**Employment Security Advisory Committee**

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| **Meeting details** |
| **Date:** Monday, June 22, 2019  **Time:** 1:00 to 3:00 p.m.  **Location:** Employment Security Department – Maple Park Building, Maple Leaf Room   |  |  | | --- | --- | | **Committee members present** | **Committee member absent** | | * Bob Battles * Mike Gempler * Mark Johnson * Joe Kendo * Chelsea Mason * Anne Paxton for John Tirpak * Mark Riker | * Linda Nguyen | |  |  | |  |  |  |  |  | | --- | --- | | **ESD staff present** | | | * Joy Adams * Carla Reyes * Julie Lord * Steven Ross * Bianca Stoner * Nick Streuli * Dan Zeitlin |  | |
| **Summary** |
| **Welcome and introductions**  Nick Streuli welcomed the committee members, stakeholders, and ESD staff.  **Improper benefit payments**  Dan Zeitlin (Director of Employment System Policy), Julie Lord (Director of Unemployment Insurance Customer Support), and Joy Adams (Manager of Unemployment Insurance Quality Assurance) gave an update on improper unemployment insurance (UI) payments.  The U.S. Department of Labor (USDOL) is working to decrease states’ rates of “improper” UI benefit payments, which are situations when claimants receive benefit payments, then ESD later determines that they don’t actually qualify for the benefits, so they have to repay the benefits to ESD.  Federal law requires states to maintain a rate below 10%, but ESD’s current average is around 14%. Because ESD’s rate is above the federal threshold, USDOL recently put ESD on a corrective action plan and is providing technical assistance.  Dan, Julie, and Joy said that ESD has started taking action to reduce the rate, and as a result of several recent changes that ESD has made, ESD’s improper payment rate has begun to decrease.  The agency is also considering measures that may impact the claimant’s user experience, such as requiring UI claimants who file for benefits online to keep electronic work search logs instead of paper logs. This would give ESD the ability to do random sampling of work search logs and, if applicable, to notify UI claimants immediately if they are not complying with work search requirements. They will discuss these and other potential changes at upcoming ESAC meetings as the efforts to reduce the improper payment rate progress.  **H-2A bill implementation**  Dan Zeitlin discussed ESD’s work to implement the bill regarding the H-2A temporary agricultural program ([E2SSB 5438](https://app.leg.wa.gov/billsummary?BillNumber=5438&Year=2019&Initiative=false)), which passed during the 2019 legislative session and goes into effect on July 28th. ESD has formed an advisory committee and has started setting up the Office of Agricultural and Seasonal Workforce Services.  Joe Kendo thanked people for their contributions in getting the bill passed, and Mike Gempler said that the growers want ESD to set up the new office and start working with the Advisory Committee members as soon as possible.  Bob Battles said that the Association of Washington Business supported this bill, but cautioned that in the future, these activities need to be funded by the federal government instead of by business. Nick said that the agency has been holding conversations to pursue federal funding.  **Paid Family and Medical Leave Program**  Carla Reyes, Director of ESD’s Paid Family and Medical Leave (PFML) Division, provided an update on implementation activities. Employers started collecting premiums on January 1st and recently began submitting premiums and wage files to ESD. In addition, PFML repaid its $82 million start-up loan as well as an additional $2 million in interest in June.  PFML recently ran two beta launches and had small, pre-selected groups of employer volunteers submit wage files and premiums, which provided an opportunity to identify and resolve problems before the official launch on July 1st. Since that date, employers have submitted over 51,000 wage files and PFML has received almost 12,000 calls. Employers can continue to submit wage files for the first and second quarters through August 31, 2019.  The next big PFML deadline is January 1, 2020, when employees can start filing for benefits and small businesses can start applying for Small Business Assistance grants.  Carla said that PFML has been holding focus groups across the state to gather customer insight to use for communications and systems development for benefits. Bob Battles asked how PFML selected the populations for the focus groups. Carla did not have that information with her, but could follow up with that information if it is desired. In addition, PFML will receive the detailed survey information in the next several weeks and could share additional information with the Advisory Committee if desired.  Bob praised Carla and her staff for their achievements, observing that repaying an $82 million loan is an extremely challenging task under any circumstance, particularly in such short amount of time.  Mike Gempler said that the definition of “small employer” hurts employers, especially in the agricultural industry. In addition, he pointed out that the bill requires agricultural employers to collect premiums from H-2A workers even though they will never qualify for benefits, which he feels is unfair to workers.    **ESD’s tentative 2020 legislative agenda**  Nick Streuli gave an overview of ESD’s tentative 2020 legislative agenda and said that state agencies submit proposed bills and decision packages to the Governor’s Office in September.  Nick said that ESD is considering running two bills. The first bill will make necessary technical updates regarding Paid Family and Medical Leave, and the other bill will require ESD to write a report on the Economic Security for All program, which ESD will submit to the Governor’s Office and the Legislature annually.  Nick said that ESD is considering running three decision packages, and the first one will make a technical adjustment to ESD’s appropriation authority from the Employment Services Administrative Account for the 2019-21 biennium. The second decision package will request $4.8 million from the General Fund to increase the living allowance for AmeriCorps members who are serving through the Washington Service Corps, and the third decision package will request an expenditure authority adjustment regarding the PFML program so that ESD can complete implementation activities and adequately support program operations.  **Recent changes in ESD division structures**  Nick gave an overview of recent changes in some ESD divisions, such as the Administrative Services Unit transitioning from a unit within the Fiscal Division to a stand-alone division. In addition, Nick mentioned that Janelle Guthrie recently moved to the Department of Corrections and that, until her replacement is hired, he serves as the Acting Communications Director.  **Unemployment Insurance Trust Fund**  Steven Ross, Director of Labor Market Information, gave an update on the UI Trust Fund. The Trust Fund is currently at $4.68 billion, and if ESD continues paying benefits at the current rate, the fund has capacity to pay 14 to 16 months of benefits.  Joe Kendo mentioned some details that he wants Steven to include in the next Trust Fund update, such as a map showing employment for the previous year and data showing population density.  Steven mentioned that LMEA has developed an economic alert system that will help ESD increase staffing in the very early stage of the next recession instead of waiting until further in the recession cycle.  **Closing comments**  Nick Streuli thanked everyone for their input and participation and ended the meeting. |
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| **2019 meetings** |

The final Employment Security Advisory Committee meeting for 2019 is at the ESD headquarters in Olympia on Monday, October 21st from 1:00 to 3:00 p.m.