

A background image showing the silhouettes of several people standing in a meeting room, illuminated by a bright light source from the left, creating a strong glow and long shadows.

Unemployment Insurance ADVISORY COMMITTEE



Employment Security Department
WASHINGTON STATE

November 10, 2021

Agenda



- SB 5061 Report Discussion
- UI Policy Update
- SB 5478 Implementation Briefing
- Future Meetings and Agenda Discussion

SB 5061 Report



**Employment
Security
Department**
WASHINGTON STATE

Unemployment Insurance Advisory Committee Presentation

November 10, 2021

Dan Zeitlin, Employment System Policy Director
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-Requirements



- For claims with an effective date of July 1, 2021, or after, the minimum amount payable weekly shall be 20 percent of the ‘average weekly wage’ for the calendar year preceding such June 30th,” an increase from 15 percent of the “average weekly wage.”
- Accordingly, the minimum weekly benefit amount (MWBA) increased from \$201/week to \$295/week on July 4, 2021.
- The Employment Security Department is required to provide “[a]n analysis of the impact of the minimum weekly benefit amount increase, including comparing wages earned and benefits claimed for those individuals receiving the minimum weekly benefit amount and the average claim duration for those individuals.” The analysis must be provided by December 1, 2021, and annually thereafter until December 1, 2025.

MBWA Report-2021 Limitations



- It is not possible, for the purposes of the report to be submitted by December 1, 2021, to calculate the impact on claim duration or benefits paid with confidence, since individuals that started their claim in July 2021 will be eligible to draw benefits until July 2022 and only 22 weeks will have elapsed since the MWBA increase.
- Premature measurement of the policy's impact on claim duration will be incomplete. The same is true for the earnings and employment outcomes as earnings information for the quarter after a person's claim will not be available until 2022.

MBWA Report-Future Analyses



- Once the data are mature multiple statistical analyses can be conducted to discover the impact that the policy change had on claimants' lives.
- In future annual reports, Employment Security will provide analysis that will analyze how much a \$1/week increase in the weekly benefit amount disbursed to claimants influences their claim duration and employment outcomes.
- Employment Security will also analyze how three outcomes - average claim duration, likelihood of employment in the quarters following an unemployment period, and average earnings in the job obtained after the unemployment period- changed overall because of the policy.

MBWA Report-Current Data



- In Q3 2021, 9,625 UI claimants received the MWBA. Of these individuals, 2,948 (30.7%) gained a new job after collecting UI benefits. After gaining a new job, these individuals earned an average of \$2,716.
- In Q3 2021, 23.5% (10,845) of all UI claimants gained a new job after collecting UI benefits. After gaining a new job, these individuals earned an average of \$5,766.
- The total earnings (from a new, post-UI-period employer) accruing to the MWBA recipients was \$8,007,323. The total accruing to all claimants was \$62,535,543. As such, 12.8% of the total accrued to MWBA recipients.

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

Taxable Wage Base Report – Legislative changes to Taxable wage base calculation



Year	Taxable Wage Base	Taxable Wage base calculation	Legislation
2005	\$ 30,500	80% of AAWCP (3-year average)	
2006	\$ 30,900	80% of AAWCP (3-year average)	
2007	\$ 31,400	80% of AAWCP (3-year average)	
2008	\$ 34,000	80% of AAWCP (1 year average)	2ESB 6097 (2003)
2009	\$ 35,700	80% of AAWCP (1 year average)	
2010	\$ 36,800	80% of AAWCP (1 year average)	
2011	\$ 37,300	80% of AAWCP (1 year average)	
2012	\$ 38,200	80% of AAWCP (1 year average)	
2013	\$ 39,800	80% of AAWCP (1 year average)	
2014	\$ 41,300	80% of AAWCP (1 year average)	
2015	\$ 42,100	80% of AAWCP (1 year average)	
2016	\$ 44,000	80% of AAWCP (1 year average)	
2017	\$ 45,000	80% of AAWCP (1 year average)	
2018	\$ 47,300	80% of AAWCP (1 year average)	
2019	\$ 49,800	80% of AAWCP (1 year average)	
2020	\$ 52,700	80% of AAWCP (1 year average)	
2021	\$ 56,500	80% of AAWCP (1 year average)	
2022	\$ 62,500	80% of AAWCP (1 year average)	

Taxable Wage Base Report – Amount of wages subject to UI tax (2020) by industry sector



NAICS Industry	Taxable wages	Total wages	Share of total wages subject to UI tax (%)
Accommodation and Food Services	\$ 5,523,785,676	\$ 6,276,845,164	88.0
Administrative and Waste Services	\$ 6,350,132,468	\$ 8,830,609,836	71.9
Agriculture, Forestry, Fishing and Hunting	\$ 3,208,301,493	\$ 3,522,359,937	91.1
Arts, Entertainment, and Recreation	\$ 819,120,290	\$ 1,262,779,809	64.9
Construction	\$ 9,779,812,391	\$ 14,045,256,519	69.6
Educational Services	\$ 807,559,618	\$ 1,069,054,208	75.5
Finance and Insurance	\$ 5,002,848,806	\$ 11,380,267,993	44.0
Health Care and Social Assistance	\$ 9,154,380,285	\$ 12,511,769,134	73.2
Information	\$ 8,564,718,211	\$ 36,062,806,510	23.7
Management of Companies and Enterprises	\$ 312,091,416	\$ 793,101,165	39.4
Manufacturing	\$ 13,184,356,642	\$ 22,195,213,348	59.4
Mining, Quarrying, and Oil and Gas Extraction	\$ 87,523,829	\$ 123,857,460	70.7
Other Services, Except Public Administration	\$ 2,687,699,948	\$ 3,682,353,063	73.0
Professional and Technical Services	\$ 10,200,419,871	\$ 21,623,027,992	47.2
Public Administration	\$ 598,407,674	\$ 674,932,504	88.7
Real Estate and Rental and Leasing	\$ 2,281,886,279	\$ 3,435,123,644	66.4
Retail Trade	\$ 15,106,105,412	\$ 29,534,849,105	51.1
Transportation and Warehousing	\$ 4,166,541,753	\$ 6,197,522,813	67.2
Utilities	\$ 489,957,048	\$ 1,036,970,495	47.2
Wholesale Trade	\$ 6,741,697,586	\$ 12,480,743,734	54.0

Taxable Wage Base Report – Amount of wages subject to UI tax (2020) by size of employer



Employer Size	Taxable wages	Total wages	Share of total wages subject to UI tax (%)
Large	\$ 28,059,366,395	\$ 76,498,569,881	36.7
Medium	\$ 30,969,303,596	\$ 53,270,463,504	58.1
Small	\$ 45,978,853,326	\$ 66,910,222,610	68.7

Taxable Wage Base Report – Taxable wages by employer size for the Agriculture and Information sectors



Agriculture, Forestry, Fishing and Hunting			
Employer Size	Taxable wages	Total wages	Share of total wages subject to UI tax (%)
Large	\$ 414,356,097	\$ 439,251,981	94.3
Medium	\$ 1,258,245,279	\$ 1,375,667,411	91.5
Small	\$ 1,535,681,225	\$ 1,707,421,653	89.9

Information			
Employer Size	Taxable wages	Total wages	Share of total wages subject to UI tax (%)
Large	\$ 5,990,938,818	\$ 28,906,814,228	20.7
Medium	\$ 1,198,423,393	\$ 4,213,380,787	28.4
Small	\$ 1,374,983,247	\$ 2,942,191,558	46.7

Taxable Wage Base Report-Changes



NAICS Industry	UI taxes (Q1-Q3 2021)		
	Current Law	2019 taxable wage base 48,000	2019 taxable wage base 51,000
Accommodation and Food Services	\$ 7,360,803	\$ 7,411,661	\$ 7,360,290
Administrative and Waste Services	\$ 7,155,945	\$ 7,198,169	\$ 7,144,589
Agriculture, Forestry, Fishing and Hunting	\$ 3,993,441	\$ 4,104,040	\$ 3,992,641
Arts, Entertainment, and Recreation	\$ 1,347,690	\$ 1,381,843	\$ 1,347,676
Construction	\$ 5,123,125	\$ 5,328,376	\$ 5,114,742
Educational Services	\$ 330,749	\$ 341,242	\$ 330,304
Finance and Insurance	\$ 4,998,408	\$ 5,006,690	\$ 4,996,792
Health Care and Social Assistance	\$ 4,270,172	\$ 4,389,051	\$ 4,242,826
Information	\$ 23,737,078	\$ 23,896,655	\$ 23,732,278
Management of Companies and Enterprises	\$ 105,367	\$ 97,191	\$ 96,606
Manufacturing	\$ 3,245,195	\$ 3,271,956	\$ 3,244,464
Mining, Quarrying, and Oil and Gas Extraction	\$ 1,828	\$ 2,226	\$ 1,828
Other Services, Except Public Administration	\$ 2,142,099	\$ 2,153,794	\$ 2,134,368
Professional and Technical Services	\$ 3,844,714	\$ 3,875,694	\$ 3,834,586
Public Administration	\$ 820,784	\$ 840,194	\$ 820,784
Real Estate and Rental and Leasing	\$ 2,069,487	\$ 2,082,973	\$ 2,067,625
Retail Trade	\$ 16,107,822	\$ 16,155,364	\$ 15,954,781
Transportation and Warehousing	\$ 4,287,412	\$ 4,357,249	\$ 4,286,127
Utilities	\$ 6,528	\$ 7,844	\$ 6,528
Wholesale Trade	\$ 2,453,838	\$ 2,473,773	\$ 2,447,264

Taxable Wage Base Report-Conclusion



- Based upon 2020 taxable wage information, a higher share of total wages are subject to UI tax for smaller employers compared to medium and large employers.
- Wages subject to the UI tax account for over 63 percent of total wages based on the overall industry percentages; however, the share varies significantly across the NAICS industry sectors. The Agriculture, Forestry, Fishing and Hunting sector has the highest share at 91 percent, while the Information sector has the lowest share at 24 percent.
- Wages subject to UI tax vary across industry sector. Based upon a simulation and analysis of UI tax collections for qualified tax employers by industry sector resulting from a change on the taxable wage base in 2019, ESD estimates that a decrease in the taxable wage would have resulted in more overall UI tax collections (1.0 percent more) into the UI trust fund, while an increase in the taxable wage base would have resulted in a small decrease in UI tax collections (-0.3 percent) for the first three quarters of 2021.

UI Policy Update



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November 10, 2021

Scott Michael, Legal Services Manager
Joy Adams, UI Quality Assurance Manager
Employment Security Department

Rulemaking Update



Converting Emergency Rules into Permanent Rules

- Preliminary Draft Rules
 - Waiting week waiver
 - Waivers of PUA and PEUC overpayments
 - Standby

Upcoming New Rules

- Hours of availability (Effective January 2, 2022)

Vaccine Mandate Impact



- Governor's mandate for state employees and other workers went into effect October 18th; other jurisdictions' mandates coming into effect as well on different timelines.
- We are still early in the process of receiving and adjudicating claims for separations that week, and do not have strong data to share yet.
- We are identifying claims as “vaccine-related” during adjudication, so that we can report data in the future on these claims and their outcomes.

SB 5478 Implementation



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Joy Adams, UI Quality Assurance Manager

Denice Craig, Employer Services Manager

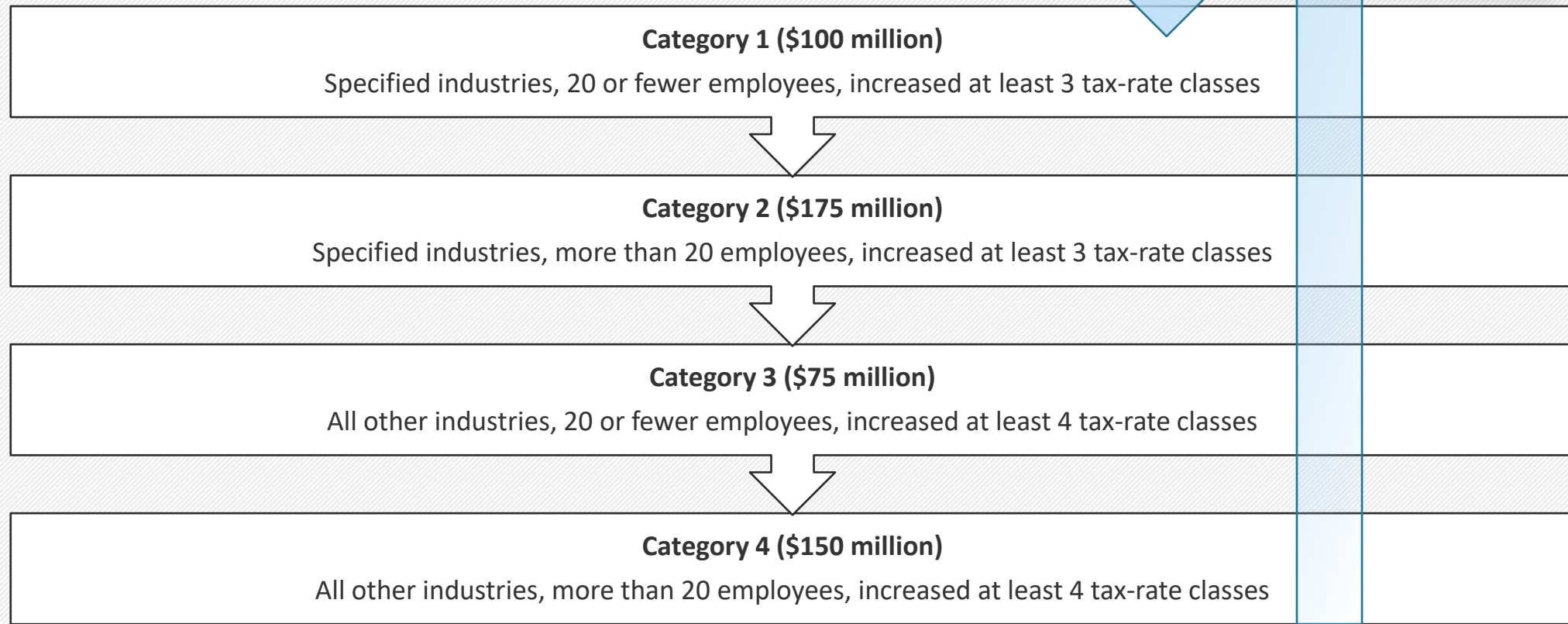
Employment Security Department

SB 5478 Implementation



- Provided \$500 million to offset benefit charges from COVID-19 related claims.
- Offsets are split into four categories based on industry, employer size, and a minimum increase in tax-rate class.
- Preliminary numbers indicate the money will be fully utilized, with Category 1 and 2 employers receiving a high rate of benefit charge offset.
- Category 3 and 4 employers will receive meaningful charge relief as well.

SB 5478 Implementation



SB 5478 Implementation



	Benefits Requested	Funds Available	Estimated Ratio
Category 1	\$96.0 million	\$100 million	100.00%
Category 2	\$206.4 million	\$175 million (plus remaining \$4 million from Category 1)	86.74%
Category 3	\$165.9 million	\$75 million	45.21%
Category 4	\$293.0 million	\$150 million	51.19%

SB 5478 Implementation



- Tier 1 Industry Breakdown (preliminary)

Accommodations and Restaurants \$61.4 million	Administrative Support, Waste Management \$7.7 million	Arts, Entertainment and Recreation \$12.3 million	Information, Telecom, Broadcasting \$1.3 million
Manufacturing \$1.9 million	Other Services \$1.6 million	Retail Trade \$6.4 million	Transportation and Warehousing \$3.4 million

SB 5478 Implementation



- Tier 2 Industry Breakdown (preliminary)

Accommodations and Restaurants \$119.6 million	Administrative Support, Waste Management \$7.0 million	Arts, Entertainment and Recreation \$21.0 million	Information, Telecom, Broadcasting \$3.0 million
Manufacturing \$5.4 million	Other Services \$0.0 million	Retail Trade \$11.4 million	Transportation and Warehousing \$38.7 million

SB 5478 Implementation



■ Tier 3 and 4 Industry Breakdown (preliminary)

Administrative Support, Waste Management \$46.5 million	Agriculture, Forestry, Fishing and Hunting \$5.1 million	Construction \$75.1 million	Educational Services \$6.9 million
Finance and Insurance \$4.5 million	Health Care and Social Assistance \$30.9 million	Information, Telecom, Broadcasting \$29.6 million	Management \$7.8 million
Manufacturing \$136.6 million	Mining, Quarrying and Oil and Gas extraction \$1.2 million	Other Services \$1.7 million	Professional and Technical Services \$37.8 million
Real Estate and Rental and Leasing \$14.9 million	Retail Trade \$16.1 million	Transportation and Warehousing \$20.1 million	Wholesale Trade \$24.3 million

Closing



- Future Meetings and Agenda Discussion