**Employment Security Advisory Comittee**

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| **Meeting details** |
| Date: Monday, May 24, 2021  Time: 1:00 to 3:00 p.m.  Location: Virtual [Webex]  Committee members in attendance:   * Bob Battles * Mike Gempler * Mark Johnson * Kevin Perkey * Mark Riker * Anne Paxton for John Tirpak |
| **Minutes** |
| **Welcome and introductions**  Nick Demerice welcomed committee members and others.  **Message from the Acting Commissioner** Acting ESD Commissioner Cami Feek welcomed the committee and audience members, thanking everyone for their support over the tumultuous past year. Because Cami is new to the role of Acting Commissioner, she provided a brief overview of her background, which includes over 25 years in state government. She began working at ESD over three and a half years ago as the head of the agency’s new Paid Family and Medical Leave program, then became the Chief Operations Officer and Deputy Commissioner, and has been the Acting Commissioner since Suzi LeVine’s departure earlier this year.  Cami discussed her priorities for the agency, which include improving service delivery and keeping ESD staff healthy and safe. She mentioned a recent development related to the unemployment insurance (UI) fraud that ESD experienced last year: last week the agency’s fraud team identified and prevented a significant attempted UI fraud attack. In addition, last week authorities arrested someone in connection with the 2020 fraud.  Cami announced the findings of a recent audit that determined that ESD paid out $643 million in fraudulent UI benefits in 2020. ESD has recovered $373 million so far and recovery efforts are continuing. The audit also mentioned that ESD hasn’t paid fraudulent UI benefits since spring 2020.  Cami mentioned that over the past months UI claims have been decreasing and ESD has been resolving claims issues more quickly, in part because of the agency’s use of technology and improvements aimed at increasing claimants’ ability to self-serve. She also mentioned that ESD is holding its virtual annual Economic Symposium this year on June 15th and 16th.  Mark Johnson of the Washington State Retail Association asked where the court proceedings will occur for the person who was arrested for UI fraud last week. Cami said that it appears that the trial will be in Washington state. Mark Riker of Washington State Building and Construction Trades thanked Cami for ESD’s perseverance throughout the last year, especially in regard to helping workers.  **Unemployment Insurance Policy Update**  Dan Zeitlin, Director of the Policy, Data, Performance, and Integrity Division, discussed reimplementing work search requirements. Before the pandemic, to qualify to receive UI, claimants needed to be able and available to work and actively seeking work. ESD has the ability to identify what activities constitute “actively seeking” work, and one of the bills that passed this year (SHB 1493) gives the agency some flexibility to determine how to implement work search requirements, including the number of weekly work search activities that claimants must meet.  Claimants haven’t been required to conduct work search activities for over a year, but now that the economy is improving and there are more jobs available, ESD is looking at reinstating the requirements. To prepare, the agency wrote draft rules and is making the necessary logistical preparations.  Joy Adams, Manager of UI Quality Assurance and Operations, explained that before the pandemic the agency was already working to modernize and strengthen the connection between the work search requirements and reemployment.  Bob Battles of the Association of Washington Business asked how soon ESD will start requiring claimants to conduct work search activities again. He also asked how the agency will ensure that when claimants apply for jobs to satisfy the weekly work search requirements, they’re applying for jobs that they actually qualify for instead of applying for jobs where they don’t meet the prerequisites.  Dan explained that ESD has not yet made this decision, but it’s likely that the agency will reinstate the requirements sooner rather than later. Joy said that ESD will work with members of the UI Advisory Committee to make it more likely that claimants’ work search activities will lead to results.  Bob asked whether ESD needs anything from his group, the Association of Washington Business (AWB), in order to reinstate work search requirements. He explained that many employers are facing worker shortages, so the employer community wants work search requirements to go back into effect as quickly as possible. Joy explained that ESD doesn’t need anything from AWB, and that the agency will work with members of the UI Advisory Committee to reinstate the work search requirements. Dan said that ESD will ask members of the UI Advisory Committee for input regarding how many weekly work search activities the agency should require and how to present the message in a way that makes it more likely that claimants will understand the requirements.  Scott Michael, Legal Appeals and Rules Coordination Manager, gave an overview of ESD’s current rulemaking activities. ESD is currently working on several rules, including but not limited to two sets of rules regarding work search activities. Mark Riker said that his group, like AWB, wants ESD to encourage claimants to return to work. However, he emphasized the importance of ensuring safety for claimants in certain industries that are heavily affected by COVID. Scott said that ESD will take this issue into account when drafting these rules.  Speaking on behalf of the workforce system and the WorkForce Development Boards, Kevin Perkey said that local partners will probably have full capacity to handle the influx when claimants physically return to WorkSource offices.  Scott said that ESD is also working on some other rules, such as rules regarding the waiting week and SharedWork benefit charging for UI claims from early January through early February of this year. The agency is also working on several other rules, such as rules related to some recent bills and a rule regarding the hours that claimants need to be available to work: as a result of the rule, claimants will now only need to be available for a total of 40 hours a week, and only during times that are customary for their occupation.  Dan discussed ESD’s implementation of the “potential new claim” (PNC) requirement. The U.S. Department of Labor requires state unemployment insurance agencies to review claimants’ new wages each quarter to determine whether claimants are eligible for a new UI claim. The last time that ESD did this was last summer, and it resulted in customer service problems. ESD will do another PNC check in the near future, but has made a lot of changes to ensure that the PNC check will go more smoothly this time.  **Update on Reemployment Services** Jairus Rice, Director of Employment Connections, gave an update on ESD’s reemployment services. WorkSource offices have been providing virtual support to claimants throughout the pandemic, and the Reemployment Services and Eligibility Assessment (RESEA), which was suspended in 2020, is now back in effect. There have been a significant increase in the number of companies that are qualified for the Trade Adjustment Act (TAA), and over 3,000 employees are now eligible to receive TAA services.  **Legislative-Related Budget Issues**  Carole Holland, Chief Financial Officer, explained that ESD was very pleased with what it received in the recent state budget. ESD saw increases in both the supplemental budget (an increase from $810 million to $912 million) and in the 2021-2023 biennial budget (an increase from $805 million to $1.8 billion).  **Implementing New Legislative Directives**  Stasha Espinosa, Director of Government Relations, gave an overview of the bills that passed during the 2021 legislative session that affect ESD. An unusually large number of bills passed this year that affect ESD, many of them related to the pandemic.  One of the more notable new bills this year is ESSB 5193, which requires ESD to, among other things, plain talk UI correspondence, rewrite UI determination and redetermination letters, and create a UI adjudicator training program to create a reserve force of UI adjudicators.  **Trust Fund Update**  Steven Ross, Director of Labor Market Information, gave an update on the Washington labor market and the UI Trust Fund. As of May 2021, the Trust Fund balance is $1.86 billion, enough to pay approximately 4.7 months of UI benefits.  Mark Johnson asked what ESD considers to be a “normal” amount of benefits, and Steven explained that ESD doesn’t really have a baseline for this. Before the pandemic, ESD’s UI Trust Fund was one of the most robust in the nation. In fact, compared to UI trust funds in many other states, ESD’s UI Trust Fund is still in very good shape. Many other states have had to borrow money from the federal government just to pay UI benefits.  **Subcommittee to Address Equity, Diversity, and Inclusion Issues**  Nick Demerice explained that ESD is forming an ESAC subcommittee to address Equity, Diversity, and Inclusion issues. He encouraged ESAC members to forward names of people who are interested in serving on the committee. |