



Unemployment Insurance Advisory Committee

Meeting details

Date: Wednesday, September 4, 2024

Time: 1:00 pm - 3:00 pm

Location: Zoom

Committee members and alternates present

Employee Representatives

- Sybill Hyppolite, Washington State Labor Council
- Cindy Richardson, UNITE HERE Local 8
- Josh Swanson, Operating Engineers 302

Employer Representatives

- Katie Beeson, Washington Food Industry Association (alternate)
- Josie Cummings, Avista
- Julia Gorton, Washington Hospitality Association

General Public Representatives

- Anne Paxton, Unemployment Law Project

ESD staff

- Joy Adams
- Chris Barron
- Matt Buelow
- Danielle Cruver
- Joshua Dye
- Vaughn Ellis
- Cami Feek
- Stephanie Frazee
- Camille Galeno
- Nino Gray
- Colin Helsley

Committee members and alternates absent

- Monica Holland, Northwest Justice Project (alternate public rep)
- Joe Kendo, WA State Labor Council (alt employee rep)
- Allyson O'Malley-Jones, Northwest Justice Project
- William Westmoreland, Pac Mtn WF Dev Council
- Brenda Wiest, Teamsters 117

- Caitlyn Jekel
- Matt LaPalm
- Lawrence Larson
- Marypat Meuli
- Jared Nilsen
- JR Richards
- Eve Sheng
- Stephanie Sams
- Jeremy Satre
- Dan Zeitlin

Summary

Meeting Recorded

This meeting was [recorded](#) and livestreamed by TVW. Please reference this recording for further meeting details and full dialogue using the indicated timestamps.

Welcome and Opening Remarks

Committee chair JR Richards welcomed everyone to the meeting and asked committee assistant Colin Helsley to call roll.

Agenda

JR reviewed the following agenda items (also see Addendum I)

- Approval of August 7, 2024 meeting minutes
- UI Decision Packages Review
- Agency Request Legislation – Employment Services Administrative Account Funding
- Rulemaking Update
- Public comment
- Adjourn

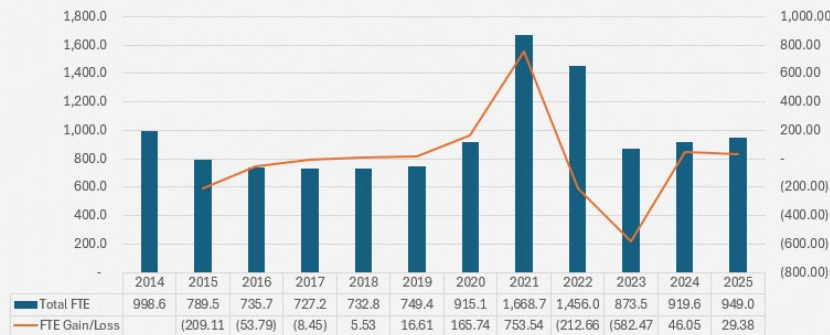
Meeting Minutes

JR requested that committee members review the August 7, 2024 draft UIAC meeting minutes and provide their feedback. Josh Swanson moved to approve the minutes. Julia Gorton seconded the motion. All in favor said “aye”. No members were opposed. The August 7, 2024 meeting minutes were approved.

Current State – Staffing

Dan Zeitlin, Chief of Staff, ESD spoke about cost drivers impacting the UI program, FTE staffing, and the current state of the program compared to historicals using the following slides.

UI Program FTEs: all fund sources over time



FTE by Division and by Function

FTE by Division by State Fiscal Year	Actual 2019	Budget 2025	Variance 25-19
Indirect	95.6	112.0	16.4
Admin Services	24.5	34.6	10.1
Compliance	76.1	111.0	34.9
DATA	9.4	15.2	5.8
Employment Connections	31.3	31.3	0.1
Policy	23.3	36.1	12.9
Exec. Programs	9.8	16.7	6.9
Finance	5.7	8.1	2.5
Human Resources	0.2	1.0	0.8
IT Services	64.3	110.4	46.2
Product, Planning & Performance		19.6	19.6
Office of Modernization		-	0
UI Customer Service	409.4	442.3	32.9
Total FTE	749.4	938.4	189.0

Fiscal year: July 1-June 30

Data includes all fund sources including one-time funding and USDOL additional grants

Currently, of 189, total 71 are one-time FTE

FTE by Function	2019	2025	25-19
Administration	34.29	51.29	17.00
Support Services	5.84	9.13	3.29
Customer Service	440.67	473.65	32.98
Compliance & Reporting	108.71	162.29	53.58
Technology & Projects	64.28	130.02	65.74
Indirect	95.6	112.0	16.4
Total FTE	749.38	938.38	189.00

ESD Commissioner Cami Feek then provided a high-level overview of the following key areas of FTE growth.

UI Program: Key Areas of FTE Growth

Established Customer Compliance Division

- Consolidates UI/PFML Audit, Collections and Fraud lines of business with a Director.
- Growth in customer compliance driven by increase in fraud staff, including current non-perms.

Product, Planning, & Performance Division

- Built out division to help prioritize and manage large UI projects with customer impacts, as well as product development to enhance customer experience.
- Growth in project, product and change managers (+11.5 perm FTE) to lead this work.

Information Technology

- IT growth has occurred from both functions directly serving UI customers and functions supporting ESD staff with increased complexity and demand for technology.
- Transitioning from reliance on contractors to ESD staff to operate IT systems (+20 perm FTE).

UI Customer Service-Pandemic Overpayment Team

- Temporary staff added to adjudicate pandemic era overpayments (+56 non-perm FTE).

Matt Buelow, Customer Compliance Director, ESD provided more details about ESD's Customer Compliance Division and the increase in Fraud staff.

Lisa Kissler, Chief Information Officer, ESD provided more detail about growth in the Product, Planning, & Performance Division and within Information Technology.

Recording timestamp 00:21:44

Question from Katie Beeson: Can you provide an example of a couple of recent projects that your team is most proud of?

Answer from Lisa Kissler: One that I was heavily involved in was the replacement of our phone system. The implementation was complicated, but the new platform has a lot more capability and I think over time, we'll see more growth in that capability. We've had maybe one short outage in over a year of that technology being in place, which is a big difference. Another was the replacement of EAMS, our employer facing technology on the tax side. This made some significant improvements to the employer experience.

JR Richards: I'll add, this structure of how we're supporting projects differently allows for us to be able to deliver real value to our claimants and our employer community on a large scale. The place that we were in before standing up this structure was a lot of projects going on, and the same people being tasked to try to support getting each project going without real visibility on where those resources were, and the result was a failure to deliver on projects, or we had to continue to extend a delivery dates. So, this change allows us to be intentional about prioritization, and where we're focusing resources. The number of projects we've been able to successfully close with business value to claimants and customers is huge.

Recording timestamp 00:25:47

Question from Josie Cummings: That's a pretty significant increase in permanent FTE for Product, Planning, & Performance and IT, so I'm just wondering what metric was used to figure out how many more folks were needed and how many of those 11.5 and 20 were temporary full-time employees. I'm just trying to figure out what we're going to see accomplished, and what the benefit to claimants is going to be with the increased staffing.

Answer from Lisa Kissler: There's a number of staff in both areas that are one-time funded, so we're just looking at growth in these particular areas. In part, this is about us having the capability as an organization to continuously change so there's no stasis in technology. We prioritize and try to get as much done as we can, but I can tell you that the demand still is exceeding the capacity by quite a bit.

JR Richards: We can also tee up a conversation for a future meeting about projects currently in flight or that we have closed out, and the results of those. This is something we've shared with the committee before and if it would be helpful, I would love to be able to share some of the great work our teams have done.

JR Richards then provided further detail about growth in the UI Customer Service division, particularly the temporary staffing added to adjudicate the pandemic era overpayments (final bullet on above slide).

Dan Zeitlin ended this segment by adding that a maintenance package encompassing what has recently been shared to the committee as far as the demands of the program and FTE information will be sent out shortly to committee members.

UI Decision Packages Review

JR gave a high-level overview of the UI Decision package drafts provided to committee members using the following slides.

Customer Improvement/Call Center



UI Benefit Intake Staff:

- Five new Intake teams: answer customer calls & emails for initial claims, weekly inquiries, and eligibility issues
- Will bolster customer support & streamline access to services

Employer Services Staff:

- Workload increased steadily past 3 years
- Ask reflects staff needed to support increase in employer calls registration and tax filings

WorkSource Staff:

- Provide meaningful UI assistance in-person at local WorkSource offices across the state
- Staff help with UI support, general questions, and increasing access for claimants.
- Ask will provide scalability to support the workload increase during peak season

Performance Outcomes	Goal Level of Performance	2023 Performance	Peak Season Performance*	Current Performance**
Customer Calls Answered Timely	80% of calls answered within 20 minutes	32%	41%	51%
High Call Volume Unique Callers	0 during non-peak Limited during peak	299,241	237,085	52,263
First Pay Promptness	≥ 87%	55.3%	56.7%	68.7%
Non-Monetary Determination Timeliness	≥ 80%	55.3%	52.6%	56.9%
Improper Payments	< 10%	10.8%	10.5%	TBD

*Peak season October 2023 – March 2024

**Current Performance April 2024 – June 2024

- 99 FTE Total
- \$11.6 Million annually

Customer Compliance



Integrate compliance activities across programs

- Consistent customer experience and outcomes
- Gain efficiencies across programs
- Consistent and comprehensive fraud detection tools and investigations
- Timely and accurate determinations

Examples:

- One audit for three programs
- Shared fraud detection - use the same intelligence to correlate attacks, combined incident management
- Prevent receipt of benefits from multiple programs
- Common repayment collection handling and escalations

- 20 total UI FTE:
 - 14 fraud investigators/ supervisor (no net new, maintains current staffing)
 - 2 UI/PFML eligibility overlap
 - 1 audit supervisor
 - 3 support staff
- \$6.75 million annually

Recording timestamp 00:36:32

Question from Josh Swanson: Is there reconciliation between the customer compliance and UI sides? Are they mechanized the same way, or will there be a policy piece introduced to address that reconciliation?

Answer from Matt Buelow: Right now, everything is separate from a technological perspective, and any cross matching we're doing is manual. One of the things that we're working on with some of that one-time funding is building out a case management system starting with fraud. But we'll do it across the compliance functions so that it'll hold interfaces, so the systems will work much better together and in a more automated way. The compliance tool is not part of the decision package itself.

Community Outreach



Agency Executive Outreach Office Staff

- Centralize program-led outreach efforts
- Lead CBO grantmaking contracts & support CBOs
- Provide education on Employment Security

Permanent Grants to CBOs (\$3 million/biennium)

- Grants to support UI and Paid Leave programs
- Will include funding for organizations supporting employers

Enhanced Support for CBO and external partners

- Create a more flexible and comprehensive support structure for CBOs and other external partners; host and attend events

Outreach Evaluation

- Conduct evaluation into the outreach program design
- Ensure consistent, equitable practices across the agency and its partners

Between February and July 2024, UI Navigator CBOs reported:

- Supporting more than 2,000 claimants in one-on-one sessions,
- Completing over 60 education/workshop sessions,
- Hosting events that engaged 3,000 participants, and
- Distributing 8,600 materials.

- 6.92 total UI FTE
- CBO & Outreach
- \$5.28 million annually

UI System Core 21 Upgrade

- Upgrade UTAB to the newest version, called Core21
- While updating, improve business and technology processes to directly improve UI program performance measures
- Develop a long-term technology and process improvement plan for the entirety of the UI program

Request federal Reed Act funding for this decision package.

- 25 dedicated ESD FTE and 5 additional FAST Contractors
- \$6.4 Million in FY 26, and \$3 Million in FY 27

Recording timestamp 00:42:00

Question from Katie Beeson: Are the 25 FTE permanent or are they just there for the duration of the upgrade?

Answer from JR: They're one-time to do the project, I believe it's 18 months. This allows us to bring subject matter experts from the business to work right alongside the developers to ensure that the changes made are correct and functioning and it allows us to then backfill behind those positions so that we're not short 25 FTEs in direct customer service delivery.

Website Modernization



- Complete modernization of esd.wa.gov
- Begin modernization of the Labor Market Information (LMI) website
- Complete modernization of Paid Family and Medical Leave website (paidleave.wa.gov)
- Retire use of the old website platform and move the Employment Security intranet site and washingtonservicecorps.com to same platform
- Maintain, operate and improve external websites and intranet by adding permanent FTEs

8 total FTE request (cost share UI and PFML):

3 Communications FTE
1 Product Mgr.
1 Project Mgr.
1 Customer Exp. Designer
2 Economic Analyst

Technology request: \$1 M FY 26, \$247K FY 27

Recording timestamp 00:44:17

Question from Josh Swanson: Is the cost just for the FTEs, no vendor or contract costs?

Answer from Chris Barron: There is a contractor cost to help us with the modernization of the labor market information part of the website, and website hosting.

WorkSource Integrated Technology



- Support transition to launch a new case management and labor exchange (job matching) platform required by USDOL.
- Separate DP for operations and maintenance
- Complete final phase of development & implementation of WIT scheduled to launch in late 2025

FTE: 19.7 (average over four years)
Funding: \$28.38 million over four years

Recording timestamp 00:45:55

Question from Josie Cummings: Can you remind me how much of an increase this is from previous asks for WIT?

Answer from Lisa Kissler: There are two things happening with this DP – the first is completing the project with the current target implementation date of November of 2025. The second is funding permanent FTEs for the maintenance of the system. So, it's not necessarily an apples-to-apples with previous DPs. The project costs are largely sustained from previous years.

Recording timestamp 00:47:49

Question from Josh Swanson: Is it still true that the IT asks have to go through DIS before going to the Governor's office, and if so, is there potential for any hiccups with that?

Answer from Lisa Kissler: Part of this DP process is a consultation with WaTech to review technology investments. We've done that, they didn't have any concerns and had a lot of complimentary things to say for the agency about some of these investments. Because it's an ongoing project, they have a lot of visibility on these technology investments as well as the web modernization. The process they go through is to decide if they concur with that investment, and then prioritize those things for OFM to do the Governor's budget.

Comment from Josh Swanson: Based on initial conversations, my colleagues and I on the labor side don't have any major concerns. We're fairly supportive of the portfolio you are pushing so far. It looks like you're heading in the right direction. Appreciate this.

Agency Request Legislation

JR turned the meeting over to Caitlyn Jekel, Government Relations Director, ESD to present information from the following slides on Agency Request Legislation.

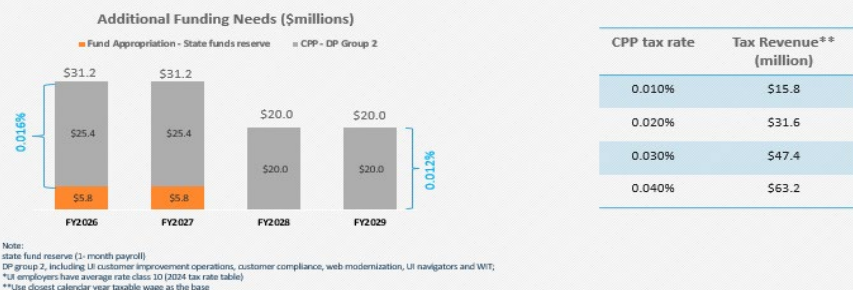
Hybrid funding proposal

Divert funding for two years from the social tax to the CPP account (\$5.8 M FY26 and \$5.8 M FY27 only) <i>Moves dollars that would otherwise go to the trust fund to pay benefits into the CPP account to support administrative expenses.</i>	Agency request legislation.
Increase CPP tax rate by 0.02% ongoing (\$31.6 M annual revenue)	Agency request legislation.
Fund job seeker program costs with GF-S ongoing, reducing reliance on CPP in some cases.	Budget only.

Funding Streams and Implied Impact

Hybrid funding approach: social tax diversion and CPP tax increase

- Immaterial impact to Trust Fund solvency level (down by 0.02 month of benefits)
- 0.02% CPP tax increase will support on-going operational needs (DPs and continuous federal funding shortfall)
- Employers at rate class 10* expect CPP tax up by \$200 (current \$15,000 vs. future \$15,200) per million taxable wage



Impact of proposed CPP rate increase

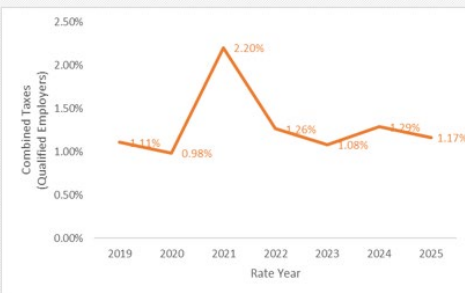


The impact of a CPP rate increase per employer scales based on total taxable payroll. For example, the proposed 0.02% CPP increase would result in a total tax rate increase as follows:

Rate class 10 tax rate @ 1.52% vs. 1.50%
Rate class 20 tax rate @ 3.12% vs. 3.10%
Rate class 40 tax rate @ 6.04% vs. 6.02%

In real dollars, Employers at Rate class 10 would experience a total tax rate up to 1.520% from 1.500% and would incur \$15,200 tax (vs. \$15,000) for every million \$ of taxable wages in 2026.

Average total tax rates fluctuate. A historical view is as follows:



No questions were raised.

Rulemaking Update

Stephanie Frazee, Lead Tax Policy Specialist, ESD provided a rulemaking update using the following slides.

Rulemaking

- **Cross-Program Payment Allocation** – Final rules adopted August 6, will become effective September 6.
- **Expanded Voluntary Quits (HB 1106)** – Final rules adopted August 15, will become effective September 15.
- **Failure to Respond** – Updating WAC 192-140-035 to address both disqualification and ineligibility for failure to respond. Hearing held on August 15. Working on adopting final rules.

Rulemaking

- **Rescinding Withdrawal of Appeal** – Working on a process and standard of review for situations where a claimant or employer withdraws an appeal and later wishes to request to reinstate the appeal. Draft language has been shared. Comments were due on August 15. Working on CR 102 to formally propose the rules.
- **Relief of Benefit Charges** – Updating our rule to mirror the statutory language. CR 101 has been filed, published on our website, and shared via GovDelivery. Comments were due on July 24. Working on draft language.
- **Transportation Network Companies (HB 1570)** – Drafted rules concerning relief of benefit charges for part-time workers and potential other rules needed to implement bill. These have been published on our website and shared via GovDelivery.

No questions were raised.

Final Committee Comments/Questions

Recording timestamp 01:04:51

Comment from Josie Cummings: I just wanted to have it on record, and we can provide more comments in writing, that speaking for Avista and the employer community, we'll have some concerns with increasing the CPP and transferring of the social tax and the impact that has to the fund. We have concerns with the increase in spending outpacing some of the benefits we've seen to employers using the system and some of the customers. I appreciate all the data and information you guys have given of us, and all the time you spent going through this with us.

Comment from Julia Gorton: I'd like to echo Josie's comment.

Recording timestamp 1:06:20

Comment from Anne Paxton: I want to make a comment in response to that. I want to thank the committee staff for coming up with these constructive solutions for addressing the shortfalls in administrative funding, and I think that they will have a modest impact relative to their value. I want to mention one thing about the

customer service aspect of expense and the staffing model for that. Looking at the data dashboard, it shows that there's an uneven burden between the impact on claimants and the impact on employers of funding shortfalls, especially in staffing. And I just want to draw more attention to that, because these metrics are really important in making sure that services are delivered fairly. There's different metrics for employers versus claimants and there's no high-volume message that I can see that's being measured for employers. So, this is just an example of where the burden is not being evenly shared. It needs some attention, and it would be substantial to see more equity in that element of developing these programs and improving them.

Recording timestamp 1:08:01

Comment from Josh Swanson: I would echo what Anne had to say. In regard to the customer service aspect and the claims issues we are seeing, we recognize that the Department has had to create new protections given all of the fraud that occurred during the pandemic. We see the benefits of the customer service aspects of the proposals to far exceed the costs. I know your workload is still through the roof, and it does directly affect the claims management process and the ability for folks to receive their benefits, so we appreciate the work you've done, and I think you guys have tried to take the least burdensome approach in your proposals. So, thank you again.

Public Comments

JR reminded meeting participants that if they would like their comments captured in the meeting minutes to please email them to camille.galeno@esd.wa.gov.

No public comments were made.

Adjourned

JR thanked everyone for joining and adjourned the meeting.

Action Items

- ESD staff to provide decision packages to committee members for review.

Next meeting

October 30th, 2024, from 10:00am to 12:00 p.m. via Zoom.

Addendum I



Employment Security Department

WASHINGTON STATE

Agenda

Unemployment Insurance Advisory Committee (UIAC)

Wednesday, Sept. 4, 2024 | 1:00 pm- 3:00 pm | Via Zoom | 212 Maple Park Ave SE, Olympia, WA 98501

Time	Topic
1:00 pm	Welcome from JR Richards, Director, Unemployment Insurance Customer Support, Employment Security Department (ESD) <ul style="list-style-type: none">o Agenda overview
1:05 pm	Approval of August 7, 2024, meeting minutes
1:05 pm	Current State: Staffing – Danielle Cruver & Dan Zeitlin
1:15 pm	UI Decision Packages Review – JR Richards
1:30 pm	Agency Request Legislation – Employment Services Administrative Account funding – Caitlyn Jekel
2:35 pm	Rulemaking Update - Stephanie Frazee
2:50 pm	Public Comment
3:00 pm	Adjourn

For more information, please visit the UIAC website at <https://esd.wa.gov/newsroom/UIAC>

Addendum II



Unemployment Insurance Advisory Committee

July 2024 – December 2024 Meeting Dates

Date	Location	Host	Notes
July 24, 2024 10:00 AM – 12:00 PM	Zoom	ESD	Recorded meeting
Aug 7, 2024 1:00 PM – 3:00 PM	Zoom	ESD	Recorded meeting
Sept 4, 2024 1:00 PM – 3:00 PM	Zoom	ESD	Recorded meeting
Oct 30, 2024 10:00 AM – 12:00 PM	Zoom	ESD	Recorded meeting
Dec 11, 2024 1:00 PM – 3:00 PM	Zoom	ESD	Recorded meeting

NOTE: Hosts may have the opportunity to present to the committee and bring invited guests as part of our meeting agenda.

Per vote of UI Advisory Committee members, meetings are being recorded as of 08/03/2020 meeting.

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Updated: 8/21/2023