

PANDEMIC AAR AGENCY INPUT

Agency: Employment Security Department

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Executive Summary

The COVID-19 crisis created massive disruptions for the Employment Security Department (ESD). Like states across the nation, we experienced historic growth in demand for unemployment insurance (UI) benefits almost overnight. As an example, in February 2020 we had 20,338 initial claims for UI. Two months later, in April 2020, that number rose to 457,127 initial claims. This was a 2200% increase.

Delivering those benefits became even more complicated, as the federal government's expansion of eligibility coincided with the first-time, large-scale fraud within UI programs nationwide. Our systems were overwhelmed, creating significant hardship to the agency, while impacting businesses and, most importantly, Washington workers who desperately needed assistance.

The lessons ESD learned early in the pandemic — around streamlining services, improving communications, using scalable technology and preventing fraud — have now become great strengths of the agency. This has allowed the department to roll out subsequent benefits more quickly while still avoiding fraud, keeping Washington's impact well below what has been disclosed in other states.

Agency Impact

Identify the impacts to the agency in these main areas:

Internally (how did the pandemic impact the agency's internal operations/administration)

Prior to the pandemic, ESD used a workforce model that supported approximately 5% of staff working remotely and 95% in office spaces. Those ratios were forced to flip almost overnight. We deployed employees to their homes and had to develop and deliver system improvements and connectivity so they could respond to an incredible surge in demand for our programs.

Although the impacts focused primarily on unemployment insurance, ESD was still digging out from another intense backlog when the pandemic hit. Two months earlier, we had launched benefit payments for our Paid Family & Medical Leave Program (Paid Leave). That program ended up being wildly popular.

Additionally, our return-to-work and workforce training programs are largely delivered through regional Worksource centers. Those centers needed to close, and staff were either redirected to provide services online, by phone or sent to UI programs for help.

Unlike a normal recession, when claims increase and we staff up gradually, ESD was forced to almost double in size as quickly as possible to meet this demand. We even employed stopgap measures, such as contracting call center work to outside vendors and even using National Guard Soldiers.

This growth stressed virtually every system within the department. Agency divisions which support employees such as Human Resources, Information Technology, payroll etc. also experienced a massive influx of work and growth within their divisions.

In addition, our IT systems required numerous, complicated changes in order to accommodate the newly expanded federal benefits. Staff had many shifting priorities and were forced to update the system while ensuring it was able to continue processing benefits.

Externally (how did the pandemic impact the agency's operations with its customers)

As the pandemic took hold in the country in March of 2020, the demand for unemployment benefits experienced a massive increase in a matter of weeks. Additionally, at the end of March, Congress passed an aid package that drastically increased eligibility for benefits. That expansion included what is called Pandemic Unemployment Assistance (PUA). This new benefit was for people not typically covered by regular unemployment insurance, such as self-employed individuals. It also included Pandemic Emergency Unemployment Compensation (PEUC), which provided additional weeks on top of a traditional 26-week unemployment claim, allowing workers to stay on benefits longer. Then, Federal Pandemic Unemployment Compensation (FPUIC) added \$600 per week to eligible claimants. All of these expansions of benefits dramatically changed the complexity and scope of the national unemployment insurance system.

The impact to our customers was immediate and overwhelming. For reference, ESD typically paid out approximately \$1 billion annually in unemployment benefits pre-pandemic. During the pandemic, we have paid more than \$22 billion to more than one million Washington workers. That means that one in four Washington workers was on unemployment benefits at some point during the pandemic.

Claimants were often forced to hold on the phone lines for hours. During the peak portions of the pandemic, it was usual to receive between 50,000 – 70,000 calls in a single day. At some points we were receiving upwards of 1,000 calls per second. While most claimants — an average of 85% — were able to receive benefits within seven days of application, some had to wait many months for their claims to be adjudicated for eligibility and to move through the appeal process.

In 2019, the department finished a resiliency plan that would allow us to respond to a three-to-four times increase in demand. Despite that foresight, those mitigation measures were quickly overwhelmed. Some of this plan called for the use of our WorkSource offices and community partners. The unique nature of this crisis derailed some of those plans.

Interagency (what was the impact to interagency operations)

The UI crisis impacted several other state agencies. Some like Corrections, Licensing and Social and Health Services provide key links and information as our department makes claim decisions.

Besides ESD, the Office of Administrative Hearings (OAH) is possibly the other state agency most impacted by the UI surge. This agency hears appeals for UI claims, and with the increased complexity and volume, many claimants appealed ESD's denials to OAH. This created incredible volumes of appeals for OAH.

Agency's involvement in areas specifically listed in the legislation [SB 5092 (9)(d)(i) (A)-(H)]:

(A) Aspects of the COVID-19 response that may inform future pandemic and all-hazards responses.

One of the federal unemployment programs created, pandemic unemployment assistance (PUA) is based on another federal program – Disaster Unemployment Insurance (DUI). That program is well established and often used in states where severe weather events, such as hurricanes, occur regularly. Prior to the pandemic, the most recent use of a DUI was the Oso landslides. This recent experience will prepare us better for any future emergencies by increasing our familiarity with DUI-like programs.

(B) Emergency responses that would benefit the business community and workers during a pandemic.

Our entire agency mission and programs are well defined by this section.

(C) Standards regarding flexible rent and repayment plans for residential and commercial tenants during a pandemic.

NA

(D) Whether establishing regional emergency management agencies would benefit Washington state emergency response to future pandemics

Regional centers may provide benefit in future emergencies, particularly if those emergencies are scoped to specific geographic areas. They would also lend themselves well to places where people could get assistance with filling out benefits applications, as long as in-person help is not a safety concern as it was with the pandemic.

(E) Gaps and needs for volunteers to support medical professionals in performing their pandemic emergency response functions within Washington state.

NA

(F) Gaps and needs for tools to measure the scale of an impact caused by a pandemic and tailoring the pandemic response to affected regions based on the scale of the impact in those regions.

Estimating potential claimant volumes would be helpful as we respond to an emergency situation.

(G) Gaps and needs in health care system capacity and case tracking, monitoring, control, isolation and quarantine, and deploying medical supplies and personnel; and

NA

(H) Implementing guidelines for school closures during a pandemic.

With the expanded federal programs, lack of school or childcare options for parents became an eligibility opportunity for claimants. This is typically not true.

Strengths

Prior to the pandemic, ESD undertook a number of steps to make the agency — and specifically the UI program — more resilient. For instance, replacing all desktop computers with laptops allowed the department to transition more quickly and seamlessly to a virtual work model. We also had issued a

number of cellphones and had certain degrees of scalability within our telephone systems to allow for better remote operations. However, much of our resiliency planning was modeled on a three-to-four times increase in the amount of weekly claims over a relatively short period. The scale and speed of this crisis outstripped those preparations as we saw a more than 10-times increase over the course of two weeks.

Throughout the almost two years of this pandemic, ESD has developed significant skills in evaluating and responding to circumstances and situations as they arise. We have become a much nimbler organization with the ability to deploy resources and prioritize needs much more quickly.

We have also gained a deeper understanding of our claimants' experience in accessing benefits. The Paid Leave team had invested heavily in customer experience. We were able to use some of that expertise and deploy it across the UI program in the first weeks of the crisis. Shortly thereafter we established an agency-wide customer experience team which included our language access work. We developed skill in providing plain-talked explanations of very complicated systems.

Significant investments in moving certain data systems to the cloud throughout the pandemic has resulted in a much more scalable system. Our telephone system was a limiting factor early in the crisis; We had to invest significant resources to get the phone system to a point of higher functionality. We are now in the process of replacing our system to achieve the necessary scalability should we need to expand capacity at a similar pace in the future.

We also learned about the interdependencies and constraints between SecureAccess Washington and ESD's systems. We needed significant partnership with WaTech in order to ensure that claimants could log in and access their benefits.

Lastly, we learned a great deal from the unique and first-time fraud attack on unemployment systems around the country. We have established some of the best expertise and tools available to avoid a similar circumstance in the future. We recruited and hired an anti-fraud chief and developed an incredible team who understand and monitor for continuous threats.

Areas for Improvement

There will always be many areas for improvement. We have worked closely with the Washington State Legislature on efforts such as Senate Bill 5193 which passed during the 2021 session and establishes a reserve core of unemployment insurance adjudicators. This bill also allows us to better share and disseminate information about our data. We are in the midst of what will ultimately be a multiyear project to improve the readability and specificity of our system-generated letters, some of which create confusion and concern for our claimants.

We will continue our work to improve and scale technology across the agency. Nimble and adaptable technology was often the only thing that allowed us to meet the demand for so many unemployed workers.

We also learned the importance of the ability to deliver services virtually. Working with partners, we were able to host a number of virtual job fairs, trainings and meetings. We see an opportunity to build on this momentum and further refine our virtual services.

FollowUp Actions (intent to change plans, policies, or procedures)

The department is involved in several audits both state and federal. Those will likely include an extensive list of changes and an evaluation of impacts.