

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

June 24, 2021

# Agenda



- June UI Trust Fund Report
- UI Policy Update (Work Search and Rulemaking)

# June UI Trust Fund Report



**Employment  
Security  
Department**  
WASHINGTON STATE

**Unemployment Insurance Advisory Committee Presentation**

**June 24, 2021**

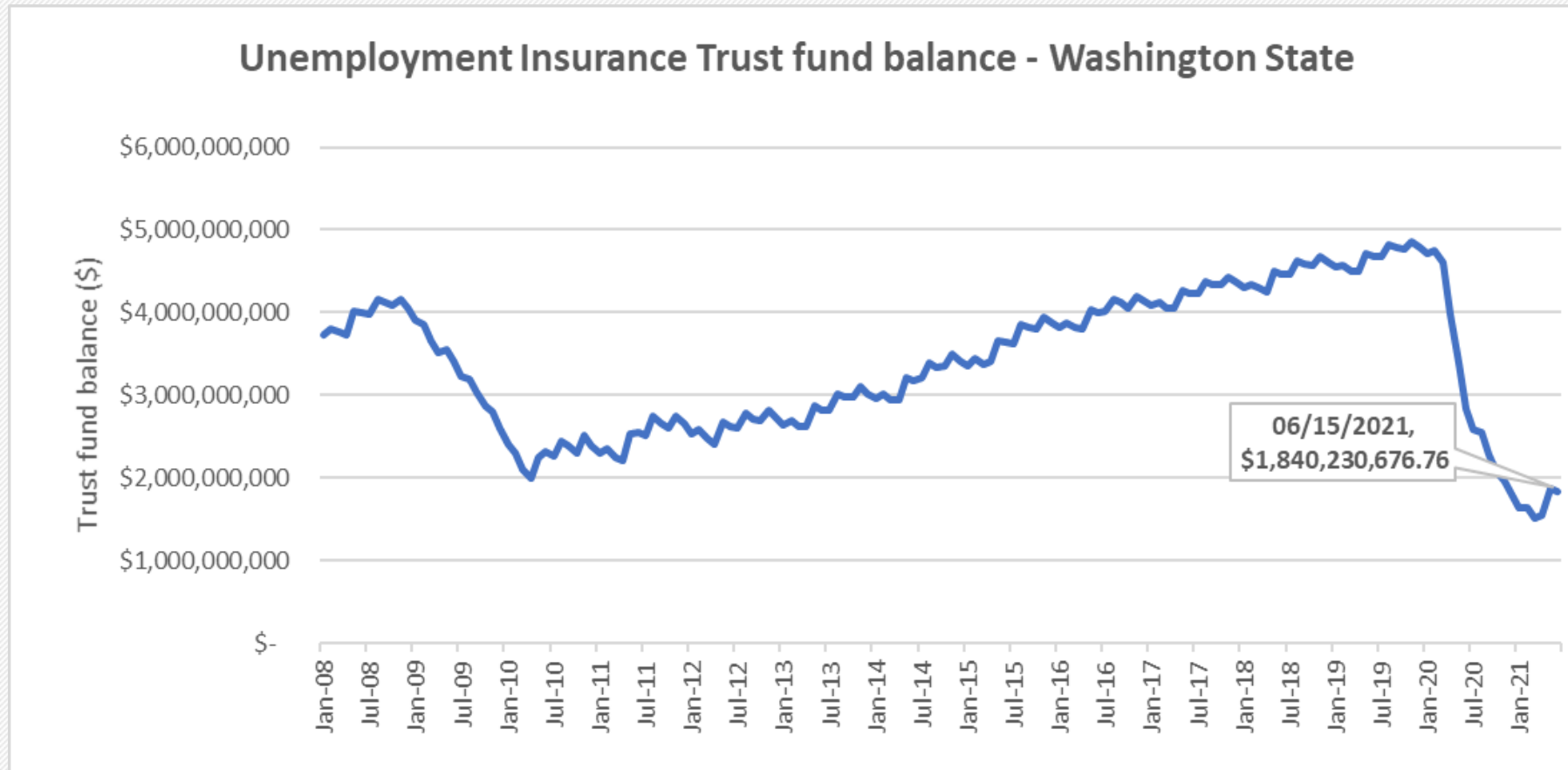
Dan Zeitlin, Employment System Policy Director

Employment Security Department

# Unemployment Insurance Trust fund



- On June 15<sup>th</sup>, the UI trust fund balance was \$1.84 billion



# Months of Benefits Calculation (6/15/21)



**Trust Fund Balance:** \$1.84 billion

**Total Wages:** \$196 billion

**Reserve Ratio (RR):**  $\left(\frac{\$1.84\text{billion}}{\$196\text{ billion}}\right) * 100 = 0.94$

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

**Months of Benefits:**  $\left(\frac{0.94}{2.44}\right) * 12 = \mathbf{4.6\text{ Months of Benefits}}$

# June UI Trust Fund Report: Key Takeaways



- The better-than-expected economic recovery has resulted in a more optimistic trust fund forecast.
- Taxes are expected to be lower than previously anticipated with the average overall tax rate 1.15% lower in 2022 and tax revenue from 2021-2025 roughly \$3.5 billion lower than the November projection.
- Benefit payments are projected to be approximately \$1.4 billion less in 2021 and \$500 million less in 2022 than the November projection.
- The state is not projected to need a federal advance or to draw a federal loan at this time with 4.3 month of benefits projected in the fund at the end of 2021.

# UI Trust Fund Report



- The report provides the status and updated projections of the state's unemployment insurance (UI) trust fund for 2021 through 2025.
- The report is based upon the June 2021 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 March 2021 (Q1 2021).

**Unemployment-insurance trust fund: June 2021 Baseline Forecast**  
**(based on actuals reported in the March 31<sup>st</sup>, 2021 Washington State Economic and Revenue Forecast Council)**

<b>Taxes</b>	<b>CY 2019</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>	<b>CY 2025</b>
Average experience tax rate (percent)	0.93%	1.00%	0.80%	0.97%	1.00%	1.00%	0.90%
Experience tax contributions (in millions)	933.7	\$1,040.7	\$955.8	\$1,202.8	\$1,289.1	\$1,332.0	\$1,232.4
Flat social tax rate (percent)	0.16%	0.15%	0.50%	0.75%	0.60%	0.60%	0.50%
Social tax contributions (in millions)	\$160.4	\$169.2	\$362.8	\$601.8	\$541.5	\$541.1	\$471.8
Solvency tax rate (percent)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Solvency tax contributions (in millions)	-	-	-	-	-	-	-
<b>Total average tax rate (experience + social tax)</b>	<b>1.08%</b>	<b>1.16%</b>	<b>1.10%</b>	<b>1.45%</b>	<b>1.42%</b>	<b>1.41%</b>	<b>1.24%</b>
<b>Total tax contributions (in millions)</b>	<b>\$1,094.1</b>	<b>\$1,209.9</b>	<b>\$1,318.6</b>	<b>\$1,804.6</b>	<b>\$1,830.6</b>	<b>\$1,873.0</b>	<b>\$1,704.2</b>
<b>Benefits</b>							
Weeks compensated (in millions) - regular benefits	2.1	10.3	3.7	2.1	2.0	2.0	2.1
Average weekly benefit amount	\$477.84	\$447.41	\$464.26	\$493.60	\$540.90	\$625.94	\$674.11
Regular benefit payments (in millions)	\$1,010.6	\$4,544.8	\$1,717.7	\$1,031.9	\$1,065.0	\$1,245.1	\$1,416.0
Total benefit liability (in millions)	\$949.9	\$4,272.1	\$1,614.6	\$969.9	\$1,001.1	\$1,170.4	\$1,331.1
Reimbursable benefit payments (in millions)	\$60.6	\$272.7	\$103.1	\$61.9	\$63.9	\$74.7	\$85.0
<b>Total benefit payments (in millions)</b>	<b>\$1,010.6</b>	<b>\$4,544.8</b>	<b>\$1,717.7</b>	<b>\$1,031.9</b>	<b>\$1,065.0</b>	<b>\$1,245.1</b>	<b>\$1,416.0</b>
<b>Trust fund</b>							
Beginning trust fund balance (in millions)	\$4,731.1	\$4,988.3	\$2,003.8	\$1,749.3	\$2,637.1	\$3,552.5	\$4,362.7
Trust fund interest (in millions)	\$113.0	\$ 77.8	\$41.6	\$53.1	\$85.8	\$107.6	\$125.3
Total tax contributions (in millions)	\$1,094.1	\$ 1,209.9	\$1,318.6	\$1,804.6	\$1,830.6	\$1,873.0	\$1,704.2
Reimbursements from reimbursables (in millions)	\$60.6	\$272.7	\$103.1	\$61.9	\$63.9	\$74.7	\$85.0
Total benefit payments (in millions)	\$1,010.6	\$4,544.8	\$1,717.7	\$1,031.9	\$1,065.0	\$1,245.1	\$1,416.0
<b>Ending trust fund balance (as of 12/31, millions)</b>	<b>\$4,988.3</b>	<b>\$2,003.8</b>	<b>\$1,749.3</b>	<b>\$2,637.1</b>	<b>\$3,552.5</b>	<b>\$4,362.7</b>	<b>\$4,861.2</b>
<b>Months of benefits available (as of 9/30)</b>	<b>15.0</b>	<b>6.6</b>	<b>4.3</b>	<b>7.0</b>	<b>8.9</b>	<b>10.4</b>	<b>11.3</b>



# UI Trust Fund Forecast (June 2021)



	November Forecast	June Forecast
2021 Unemployment Benefit payment projection	\$3.12 Billion	\$1.72 Billion
2022 Unemployment Benefit payment projection	\$1.59 Billion	\$1.03 Billion
2021 Employer Contributions	\$1.92 Billion	\$1.32 Billion
2022 Employer Contributions	\$2.95 Billion	\$1.80 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, will increase by \$94, from \$201 to \$295 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, will increase by \$85 to \$929.

## Benefit Payment Amounts

Year:	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Amount (in billions):	\$1.72	\$1.03	\$1.07	\$1.25	\$1.42

# 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 \$56,500 in 2021 and will be \$62,500 in 2022.
- The trust fund balance has no impact on the experience rate tax.

## Average Experience Tax Rates

CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
0.80%	0.97%	1.00%	1.00%	0.90%

# Social Tax Rate



- The “flat social tax” is an annual tax calculation 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.
- Per SB 5061, the flat social tax rate has a maximum tax cap of 0.75% (2022), 0.80% (2023), 0.85% (2024), and 0.90% (2025). The tax is then adjusted for each rate class. The tax is projected to be below the caps in 2023-25.

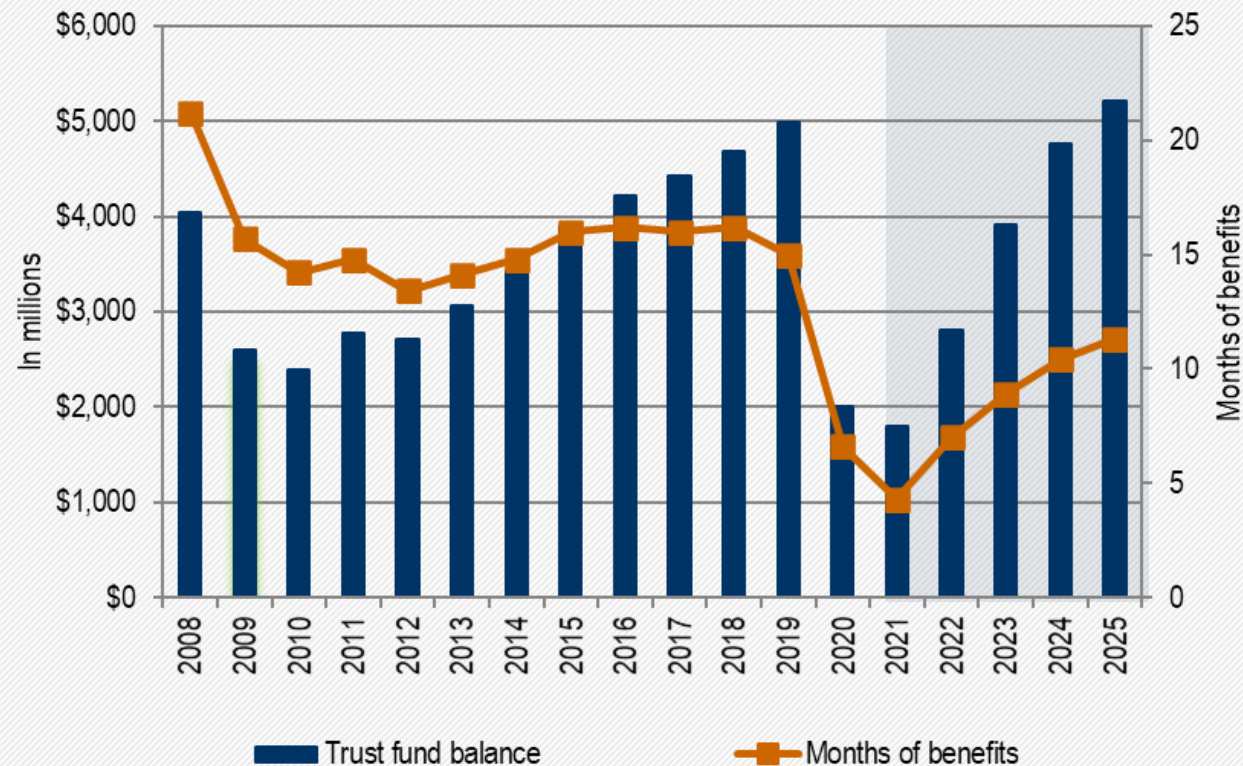
## Projected Flat Social Tax Rates

CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
0.50%	0.75%	0.60%	0.60%	0.50%

# Projected Trust Fund Balances



- Approximately \$1.75 billion (2021); \$2.64 billion (2022); \$3.55 billion (2023); \$4.36 billion (2024); and \$4.82 billion (2025)



# ESSB 5061 and ESSB 5748 Impacts



- [ESSB 5061](#) waived employer benefit charging during the Governor's initial stay-home order, as well as lowered the social tax cap and froze the social tax from 2021-2025. [ESSB 5478](#) provides \$500 million to buy down certain employers' 2022 experience tax rates.
- The legislation is projected to reduce tax rates in each year from 2021-2025 with a corresponding \$2.38 billion reduction in tax revenue.
- When factoring in both the legislation and better than expected economic conditions, the report projects a drop from roughly \$12 billion to \$8.5 billion in revenue over the 2021-2025 period, a \$3.5 billion or 30% reduction from the November projection.

# ESSB 5061 and ESSB 5748 Impacts



- ESSB 5061 increased the minimum weekly benefit amount from 15% to 20% of the average weekly wage. The report due on December 1<sup>st</sup> will measure the impact on benefit payments.
- It was projected that enactment of ESSB 5061 would result in the need for a \$500M loan, but better than projected economic conditions and trust fund health mean the state is no longer projected to need a federal loan.

# Reinstating Work Search



**Employment  
Security  
Department**  
WASHINGTON STATE

**Unemployment Insurance Advisory Committee Presentation**

**June 24, 2021**

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](https://esd.wa.gov).

# Resuming Work Search Requirements



- Communications to claimants highlight virtual resources and opportunities available.
- We have a robust campaign to claimants and employers, including:
  - Up to 7 direct claimant messages
    - *one sent last week, second at end of this week*
  - Updating letters as needed – *in process*
  - Information in employer newsletter – *in process*
  - Website content – *pre-launch complete*
  - Social media - *ongoing*
  - Press release – set for week of July 4
  - FAQs – *ongoing; first wave complete*
  - Phone hold message – *in place*

# Reaching All Our Customers



- All communications will be made available in English and Spanish.
- We will translate relevant web pages (Job search, Return to work, Refusal of work) into 16 languages on [esd.wa.gov](http://esd.wa.gov). You can find links to the language landing pages in the footer of every page on [esd.wa.gov](http://esd.wa.gov).

▪ Spanish	▪ Laotian	▪ Chinese	▪ Russian
▪ Korean	▪ Farsi	▪ Punjabi	▪ Somali
▪ Amharic	▪ Oromo	▪ Chuukese	▪ Marshallese
▪ Cambodian	▪ Arabic	▪ Tagalog	▪ Palauan

- A Babel notice will be included in correspondence that points claimants who speak 25 languages to call the claim center with questions.
- We will have mailers and robocalls going to customers who don't have eServices accounts.

# Rulemaking



**Employment  
Security  
Department**  
WASHINGTON STATE

## **Unemployment Insurance Advisory Committee Presentation**

**June 24, 2021**

Scott Michael

Legal Appeals and Rulemaking Manager

Employment Security Department

# Rulemaking



- Hours of Availability public hearing was held on June 22.
- ESD will finalize the rule this year.