



**Employment  
Security  
Department**  
WASHINGTON STATE

# Senate Labor & Commerce May 2024 Work Session

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# Agenda

- Unemployment Insurance program update
- Paid Leave program update
- Program alignment

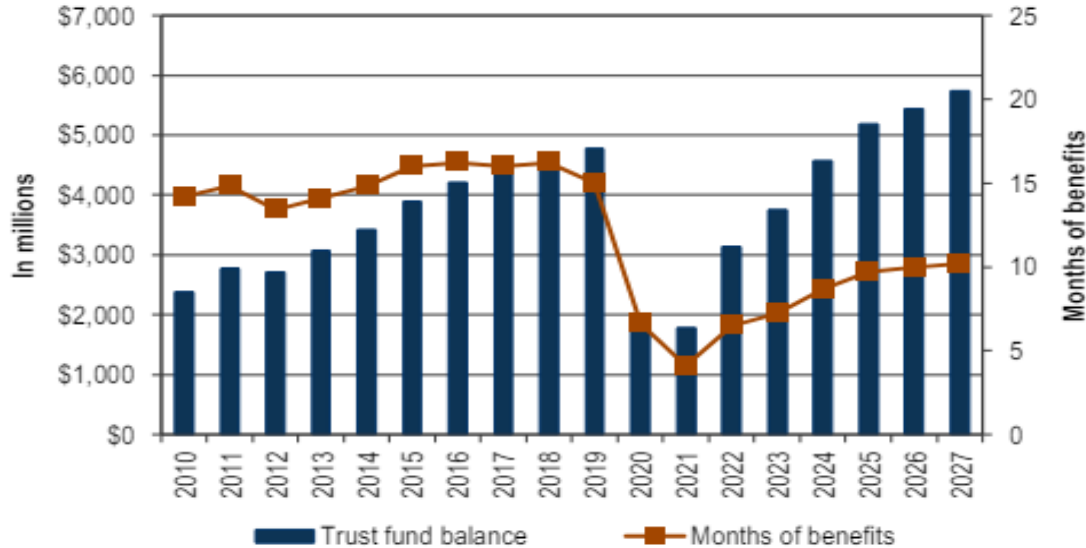
# Unemployment Insurance Trust Fund

## 2023-2025 Trends

	2023	2024	2025
Projected employer tax contributions	\$1.93 billion	\$1.97 billion	\$1.88 billion
Projected ending fund balance	\$3.7 billion	\$4.6 billion	\$5.2 billion
Projected months of payable benefits	7.2	8.7	9.7
Projected average total tax rate	1.39%	1.41%	1.30%

# Unemployment Insurance Trust Fund

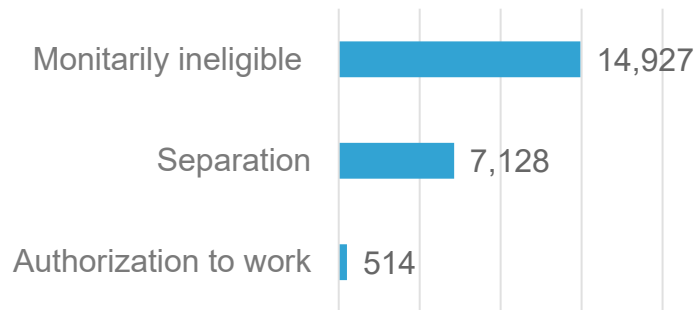
## Historical View: Benefit Eligibility & Months of Payable Benefits



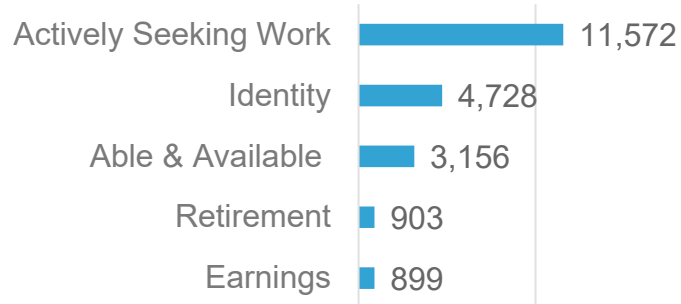
# Unemployment Insurance

Among a sample set of ~99 k initial claims, denial reasons include:

## Disqualification



## Eligibility



# Unemployment Insurance

## Pre-Post Pandemic Customer Experience Changes

Metric	2019	2023	% change
Average UI claims staff	245	223	- 9%
Number of continuing UI claims	1,246,106	1,289,118	+ 3%
Incoming call volume	565,340	1,114,982	+ 97%
Identity issues set	5,295	105,073	+ 1,884%

# Unemployment Insurance

## Service Delivery Challenges

- Consumer behavior has changed:
  - 25% of customers apply for benefits over the phone instead of using the online services
  - 48% of claims are being accessed by a mobile device, but the site is not mobile-friendly
- Historical staffing model does not meet modern needs:
  - During peak season, an additional 135 FTE would have been required to address each unique claimant seeking service by phone
- Reduced FTE since pre-pandemic
- Increased fraud management complexity:
  - Identity fraud and complex financial crimes were minimal pre-pandemic and is now an ongoing body of work for UI agencies across the US

# Paid Family & Medical Leave

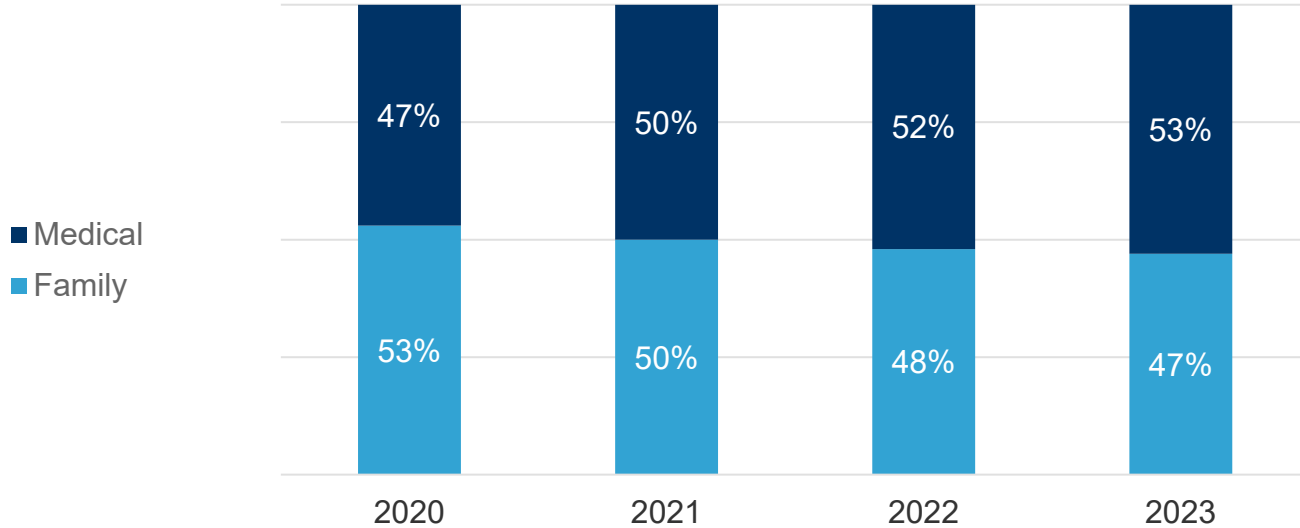
## Benefit Types

Metric	2020	2021	2022	2023	% change 2022-2023
Approved Paid Benefit Applications	112,737	149,406	184,060	210,268	+14%
Customers with Approved Claims	86,051	123,688	148,137	160,784	+ 9%
Benefits Paid (millions)	\$613.3	\$918.7	\$1,193.6	\$1,482.5	+ 24%
Average Weekly Payment	\$628	\$758	\$816	\$876	+ 7%



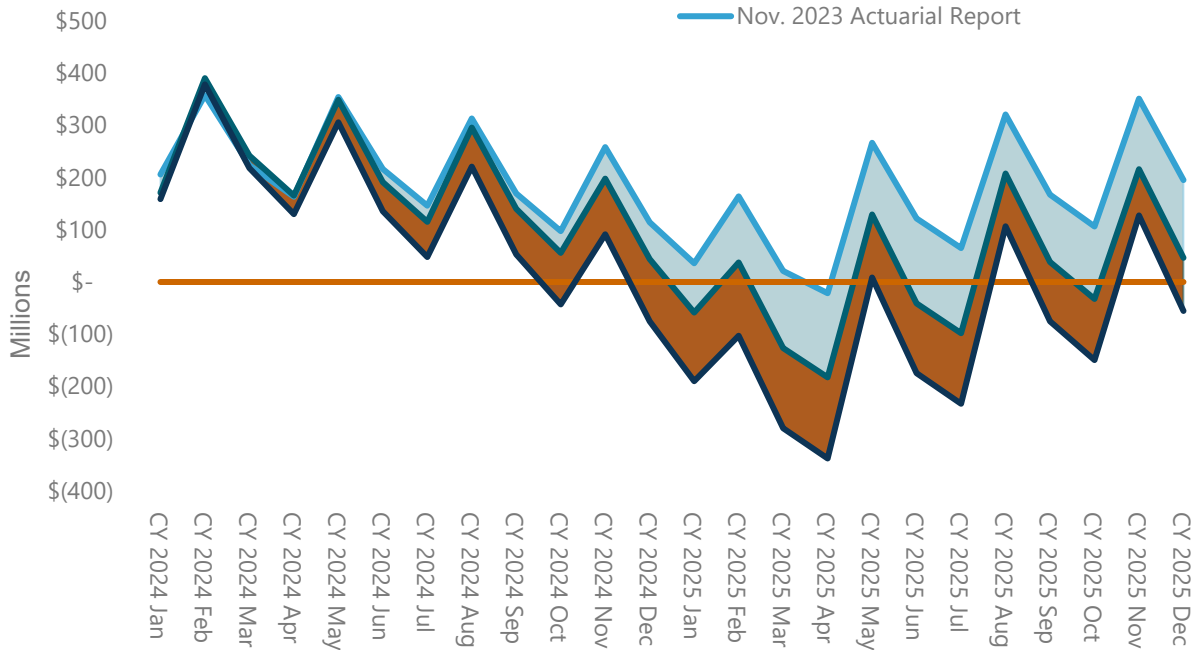
# Paid Family & Medical Leave

## Benefit Types



# Paid Family & Medical Leave

## Account Balance Projections

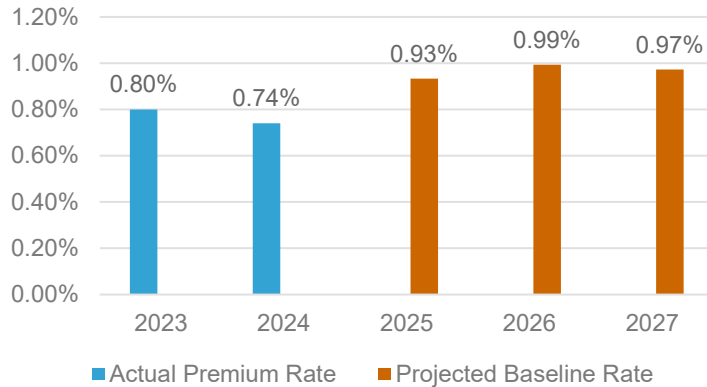


- Nov. Report: first short-term deficit to occur in Q1 2025
- Update: may occur sooner, be more severe, and take longer to stabilize

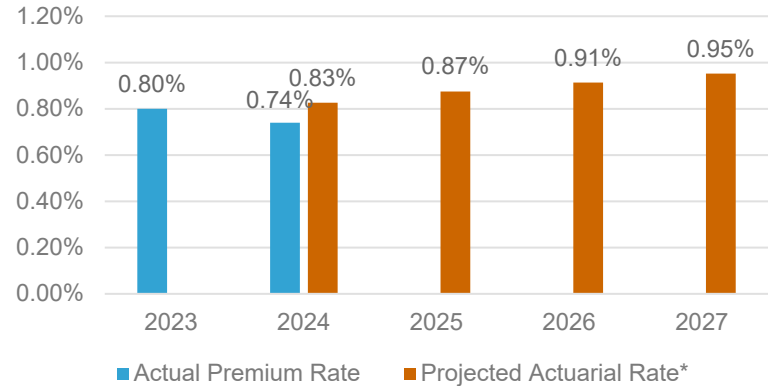
# Paid Family & Medical Leave

## Rate projections from Nov. 2023 Actuarial Report

Paid Leave Premium Rates Using Current Statutory Structure\*



Projected Rates Using Actuarial Principles\*



\* Based on updated usage data, rates will likely be higher than these initial projections

# Cross-program alignment

## Hours of eligibility

### Minimum hours required to establish a claim

Unemployment compensation	680 hours in the base year. At least some wages must have been earned in Washington, unless the individual recently left the military or federal employment and is currently located in Washington state.
Paid Leave	820 hours (about 16 hours a week) worked in Washington over the last year.
WA Cares	A year of service is earned by working at least 500 hours and paying into the WA Cares Fund.

# Cross-program alignment

## Remuneration considered for establishing eligibility

	Hours & earnings from vacation (PTO), severance pay & bonuses	Hours & earnings from sick leave	Hours & earnings from a Paid Leave claim	Hours & earnings from a UI claim	Tips and gratuities
Unemployment compensation	✓	✗	✗	✗	✓
Paid Leave	✓	✓	✗	✗	✗
WA Cares	✓	✓	✗	✗	✗

# Cross-program alignment

## Modifying hours of eligibility

- Reducing the hours threshold in Paid Leave from 820 to 680 would result in about 5% growth in eligibility based on hours.
- Additional factors influence rates of qualifying events to determine total usage projections.
- Paid Leave and UI have different wage reporting systems. Eligibility is determined independently for the two programs.

# Cross-program alignment

## Customer service improvements

- Paid Leave statute (Title 50A) contains express prohibition of collecting UI and Paid Leave simultaneously. UI statute (Title 50) disqualifies Paid Leave claimants under requirement that UI claimants are able/available and actively seeking work.
- Received funding to develop system cross-match with L&I Workers Compensation Program.
- Establishing a single Customer Compliance Division.

# Cross-program alignment

## PFML impact on UI eligibility

Unemployment claimants who utilized Paid Leave during their base year have fewer hours and wages factored into eligibility.

Alternative models could be replicated:

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Workers' Compensation TTD

HB 1073 (2021)

Workers who experience a period of Temporary Total Disability (TTD) may preserve eligibility based on pre-injury wages and hours (current law).

Established a temporary alternative base year for Paid Leave claimants who did not meet hours of eligibility due to the pandemic.





**Thank you**

