

A photograph showing the silhouettes of several people standing in a room with large windows. The sun is shining through the windows, creating a bright glow and long shadows. The people appear to be in a meeting or collaborative work environment.

# Unemployment Insurance ADVISORY COMMITTEE



**Employment Security Department**  
WASHINGTON STATE

# Agenda



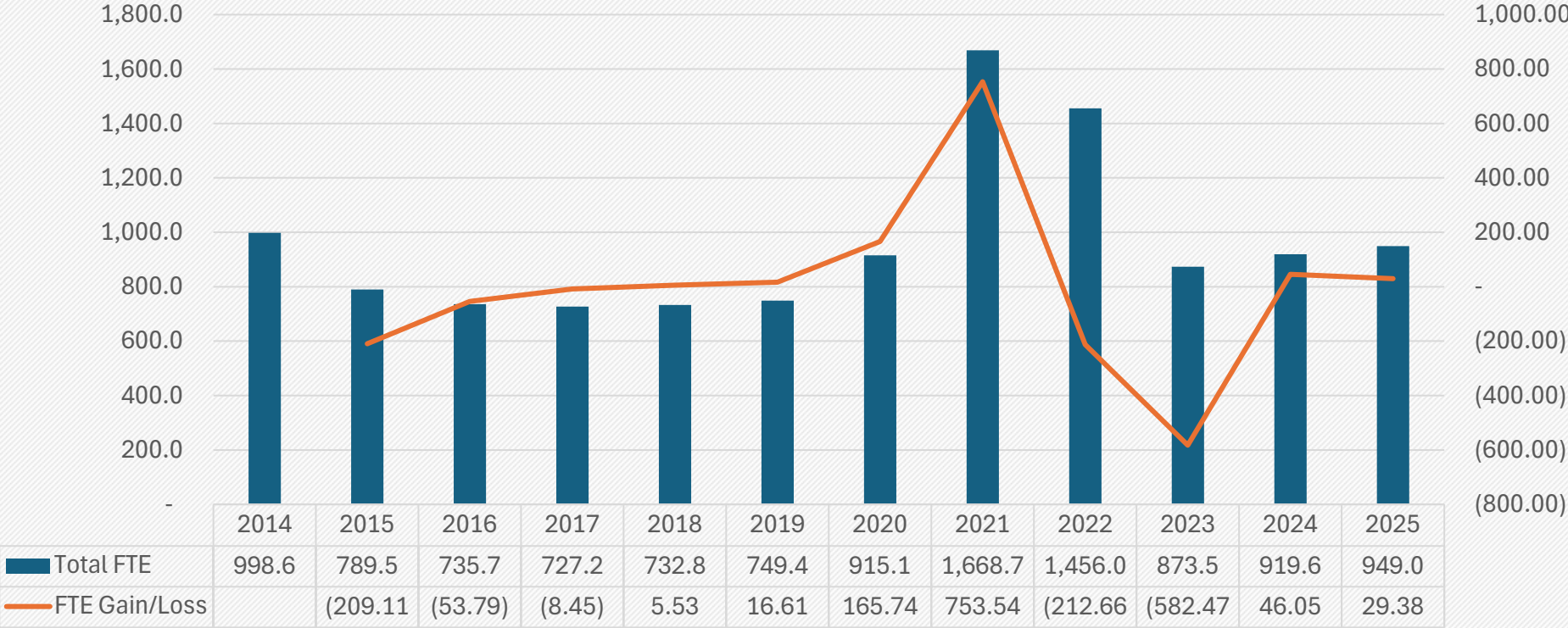
- I. Approval of August 7, 2024 meeting minutes
- II. UI Decision Packages Review
- III. Agency Request Legislation – Employment Services  
Administrative Account Funding
- IV. Rulemaking Update
- V. Public comment
- VI. Adjourn

# Current State - Staffing



**Employment  
Security  
Department**  
WASHINGTON STATE

# UI Program FTEs: all fund sources over time



# FTE by Division and by Function



| <b>FTE by Division by State<br/>Fiscal Year</b> | <b>Actual<br/>2019</b> | <b>Budget<br/>2025</b> | <b>Variance<br/>25-19</b> |
|-------------------------------------------------|------------------------|------------------------|---------------------------|
| 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                      |
| <b>Total FTE</b>                                | <b>749.4</b>           | <b>938.4</b>           | <b>189.0</b>              |

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

| <b>FTE by Function</b> | <b>2019</b>   | <b>2025</b>   | <b>25-19</b>  |
|------------------------|---------------|---------------|---------------|
| 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          |
| <b>Total FTE</b>       | <b>749.38</b> | <b>938.38</b> | <b>189.00</b> |

# 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).

# UI Decision Packages Review



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JR Richards, Unemployment Insurance Customer Support  
Director, ESD

# 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<br>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

# 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

# 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

# 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

# Agency Request Legislation



**Employment  
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Caitlyn Jekel, Government Relations Director, ESD

# Hybrid funding proposal



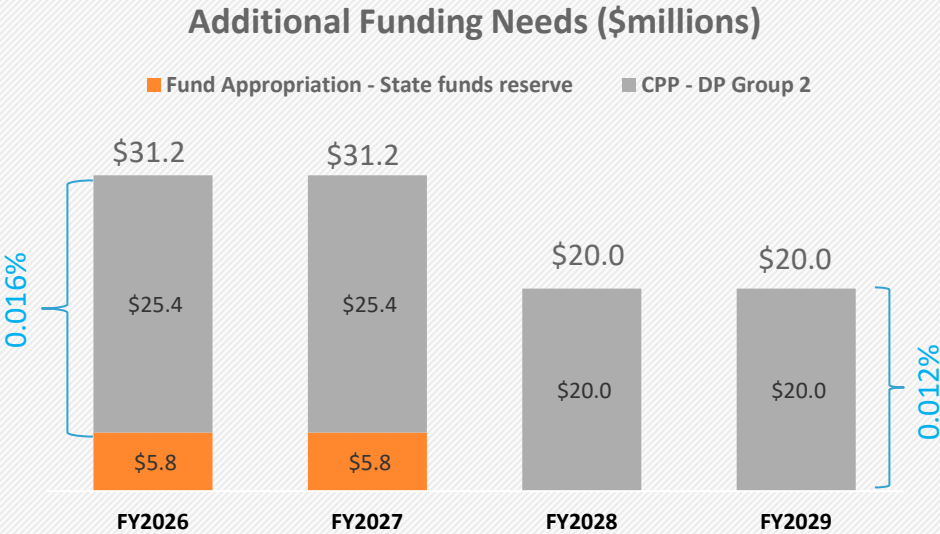
|                                                                                                                                                                                                                                                                |                                    |
|-------------------------------------------------------------------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

# 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



| CPP tax rate | Tax Revenue** (million) |
|--------------|-------------------------|
| 0.010%       | \$15.8                  |
| 0.020%       | \$31.6                  |
| 0.030%       | \$47.4                  |
| 0.040%       | \$63.2                  |

Note:  
state fund reserve (1- month payroll)  
DP group 2, including UI customer improvement operations, customer compliance, web modernization, UI navigators and WIT;  
\*UI employers have average rate class 10 (2024 tax rate table)  
\*\*Use closest calendar year taxable wage as the base

# 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:

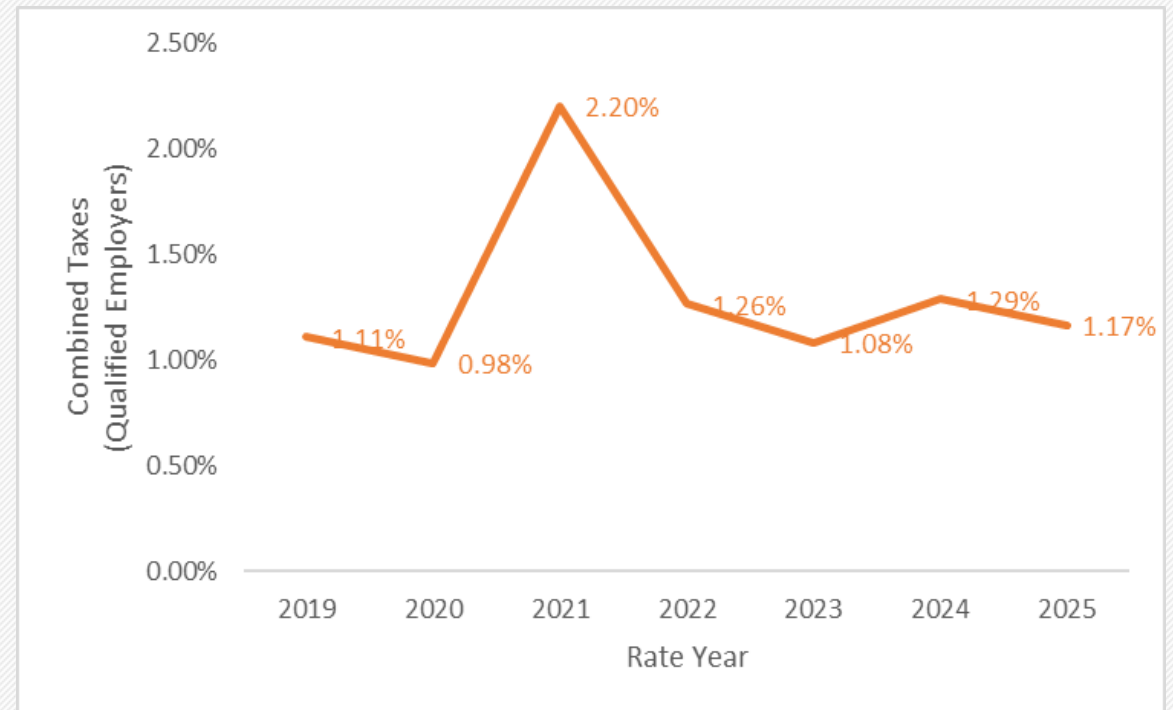
Rate class 10 tax rate @ 1.52% vs. 1.50%

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:



# Rulemaking Update

Stephanie Frazee, Lead Tax Policy Specialist, ESD



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# 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.

# Public Comment



- If you would like to make public comment, please state your name and spell it so we can capture it correctly for the minutes, as well as the organization you represent if any.
- **Reminder:** Your comments are being recorded.
- If you would like your comments to be included in the meeting minutes, please submit them in writing via email to Camille Galeno at [camille.galeno@esd.wa.gov](mailto:camille.galeno@esd.wa.gov). *(Camille's email will be posted in the chat)*
- Please limit your comments to **two minutes**.

# Thank you

## Unemployment Insurance ADVISORY COMMITTEE



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**Break  
Return at ( )**