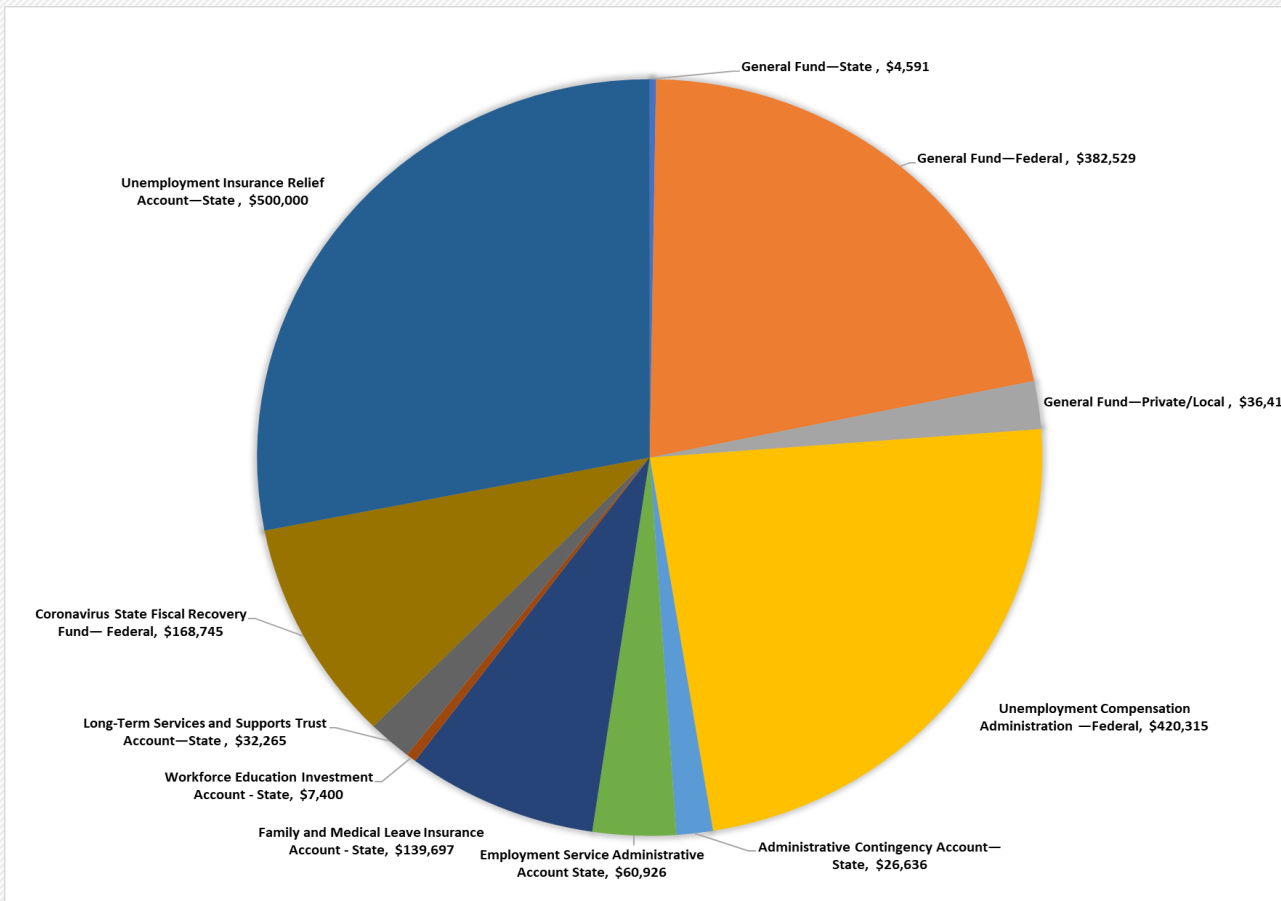
Division	Description of work
Executive Programs	UI's portion of records management, data sharing, Equal Opportunity , Commissioner's Review Office
Information Technology	IT staff providing updates and maintenance of the UI mainframe systems, UTAB and NGTS. Direct expenses for customer support and technology 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
Total	

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

SB 5061 Report



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Jeff Robinson

UI Research and Forecasting Manager

Employment Security Department

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.

Reinstating Work Search



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Joy Adams

UI Quality Assurance Manager
Employment Security Department

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.

Resuming Work Search Requirements



- 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

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.