



**Employment Security Department**  
WASHINGTON STATE

# ESD Update

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FEBRUARY 16, 2021

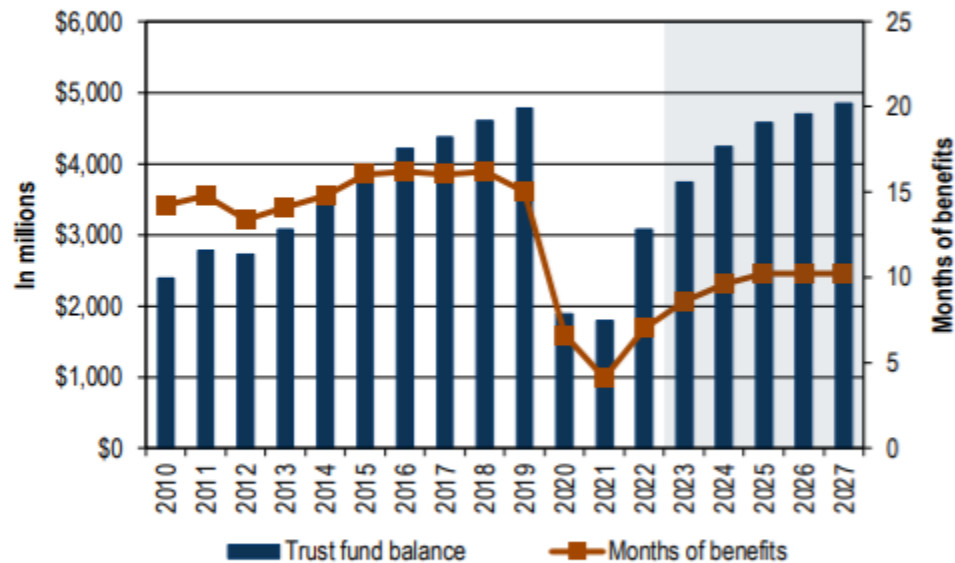
# Topics we'll cover

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1. Unemployment Insurance (UI) trust fund health
2. Results from legislation modifying UI rates and benefits
3. Economic Impact of federal COVID aid
4. Current status of UI program recovery
  - Pandemic relief & economic impact
  - Overpayments
  - Appeals
  - Customer service improvements
  - Fraud recovery
  - Federal funding shortfall

# Unemployment Insurance (UI) trust fund

**Figure 3.** Washington state unemployment trust fund and months of benefits  
Washington state, 2010 through 2027  
Source: Employment Security Department/DATA/ETA 2112/UI Wage File



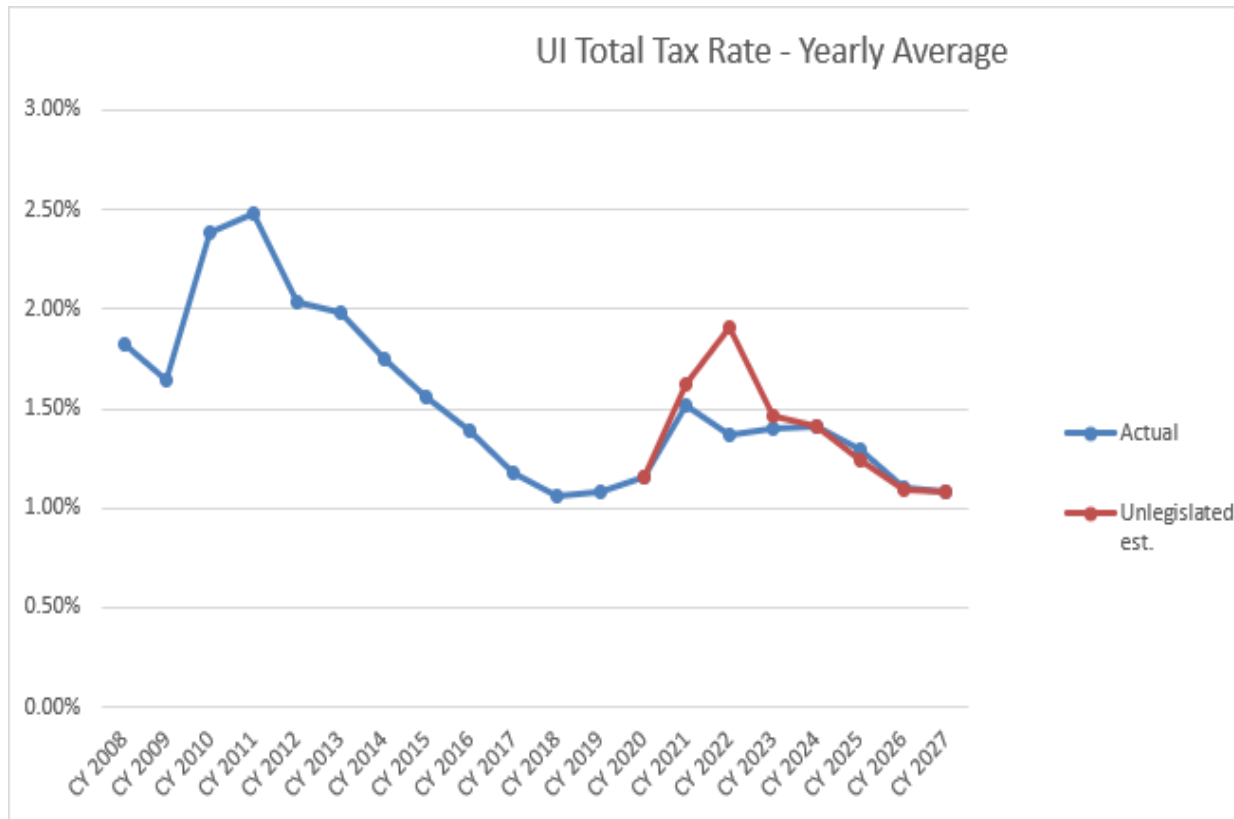
**Note:** Highlighted years reflect projected data.

*The reserves in the trust fund covered approximately seven months of benefits in 2022.*

## Washington vs. other states

- WA never borrowed from the federal government to pay benefits (22 states did).
- WA pays the highest minimum (\$317) and highest average (\$616.50) weekly benefit amount to unemployed workers.

# UI premium rate changes: Legislative Impact



- Laws enacted in the last two years **prevented employers from paying roughly \$2.5 billion** in state UI taxes in 2021 and 2022 (ESSB 5061, 5873 and 5478).
- Total yearly average UI tax rates are lower coming out of the pandemic than the Great Recession.

# Minimum benefit amount: Legislative impact

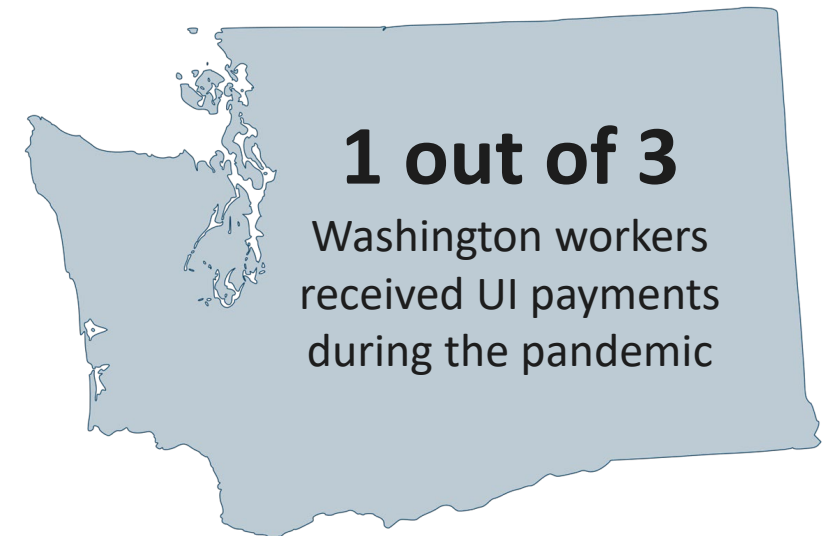
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- In 2021, the Legislature increased Washington's minimum weekly benefit amount (SB 5061)
  - Rate calculation increased from 15 to 20% of the average weekly wage.
  - The minimum benefit amount changed from \$201/week to \$295/week.
- ESD's first legislative report on this change demonstrated that claimants:
  - Earned an average additional \$1,760.20 in wages in the quarter after filing for UI.
  - Claimed 2.7 fewer weeks and claimed slightly less in overall benefits.
- ESD will conduct an impact analysis annually through Dec. 1, 2025.

# Pandemic UI benefit impact

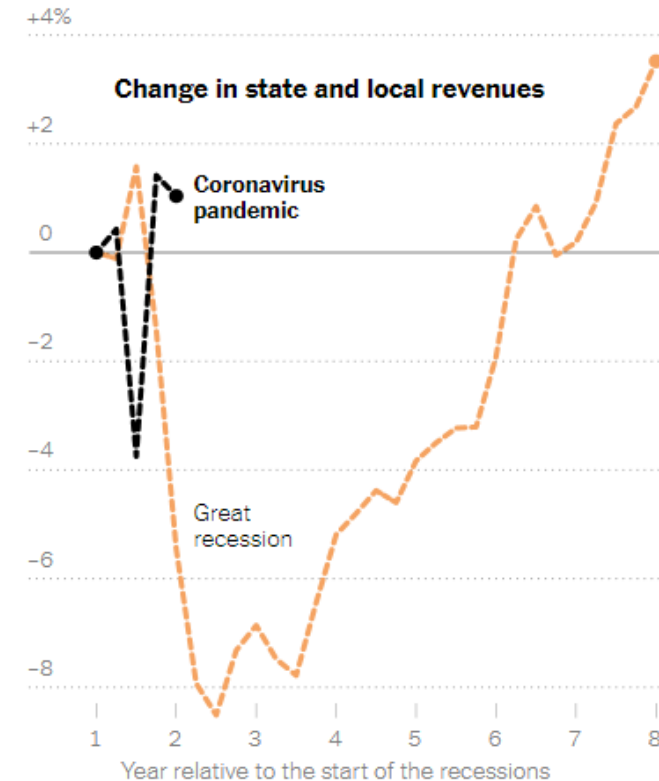
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- 1.2 million unemployed workers in Washington received \$21.7 billion in benefits.
- Benefits paid over 18 months in the pandemic is roughly the same as the **previous 18 years combined**.
- It is projected that 4.7 million more people nationally, including 1.4 million children, would have been below the poverty line in 2020 without pandemic UI benefits.  
(Census data)
- Pandemic UI benefits are estimated to have reduced pandemic-driven deaths by nearly 5% in the U.S., or about 27,000 lives, from April to December 2020.  
(Federal reserve Bank of Atlanta)



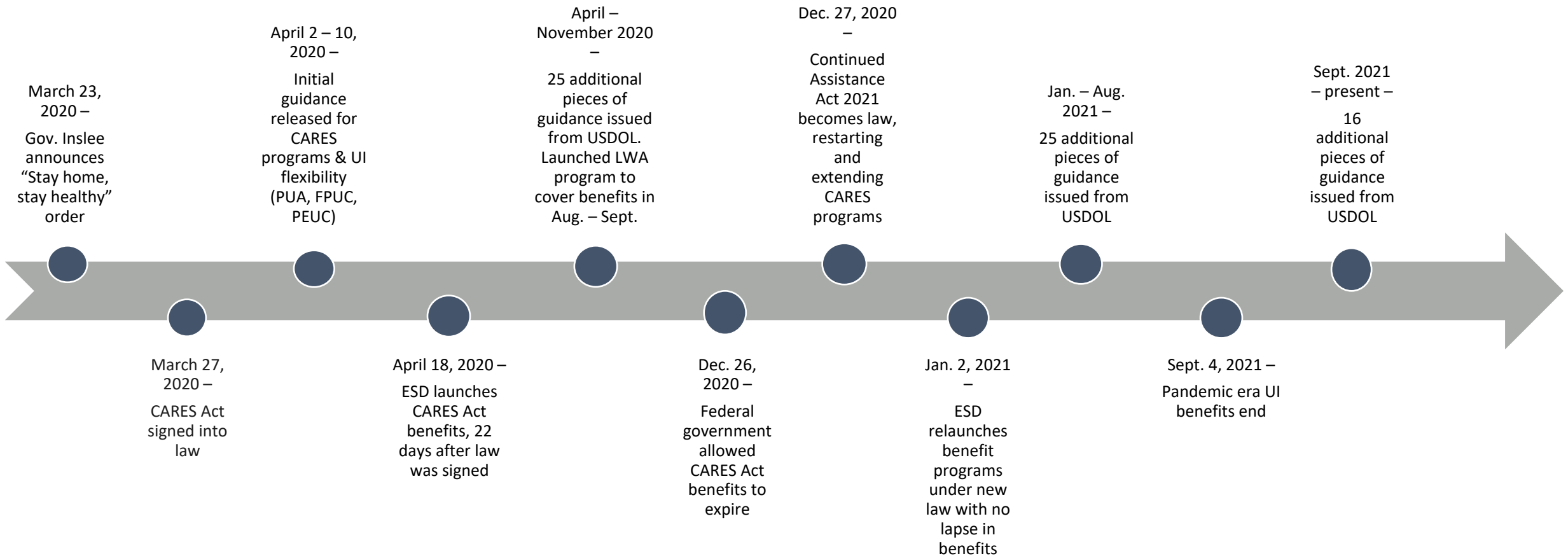
# Economic impact of federal UI aid

- Washington saw a 2.5% increase in tax revenue from April through December 2020, compared with the same period in 2019.  
(Urban-Brookings Tax Policy Center)
- In April 2021, our state Economic and Revenue Forecast Council stated, “personal income growth was sustained by extraordinary fiscal support in 2020” mostly “due to a variety of federal Covid-19 relief programs,” with pandemic unemployment benefits a key part of that relief.



(Sources: Urban Institute, the Census Bureau and the Bureau of Economic Analysis, [NY Times](#))

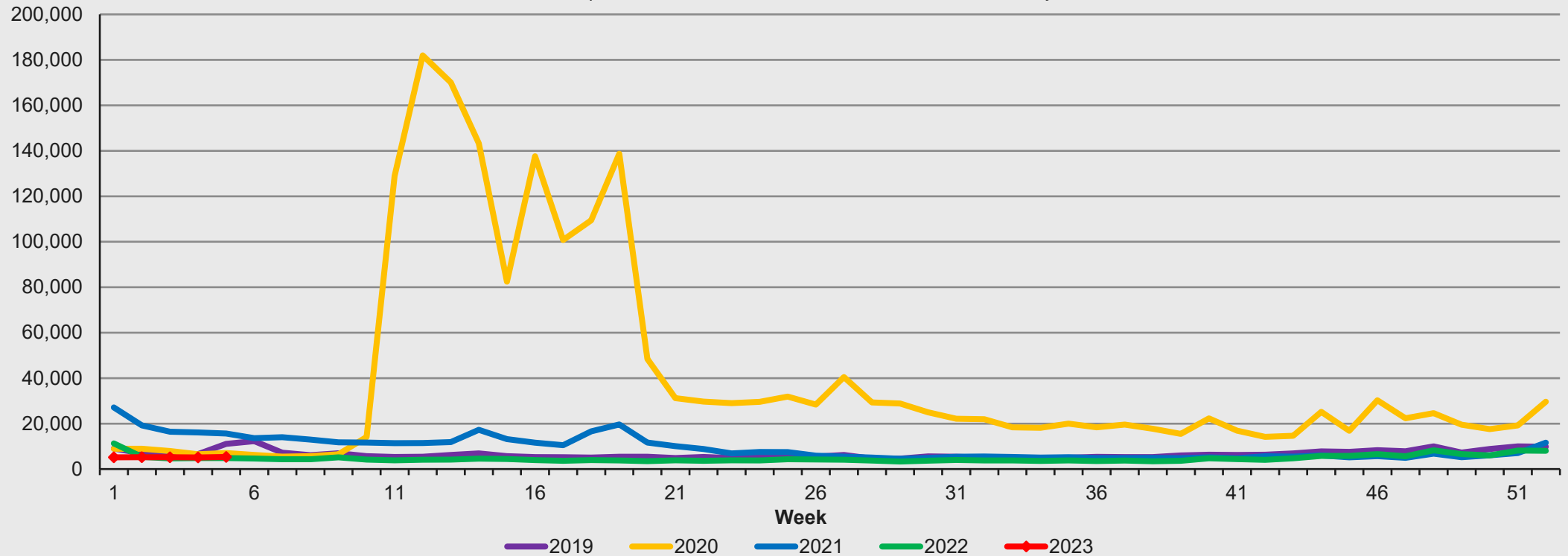
# Relief and reconciliation – Timeline





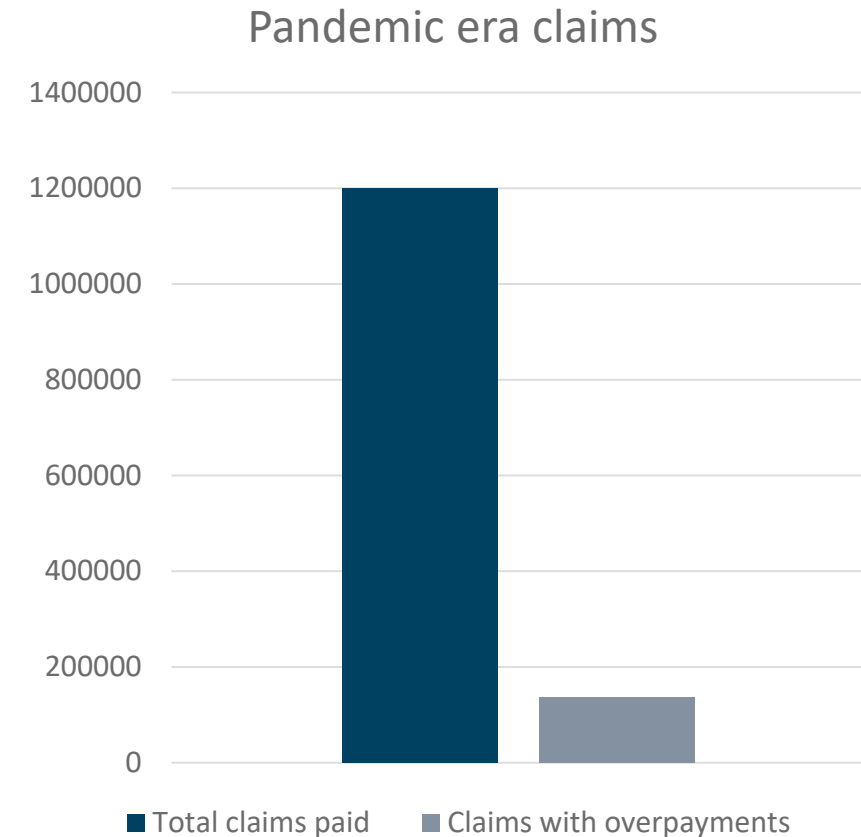
# Where we are now

Initial Claims (Regular Benefits)  
Claims Reported During the Week of February 5, 2023  
Source: US Dept. of Labor & Data Architecture, Transformation and Analytics, ESD

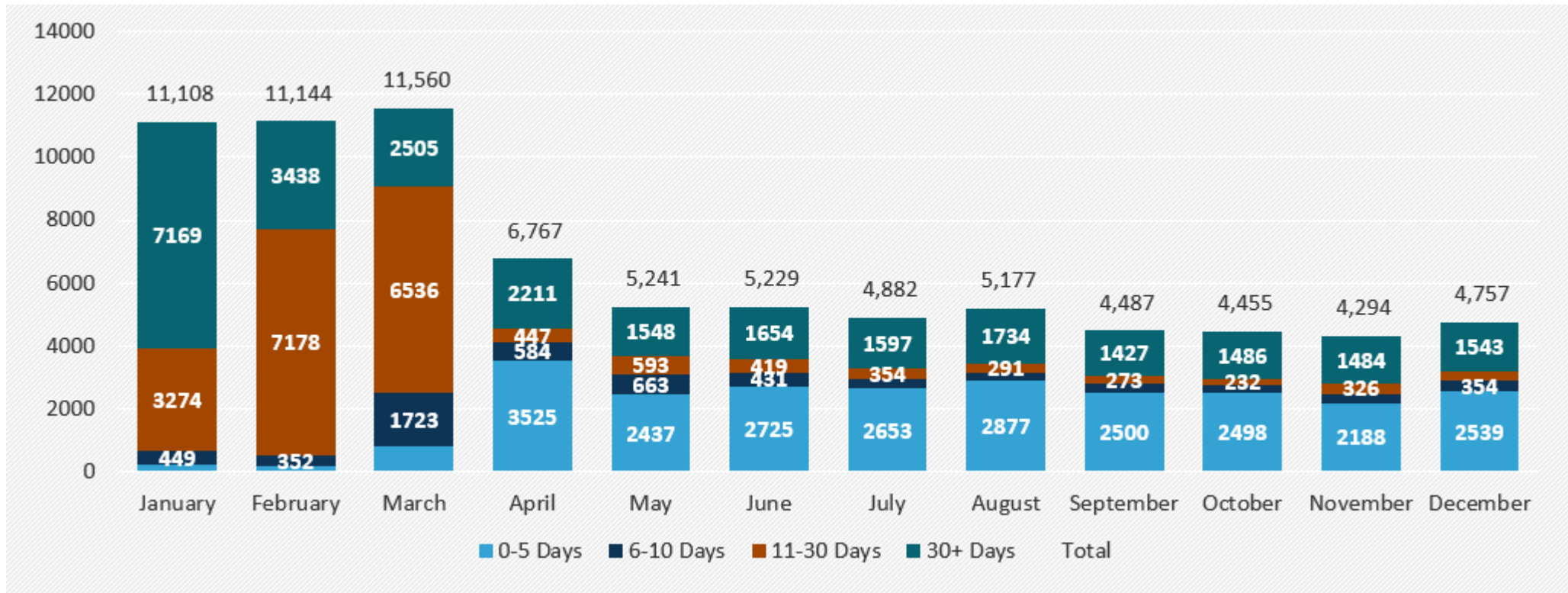


# Pandemic era overpayments

- **~11.4%:** Pandemic era claims with an overpayment
- **10%:** USDOL's rate of acceptable "improper payments" in normal times

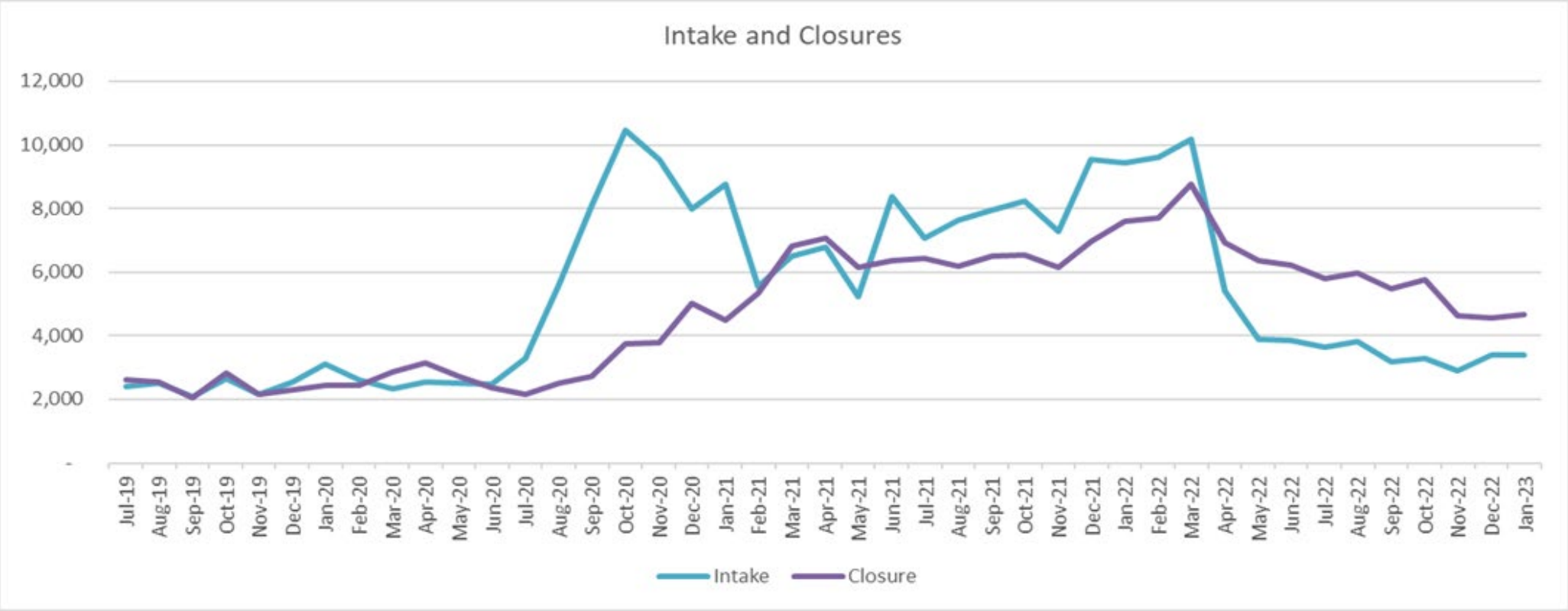


# Appeals: Calendar days to transmit to OAH



2022

# Impact to the Office of Administrative Hearings (OAH)



# Customer service continuous improvement strategy

## Senate Bill 5193

Letters project

**Reserve adjudication pool**

Unemployment Insurance (UI) customer phone system replacement project

**Dedicated phone lines**

Customer feedback survey project

## State Quality Service Plan (SQSP)

- Payment timeliness
- Quality
- Integrity

## UI Project Portfolio

- Pandemic-era overpayment relief
- Virtual assistant optimization project
- UI Equity Grant – Translation Services

## Holistic Service Delivery

- Strategic plan
- Equity, diversity and inclusion in service delivery
- Pro-equity anti-racism (PEAR)

# Fraud recovery

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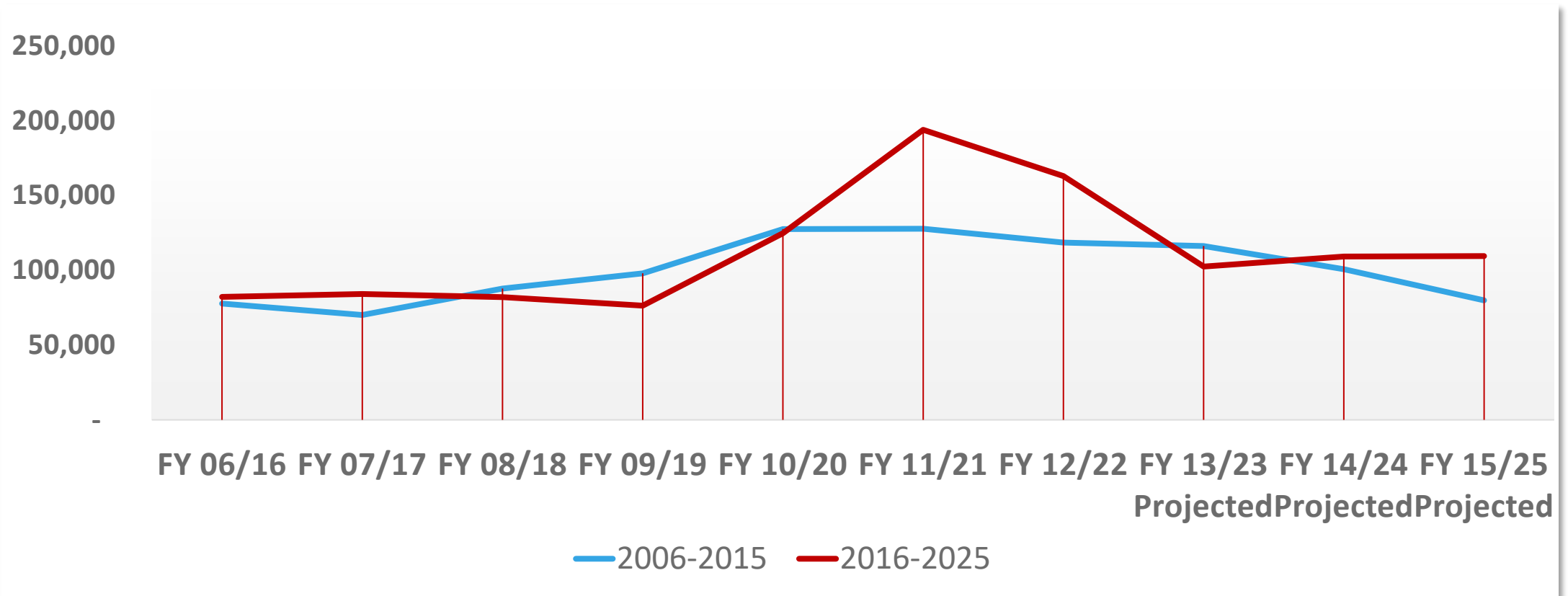
- ESD has recovered about \$406.5 million of the \$647 million stolen during the pandemic.
- Total unrecovered fraud amounts to about 1.2% of total benefits paid.
- We are leading the nation in fraud recovery and will continue to recover every penny we can, in partnership with the State AGO.
- Following the fraud attack, the Legislature appropriated \$82 million into the trust fund to compensate for the loss (2021-22 budget).

# Federal funding shortfall

- Federal funding on average covers only ~72% of UI costs.
- As pandemic-era funding expired, federal funding has dropped dramatically in Federal Fiscal Year 2023.
- Total need exceeds federal revenue by at least \$21M in the 23-25 biennium.

Funding Source	2023-2025
<b>Projected UI Admin Revenue</b>	\$ 171,467,000
Program Budgeted Need	\$ <b>208,477,000</b>
<b>Budget Variance</b>	<b>\$ (37,010,000)</b>
ESD State Account Offset	\$ 15,783,000
<b>Total Variance (GF-S Request)</b>	<b>\$ (21,227,000)</b>

# Federal UI revenue: '08 Recession v. '20 Pandemic



*(by federal fiscal year, in thousands)*



# Thank you

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