



Unemployment Insurance Advisory Committee

Meeting details

Date: Wednesday, December 1, 2021

Time: 2:00 p.m. to 3:00 p.m.

Location: Zoom

Committee members present

- Robert Battles
- Julia Gorton
- Tammie Hetrick
- Sybill Hyppolite
- Cindy Richardson
- Jerry VanderWood

Committee members absent

- Joy Emory
- Josh Swanson
- Brenda Wiest

ESD staff

- Joy Adams
- Joshua Dye
- Wendy Goldmark
- Matt Klein
- Nona Mallicoat
- Jeff Robinson
- Dan Zeitlin

Summary

Meeting Recorded

This meeting was [recorded](#).

This meeting was also [livestreamed](#) by TVW.

Welcome and Opening Remarks

Employment Security Department (ESD) Director, Dan Zeitlin, welcomed everyone and asked Wendy Goldmark to take roll call. All committee members were present except Joy Emory, Josh Swanson and Brenda Wiest.

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 November 10, 2021 and provide their feedback. Robert Battles made a motion to approve the minutes and Jerry VanderWood seconded the motion. Dan asked for all members in favor to say, “Aye.” All members responded, “Aye”. Dan asked members that oppose to say, “Nay.” No one responded. The November 10, 2021 meeting minutes were approved.

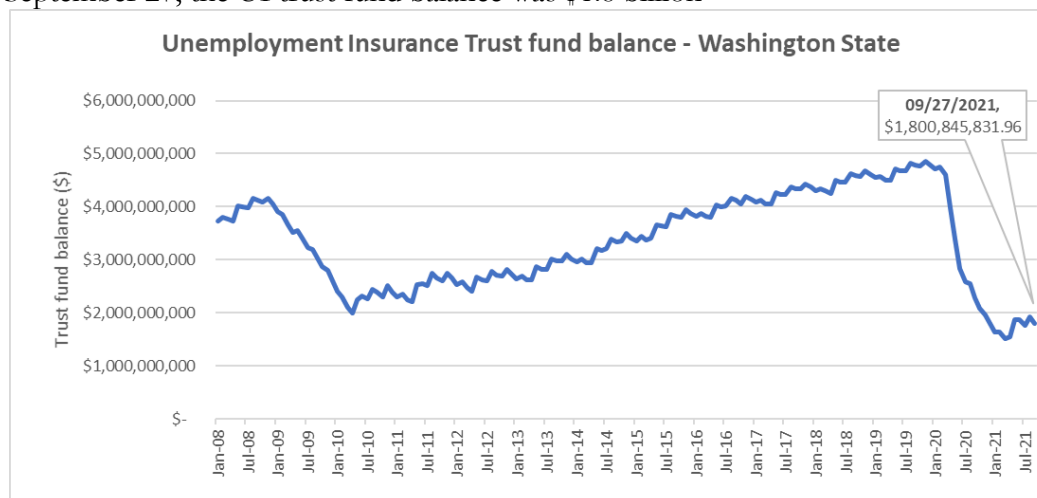
Opening Discussion

Dan Zeitlin opened the meeting discussion with a [slide presentation](#) and highlighted the below topic to be covered and began the discussion.

- [November Trust Fund Report](#)

Unemployment Insurance Trust Fund

- On September 27, the UI trust fund balance was \$1.8 billion



Months of Benefits Calculation (9/27/21)

Trust Fund Balance: \$1.80 billion

Total Wages: \$199 billion

Reserve Ratio (RR): $\left(\frac{\$1.80\text{billion}}{\$199\text{ billion}}\right) * 100 = 0.90$

Average High-Cost Rate (AHCR): 2.44

Months of Benefits: $\left(\frac{0.90}{2.44}\right) * 12 = \mathbf{4.4\text{ Months of Benefits}}$

September UI Trust Fund Report: Key Takeaways

- The economic recovery continues to result in a more optimistic trust fund forecast than projected in 2020.
- At 1.45%, the average projected tax rate for 2022 remains unchanged from the June report.
- Benefit payments are projected to be approximately \$270 million higher in 2022 than projected in the June report.
- The state is not projected to need a federal advance or to draw a federal loan with the trust fund balance beginning to increase in 2022.

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 September 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 June 2021 (Q2 2021).

Unemployment insurance trust fund: September 2021 baseline forecast (based on actuals reported in the September 2021 Washington State Economic and Revenue Forecast Council)							
Taxes	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Average experience tax rate (percent)	0.93%	1.00%	0.89%	0.97%	1.13%	1.15%	1.02%
Experience tax contributions (in millions)	\$933.7	\$1,040.7	\$1,029.4	\$1,197.2	\$1,456.6	\$1,532.0	1,403.0
Flat social tax rate (percent)	0.16%	0.15%	0.50%	0.75%	0.60%	0.60%	0.60%
Social tax contributions	\$160.4	\$169.2	\$379.6	\$599.0	\$549.9	\$551.1	\$559.9
Solvency tax rate (percent)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Solvency tax contributions (in millions)	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total average tax rate (experience tax + social tax)	1.08%	1.16%	1.22%	1.45%	1.56%	1.56%	1.43%
Total tax contributions	\$1,094.1	\$1,209.9	\$1,409.0	\$1,796.2	\$2,006.5	\$2,083.2	\$1,962.9
Benefits							
Weeks compensated (in millions) - regular benefits	2.1	10.3	3.8	2.2	2.0	2.0	2.1
Average weekly benefit amount	\$477.84	\$447.41	\$524.96	\$604.29	\$628.84	\$651.72	\$677.48
Regular benefit payments	\$1,010.6	\$4,544.8	\$1,940.7	\$1,300.0	\$1,260.4	\$1,322.8	\$1,392.2
Total benefit liability	\$949.9	\$4,272.1	\$1,824.3	\$1,222.0	\$1,184.8	\$1,243.4	\$1,308.7
Reimbursable benefit payments	\$60.6	\$272.7	\$116.4	\$78.0	\$75.6	\$79.4	\$83.5
Total benefit payments	\$1,010.6	\$4,544.8	\$1,940.7	\$1,300.0	\$1,260.4	\$1,322.8	\$1,392.2
Trust fund							
Beginning trust fund balance	\$4,603.5	\$4,778.1	\$1,890.6	\$1,517.9	\$2,136.9	\$3,021.9	\$3,947.5
Trust fund interest	\$113.0	\$77.8	\$42.5	\$44.8	\$63.3	\$85.9	\$107.8
Total tax contributions	\$1,094.1	\$1,209.9	\$1,409.0	\$1,796.2	\$2,006.5	\$2,083.2	\$1,962.9
Reimbursements from reimbursables	\$60.6	\$272.7	\$116.4	\$78.0	\$75.6	\$79.4	\$83.5
Total benefit payments	\$1,010.6	\$4,544.8	\$1,940.7	\$1,300.0	\$1,260.4	\$1,322.8	\$1,392.2
Ending trust fund balance (as of 12/31)	\$4,778.1	\$1,890.6	\$1,517.9	\$2,136.9	\$3,021.9	\$3,947.5	\$4,709.5
Months of benefits available (as of 9/30)	15.0	6.6	4.4	5.1	6.8	8.6	10.1

UI Trust Fund Forecast (September 2021)

	June Forecast	September Forecast
2021 Unemployment Benefit payment projection	\$1.72 Billion	\$ 1.94 billion
2022 Unemployment Benefit payment projection	\$1.03 Billion	\$ 1.3 billion
2021 Employer Contributions	\$1.32 Billion	\$ 1.4 billion
2022 Employer Contributions	\$1.8 Billion	\$ 1.8 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, increased 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, increased by \$85 to \$929.

Benefit Payment Amounts

Year:	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Amount (in billions):	\$1.94	\$1.3	\$1.26	\$1.32	\$1.39

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
0.89%	0.97%	1.13%	1.15%	1.02%

Social Tax Rate

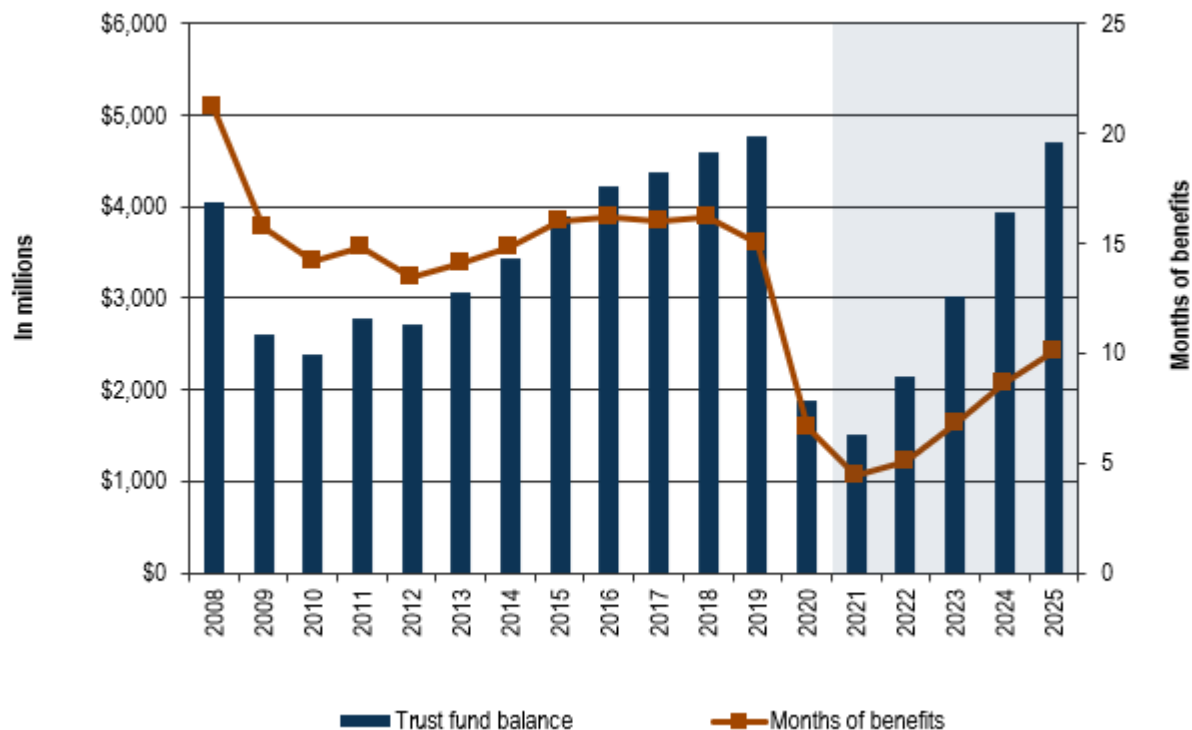
- The “flat social tax” is an annual tax calculation made after September 30 subtracting total experience rated taxes paid by all employers over four consecutive quarters from total unemployment benefits paid to all claimants over those same quarters.
- This amount is then divided by total taxable payrolls 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%	0.60%

Projected Trust Fund Balances

- Approximately \$1.52 billion (2021); \$2.14 billion (2022); \$3.02 billion (2023); \$3.95 billion (2024); and \$4.71 billion (2025)



ESSB 5061 and ESSB 5748 Impacts

- Along with lowering experience rate taxes, [ESSB 5061](#) lowered the social tax cap and froze the solvency tax from 2021-2025 thereby ensuring the social tax does not exceed .75% in 2022 and that there is no .2% solvency tax which would otherwise be enacted in 2022 as the trust fund has less than 7 months of benefits available.
- ESSB 5061 increased the minimum weekly benefit amount from 15% to 20% of the average weekly wage. The report due on December 1st will measure the impact on benefit payments.
- [ESSB 5478](#) provides \$500 million to buy down certain employers' 2022 experience tax rates. The bill has no impact on UI trust fund projections but will provide tax relief to certain employers.

Next Agenda Discussion

- SB 5193 and potential backlog update
- SB 5478 final numbers
- State Quality Service Plan (SQSP)
- Vaccine update

Public Comments

Nate Omdal (See Addendum II)

Shan

Paul Hansen (See Addendum II)

Adjourned

Dan Zeitlin thanked everyone for their continued active participation and for their commitment to this work, then ended the meeting at 2:45 p.m.

Next meeting

The next Unemployment Insurance Advisory Committee meeting has been scheduled for Thursday, December 16, 2021 from 2:00 p.m. to 4:00 p.m. via Zoom.

Addendum I

Agenda

Unemployment Insurance Advisory Committee (UIAC)

Wednesday, December 1, 2021 | 2:00 pm - 3:00 pm | Via Zoom

Agenda Items

Time	Topic
2:00 pm	Welcome from Dan Zeitlin, Director, Employment System Policy & Integrity (ESPI) Division, Employment Security Department (ESD)
2:05 pm	Approval of November 10, 2021 Meeting Minutes
2:10 pm	November Trust Fund Report ○ Dan Zeitlin, Director, ESD ○ Jeff Robinson, UI Research and Forecasting Manager, ESD
2:40 pm	Next Meeting Agenda Discussion ○ Dan Zeitlin, Director, ESD
2:50 pm	Public Comments
3:00 pm	Adjourn

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

RECORDING DISCLAIMER:

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

ADDENDUM II

Public Comment December 1, 2021

Hi Dan—

I'd like to explain about the musician witnesses who came to public comment yesterday.

I met Nate Orman at a meeting and he told me a lot of musicians have a mix of 1099 and W2 income and encounter problems with claims in terms of where they fit in when filing a claim. Very few of them are aware of MEUC.

So, I suggested that he come to the public comment period to talk about the problems they encounter and he said there was another member who could also comment. However, when they had the chance to speak I think they were a bit nervous and their testimony was not very clear.

This is what Nate wrote to me. He gave me permission to send it to you.

I actually contributed to a report that the dept. of Commerce released about a year ago speaking to how much trouble freelance/1099 workers such as musicians have in general accessing social safety net programs. We struggle with the simple issue of logging enough hours with one **W2 employer** to qualify for unemployment and have worked to either lower that threshold or find some way for hours to count across multiple employers. This struggle has actually led us to begin the process of creating a payroll service that is focused on musicians and geared to assist freelance music teachers and performers.

I would also push back against the sentiment "it's such a small group of people" as well.. We're talking about a process that existed exclusively from options in a small handful of dropdown menus. If your work didn't properly fit into one of only a few small descriptions, **their system booted you out!** So, if they are only seeing a small number of claimants, perhaps is because only a small number of applications actually fit their incredibly narrow criteria. My personal example (and everyone from my local) is that we don't get work through dispatch, so it's often unclear (there is an inequity in the process) how to list your work if you come from a non-traditional trade.

They may have also felt they had to give my name to show they had permission to be there—I don't know. Anyway, they unintentionally made it appear that I orchestrated their testimony, which I suppose I did in the sense that I suggested testifying. But I hate to see the public comment period go to waste and it's an option we mention to claimants when they turn to us (along with the governor's office or their legislators).

With best regards and thanks--

Anne

Anne Paxton
Staff Attorney & Policy Director
Unemployment Law Project