Employment Security Department
WASHINGTON STATE

Unemployment Insurance Advisory Committee

Meeting details

Date: Wednesday, January 6, 2021

Time: 10:00 a.m. to 12:00 p.m.

Location: Zoom

Committee members present

- Robert Battles
- Julia Gorton
- Tammie Hetrick
- Sybill Hyppolite
- Cindy Richardson
- Kevin Perkey
- Josh Swanson
- Jerry VanderWood
- Brenda Wiest

Committee members absent

ESD staff

- Joy Adams
- Ashlee Delaney
- Nick Demerice
- Stasha Espinosa
- Wendy Goldmark
- Matt Klein
- Matt LaPalm
- Scott Michael
- Jeff Robinson
- Dan Zeitlin

Summary

Meeting Recorded
This meeting was recorded and is available at https://esd.wa.gov/newsroom/UIAC/recordings.

This meeting was also livestreamed by TVW and the broadcast can be found at https://www.tvw.org/watch/?clientID=9375922947&eventID=2021011109

Welcome and Opening Remarks
Employment Security Department (ESD) Policy Director, Dan Zeitlin, welcomed everyone and asked Wendy Goldmark to take roll call. All committee members were present.

Agenda
Dan Zeitlin reviewed the meeting agenda and asked if anyone had any questions. (See Addendum I.)

Meeting Minutes
Dan Zeitlin requested that everyone review the meeting minutes for December 18, 2020 and provide their feedback. Kevin Perkey made a motion to approve the minutes and Robert Battles seconded the motion. Dan asked for all members in favor to say, "Aye". All members responded, "Aye". Dan asked members that disapprove to say, "Nay". No one responded. The December 18, 2020 meeting minutes were approved.

UI Policy Discussion
Dan Zeitlin opened the meeting discussion with a slide presentation and covered the topics below:

- Federal Program Update
- Governor's UI Proposal

Federal Continued Assistance Act

Pandemic Unemployment Assistance (PUA)

- Extends PUA to March 14, 2021 and allows individuals receiving benefits as of March 14, 2021 to continue through April 5, 2021.
- Increases the number of weeks of benefits an individual may claim from 39 to 50.
- Provides states authority to waive overpayments made without fault on the part of the individual or when such repayment would violate equity and good conscience.
- Limits payment of retroactive PUA benefits to weeks of unemployment after December 1, 2020.
- Requires individuals receiving PUA as of January 31, 2021 to submit documentation to substantiate employment or self-employment within 90 days.
- Effective January 31, 2021, new PUA applicants must submit documentation to substantiate employment or self-employment within 21 days.

Pandemic Emergency Unemployment Compensation (PEUC)

- Extends PEUC to March 14, 2021 and allows individuals receiving benefits as of March 14, 2021 to continue through April 5, 2021.
- Increases the number of weeks of PEUC benefits an individual may claim from 13 to 24.

Federal Pandemic Unemployment Compensation (FPUC)

- Restores the supplemental FPUC payment at $300 per week from December 26, 2020 through March 14, 2021.

Extended Benefits (EB)

- Federal financing extended through March 14, 2021.
- Provides a temporary waiver of the mandatory "EB freeze period" (13 weeks) for states that trigger back onto the program because of fluctuations in their unemployment rates through December 31, 2021.

Mixed Earner Unemployment Compensation (MEUC)

- Provides a federally funded $100 per week additional benefit from December 26, 2020 to March 14, 2021 to individuals who have at least $5,000 a year in self-employment income but are disqualified from receiving PUA because they are eligible for regular state unemployment benefits.
- The program is optional for states and WA chose to opt-in

ESD is implementing the Continued Assistance Act program extensions in phases, dependent upon USDOL guidance and program complexity:

- Phase 0 – extend available dates for PUA and PEUC payments (completed).
- Phase 1 – extend available weeks for PUA payments (completed).
- Phase 2 – deploy new FPUC $300 payments – retroactive for any past weeks, and ongoing through program expiration.
- Phase 3 – scope, develop, and deploy PEUC and MEUC extensions.

Federal Provision Extensions

- Waiting Week: Federal financing extended at 50% from December 26, 2020 through March 14, 2021; state proclamation waiving the waiting week expired on December 28, 2020.
- Shared Work: Federal financing of benefits extended through March 14, 2021; state proclamation preventing employer charging expired on January 4, 2021.
- Reimbursable Employers: Federal financing of 50% of benefits paid to employees of reimbursable employers extended through March 14, 2021.
- Trust Fund Loan Interest: Interest free federal loans for states that must borrow to maintain UI trust fund solvency extended through March 14, 2021.

Governor's UI Proposal Overview – SB 5061

✓Eliminates Lump Sum Retirement Benefit Deductions
✓Supports Unemployment Benefits for High-Risk Individuals
✓Increases Minimum Weekly Benefit Amount
✓Allows Public Health Emergency Benefit Charge Relief
✓Provides Tax Relief ✓Enhances Voluntary Contributions Program
✓Accommodates Waiting Week & Shared Work Federal Financing
✓Technical Corrections

Overall Tax Relief

- The proposal is projected to prevent over $790 million in employer tax increases in 2021 and approximately $1.9 billion in tax increases over the 2021-2025 time period.
- The 2020 average unemployment tax rate is 1.03% of taxable wages, a tax rate that is projected to increase to 1.88% in 2021. Under the legislation, the average 2021 unemployment tax rate is projected to be 1.17%, a 38% a tax reduction.

Experience Tax Relief

- Provides over $750 million in relief of benefit charges for all employers for benefits paid to employees from March 22 through May 2, 2020 during the "Stay Home, Stay Healthy" order.
- Expands beginning in 2022 the period for calculating employer experience rate taxes from 4 years to 5 years, lowering the projected average experience rate tax by .13-.18% of taxable wages from 2022-2024.

Social and Solvency Tax Relief

- Under current law, the flat social tax will be 1.22% of taxable wages in 2021 and is projected to remain at 1.22% in 2022.
- The proposal reduces the flat social tax to .50% in 2021 and .75% in 2022 before gradually increasing it annually until it reaches .90% in 2025.
- The proposal suspends the solvency tax through 2025.

Weekly Benefit Amount

- Increases the weekly minimum benefit amount from 15% of the average weekly wage to 20% of the average weekly wage beginning July 1, 2021.
- Accordingly, the minimum benefit amount is projected to increase from $201 to $270 in July 2021.
- Washington will maintain the highest weekly minimum weekly benefit amount in the nation.

Supporting Charts, Graphs, Tables, etc.

- Comparison of the UI Trust Fund – Governor's Proposal vs Current Law
- Comparison of Average Tax Rates by Class – Current Law and Governor's Proposal
- Estimated Average UI Tax Per Employee (See Addendum II.)
- UI Trust Fund – November Baseline Forecast (See Addendum III.)
  (Impact of Increasing Weekly Benefit Amount on Trust Fund Balance)
- FAQs Governor's UI Proposal

Report to the Governor and Legislature

On December 1, 2021 and annually thereafter through 2025, ESD must produce a report in conjunction with the UIAC that:

1. Provides the status of the trust fund and any federal borrowing
2. Reviews the amount of wages subject to tax to include an analysis of the equitable treatment of employers based on the amount of wages subject to tax.

3. Analyzes 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.

Waiting Week
Key Bill Text:

- For any weeks of unemployment insurance benefits when the one week waiting period is fully paid or fully reimbursed by the federal government, subsection (1)(d) of this section [waiting week] is waived.
- For any weeks of unemployment insurance benefits when the one week waiting period is partially paid or partially reimbursed by the federal government, the department may, by rule, elect to waive subsection (1)(d) of this section [waiting week].

Unemployment Benefits for High Risk Individuals
Key Bill Text:

- The unemployed individual or another individual residing with the unemployed individual is at higher risk of severe illness or death from the disease that is the subject of the public health emergency.
- The individual is defined as high risk by the federal Centers for Disease Control and Prevention, WA Department of Health, or the equivalent agency in the state where the individual resides.
- The unemployed individual is able to perform, available to perform, and actively seeking suitable work which can be performed for an employer from the individual's home.

Work Search (Not in Governor's Proposal)

Dan Zeitlin asked the committee members to review the proposed language amending RCW 50.20.240 regarding Work Search:

- Until December 31, 2023, the evidence must demonstrate contacts with at least three employers per week or documented in-person job search activities at the local reemployment center at least three times per week, or as otherwise directed by the department.
- On or after January 1, 2024, the evidence must demonstrate contacts with at least three employers per week or documented job search activities with the local reemployment center at least three times per week.
- By December 1, 2022, and in compliance with RCW 43.01.036, the department must submit a report to the legislature that details the impacts of any flexibilities utilized in claimant job search methods, monitoring and outcomes.

The Bill draft for job search monitoring was presented to the members. After some discussion, Dan asked the members if they felt this is something they could support. In discussion, members signaled that it was something they could support, then Robert Battles made a motion to approve the language and Josh Swanson seconded the motion. Dan responded with a request for a roll call vote. The decision to send the bill to the legislature was unanimously approved.

Action Items

- The committee requested data on how many employees are looking to exhaust all benefits on April 5, 2021 (when the Continued Assistance Act expires). Dan suggested the data is difficult to project and that ESD can provide its best projection closer to the expiration date.

Next Agenda Discussion

- UI State and Federal Updates

Public Comments

None

Adjourned

Dan Zeitlin thanked everyone for their continued active participation and for their commitment to this work, then ended the meeting at 11:34 a.m.

Next meeting

The next Unemployment Insurance Advisory Committee meeting is on Friday, February 12, 2021 from 2:00 p.m. to 3:00 p.m. via Zoom.

Addendum I

Agenda

Unemployment Insurance Advisory Committee (UIAC)

Wednesday, January 6, 2021 | 10: 00 am – 12:00 pm | Via Zoom

Agenda Items

Time	Topic
10:00 am	Welcome from Dan Zeitlin, Director of Policy, Data, Performance & Integrity (PDPI) Division, Employment Security Department (ESD) • Agenda Review
10:05 am	Approval of December 18, 2020 Meeting Minutes
10:10	Federal Program Update ○ Dan Zeitlin, Director, ESD
10:30 am	UI Policy Discussion ➢ Governor's UI Proposal ➢ Work Search Recommendations ○ Dan Zeitlin, Director, ESD ○ Joy Adams, UI Quality Assurance Manager, ESD ○ Scott Michael, Legal Appeals and Rulemaking Manager, ESD ○ Jeff Robinson, UI Research and Forecasting Manager, ESD
11:30 am	Vote on Governor's Proposal and Work Search • Dan Zeitlin, Director, ESD
11:40 am	Next Agenda Discussion • Dan Zeitlin, Director, ESD
11:50 am	Public Comments
12:00 am	Adjourn
For more information, please visit the UIAC website at https://esd.wa.gov/newsroom/UIAC	

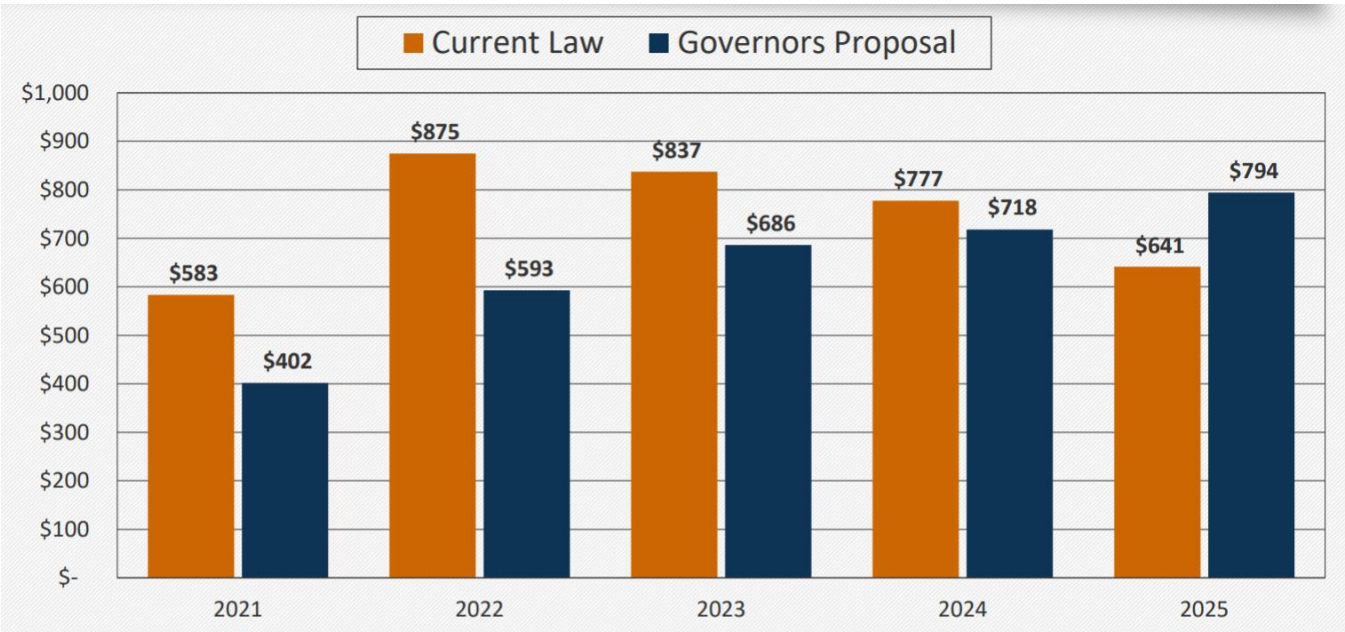
RECORDING DISCLAIMER:

This meeting is being recorded and is being broadcast by TVW. Please be advised that your image and voice will be captured, recorded and broadcast during the videoconference. Your participation in this videoconference equals consent to be recorded and broadcast as required by law.

Addendum II

Estimated Average UI Tax Per Employee

Current Law versus Governor's Proposal



Addendum III

UI Trust Fund – November Baseline Forecast

Impact of Increasing Weekly Benefit Amount on Trust Fund Balance

% Difference in	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Total Tax Contributions	0.00%	0.00%	0.00%	0.00%	1.83%	6.44%	10.38%
Total Average Tax Rate	0.00%	0.00%	0.00%	0.00%	0.04%	0.14%	0.19%
Total Benefit Payments/Liability	0.00%	0.00%	6.36%	10.50%	10.49%	10.49%	10.50%
Trust Fund Balance	0.00%	0.00%	-50.73%	-18.99%	-13.74%	-9.62%	-6.85%
Months of Benefits Available	0.00%	0.00%	-16.67%	-18.37%	-12.50%	-9.84%	-6.94%

Unemployment insurance trust fund: November BASELINE forecast -minimum weekly benefit amount increased to 20% - July 2021

(based on actual data through September 30, *2020, November 2020* Washington State Economic and Revenue Forecast Council assumptions)

	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Total tax contributions (6+8+10) (in millions)	$1,094.1	$1,117.8	$1,914.9	$2,954.2	$2,934.1	$2,878.6	$2,487.7
Total benefit payments (15+16); (18+19) (in millions)	$1,010.6	$5,125.9	$3,313.9	$1,761.7	$1,699.6	$1,719.3	$1,738.3
Ending trust fund balance (as of 12/31) (in millions)	$4,988.3	$1,367.1	$ 182.6	$1,499.5	$2,890.0	$4,240.5	$5,213.2
Months of benefits available (as of 9/30)	15.0	6.6	2.0	4.0	7.7	11.0	13.4

Unemployment insurance trust fund: November BASELINE forecast

(based on actual data through June 30, *2020, September 2020* Washington State Economic and Revenue Forecast Council assumptions)

	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Total tax contributions (6+8+10) (in millions)	$1,094.1	$1,117.8	$1,914.9	$2,954.2	$2,881.3	$2,704.5	$2,253.7
Total benefit payments (15+16); (18+19) (in millions)	$1,010.6	$5,125.9	$3,115.8	$1,594.3	$1,538.2	$1,556.1	$1,573.1
Ending trust fund balance (as of 12/31) (in millions)	$4,988.3	$1,367.1	$ 370.7	$1,851.1	$3,350.4	$4,691.9	$5,596.7
Months of benefits available (as of 9/30)	15.0	6.6	2.4	4.9	8.8	12.2	14.4