



Inside Washington Retail

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Higher taxes won't solve state budget woes

Renée Sunde, President & CEO

The tax environment facing Washington retailers remains uncertain judging from the latest revenue forecast issued this week for Washington State.



State economist Steve Lerch noted the recent sales spurt that resulted from stores reopening from earlier COVID-19-related closures. But he added that growth rates are slowing down.

Though the state expects revenues to be up \$2.1 billion from its June forecast for the 2019-21 biennium and up \$2.2 billion in the next biennium through 2023, the state still faces a projected \$4.2 billion revenue shortfall in the next three years, if current projections hold up over time. The new projected revenue shortfall is roughly half what the state projected in

June. The forecast still indicates that the state's revenue collections will be higher than the previous budget but at a reduced rate of growth.

Regardless, Lerch cautioned members of the Economic Revenue Forecast Council that [his forecast](#) comes with "a large degree of uncertainty."

As state legislators get ready to address state finances during the 2021 session, some are cautioning against deep spending cuts while others are floating various tax increase ideas. The brewing debate only adds to the economic uncertainties' retailers have faced since the pandemic began to impact our communities last March.

[Read More.](#)

Bag ban slated to start January 1

Mark Johnson, Senior VP of Policy & Government Affairs

The 2020 Legislature passed a statewide plastic bag ban that takes effect January 1, 2021.

The Department of Ecology has been charged with education, implementation, and enforcement of the new law. This week I attended a call with agency staff and 30 other stakeholders.

The ban effects all single use, thin plastic bags – with the exception of compostable plastic bags and small item bags for bulk goods – such as bakery, meat, and produce. Retailers are allowed to sell paper bags made from 40% post-consumer products and thick plastic bags at least 2.25 mils and 20% post-consumer products. Retailers must charge 8 cents per bag and they retain the fee.

Cities with a 10-cent fee are grandfathered in. The fee does not apply to individuals on state assistance programs. Customer-provided reusable bags do not incur a fee – however there are concerns about cleanliness and spreading viruses with dirty bags affecting both employee and customer safety. Many retailers have suspended the use of reusable bags during the pandemic or are requiring customers to pack their own goods in the bags.

Ecology is developing materials for use by businesses that use bags. They will be available on the department's website the first part of October. The department will enforce the law on a complaint driven basis. Fines are \$250 per violation. The agency plans to work with businesses to gain compliance and avoid fines.

Industry representatives, including myself, raised concerns about supply and availability of bags – especially in light of the Covid-19 pandemic. Perhaps a delay in implementation is in order? Discussions continue.

Commerce releases new online dashboard

The state Commerce Department has unveiled an [online dashboard](#) that will include monthly updates regarding COVID-19's impacts on the Washington State economy.

The site includes data to measure various impacts on the economy.

A few highlights include:

- Two months after reopening efforts began, Washington's employment decline is still 30% greater than the lowest point in the Great Recession a decade ago.
- Unemployment trends in Washington State are tracking similarly with most other states with a steep drop through April and slow but steady growth since May.
- While construction has recovered 80% of lost jobs as of June, leisure and hospitality has only recovered about one-third of job losses and is the hardest hit of all industries.

The tool uses a variety of data sources to track Washington State's economic recovery and resiliency. It displays the latest available data on employment, businesses, government assistance programs and consumer behavior, helping monitor the economic impact of COVID-19 across our state.

Commerce Director Lisa Brown said work is underway to improve the user experience.

Asked her opinion on the length of economic recovery from the pandemic, Brown said: "We anticipate, based on economic recessions that have happened similar to this in the United States and other countries, that we're potentially looking at a couple of years, or maybe as much as three or four years, for economic activity to resume at pre-COVID levels."

ESD made UI payments without fraud checks, probe reveals

Investigations into Employment Security's \$576 million fraudulent claim scandal of last spring identified a software flaw that allowed benefits payments before claims go through a discovery process to check for fraud risk.

The software flaw that resided in a three-year-old claims-processing system was identified back in June 2019 but was not fixed until May 14, 2020. Senior leadership was not aware of the flaw or the fix until August 2020, according to a report in the Seattle Times.

Though \$346 million of the fraudulent payments have been recovered, the scandal has resulted in a departmental reorganization and the creation of a new job, fraud chief, who will report directly to ESD Commissioner Suzi LeVine.

"That way, there's a very clear escalation path and a very clear cross-agency coordination effort," LeVine said.

Levine added that even without the software flaw, only 14.5% of all the fraudulent claims ESD paid could be stopped because of a series of other mishaps:

- Waiving a “waiting week” to receive weekly benefits that would have given ESD employees more time to verify possible or real fraud.
- Federal government directives to speed benefits to needy claimants due to unprecedented claim volume brought on by the coronavirus pandemic.
- Senior ESD staff was not made aware of the software flaw or fix for it until August 2020, according to LeVine.
- Three years ago, ESD bought a “core” computerized claim processing system without all the security features that were available at the time.

The state auditor is conducting five separate audits of the fraud and other ESD operations. Some state legislators also have been critical of the mishandling of public funds.

Senator Karen Keiser, D-Des Moines, whose Labor and Commerce Committee oversees ESD, criticized the agency for scrimping on processing software.

She likened selling a “core” system lacking better anti-fraud protection to selling “a car without brakes. You expect the breaks to be in there, and apparently, they weren’t.

[Read more.](#)

Your Mask Today



Keeps Main Street Open Tomorrow.

[StaySafeWA.com](https://www.staysafewa.com) #MaskUpWA



WR Leadership Team Pictured Left to Right: Rose Gundersen, VP of Operations & Retail Services, Mark Johnson, Sr. VP of Policy & Government Affairs and Renée Sunde, President/CEO

Holiday spending expected to increase in 2020

The Deloitte accounting firm projects that holiday spending could increase by 1.5% this year.

The firm acknowledges that the pandemic will keep results lower than in recent years but noted that e-commerce sales increases could rise by as much as 35%. It foresees holiday sales approaching \$1.1 billion.

Retailers will be challenged by the trend toward consumers saving money. Deloitte reported that the current savings rate is more than double what it was last year, 17.8% in July as opposed to 7.4% a year ago.

Deloitte's most optimistic holiday forecast is a 3.5% sales increase that would depend on Congress approving more financial aid for taxpayers and progress on developing an effective COVID-19 vaccine.

[Read more.](#)



Advice on increasing cash flow in the pandemic

September can be a tricky month for small retailers, especially during the pandemic. With back-to-school shopping done but the rush of holiday shopping not yet in full force, it can be challenging to maintain healthy, or enough, cash flow.

Retail consultant Bob Phibbs (The [Retail Doctor](#)) addressed the challenge in a [recent blog](#).

A few highlights from the blog:

- Drop back-to-school promotions in mid-September. Most customers are done shopping for those items by now.
- Order from fewer vendors. A huge cash outlay with uncertain sales looming could do long-term damage to your cash flow.
- Do away with layaway plans. It only delays the income you need coming in during the lull between back-to-school and the upcoming holiday rush.
- Keep your payroll under control. You've gotten used to doing more with less during the pandemic. It's tempting to hire for the sales you anticipate but over hiring will hurt cash flow.



Google adjusts to changing customer needs

Google reports it has upgraded its search capabilities to reflect changing consumer demands for convenience and safety caused by the COVID-19 pandemic.

In a recent Google blog, a product manager reported that Google has seen a tenfold increase the last few months of searches for curbside pickup and safe shopping.

By clicking the "Shopping" tab on Google and the "Nearby" filter at the top of the page or adding "near me" in the search, users can view product options available from stores located near them. The site offers store hours, location and inventory before heading out to shop.

The site also allows retailers to create profiles to make it easier for shoppers to find out about them.

[Read more.](#)

Retail hiring boosts August economic recovery

Retailers led all private-sector employers in Washington State in August job creation. This was important in improving July's 10.2% unemployment rate to 8.5% in August.

Retailers created an estimated 4,300 jobs in August compared to 3,900 in professional and business services and 1,000 in transportation, warehousing and utilities, the three healthiest non-government employers. Governments added 13,100 jobs in August, according to the latest Employment Security Department update.

"The swings in payroll employment have been sizeable since March," said Paul Turek, economist for the department. "Although the jobs market continues to heal, August marks a slowdown from the initial hiring rebound from reopening."

As jobs slowly return, unemployment claims are dropping. The 508,568 people collecting benefits in August was 81,833 fewer than in July.

Industries hurt the most by the pandemic include leisure and hospitality, down 100,500 jobs; manufacturing, down 27,800 jobs; and education and health services, down 24,700 jobs.

[Read more.](#)

OSHA Reporting Webinar Series

**Complimentary presentation on Oct. 1 by
Washington Retail Services**

Are you current on OSHA Recordkeeping and Reporting, especially the new COVID and electronic reporting requirement?

OSHA Recordkeeping and Reporting requirements are not straightforward and sometimes confusing. COVID and electronic reporting are new OSHA requirements along with other updates. We are offering you a chance to learn from an expert in this series of webinars helping you understand the entire OSHA reporting process. Get a head start as 2020 OSHA 300A reports will need to be posted next February 1st.

Part 1: OSHA 300 Log and what is a recordable injury

October 1st(Thursday) 10:00AM PT 60 minutes

Presenter: **Drew Kertzman, CSP and Safety and Health Technical Specialist, Labor and Industries' Division of Safety and Health**

This session is interactive learning and we will start with the OSHA300 Log.

- Purpose of keeping injury and illness records
- How to determine record-ability

Register Here Today!

NOTE: You will receive worksheets in the confirmation email. Reviewing the worksheets before the session will familiarize you with Part 1 activities and where you can ask relevant questions during the webinar.

Next in this series will be:

- [Part 2](#) October 6th covering the OSHA 300A form.
- [Part 3](#) October 7th covering; Electronic Reporting Rules, COVID reporting, and Ask-the-Expert, an open Q&A on any OSHA 300 questions.

Does your culture support safety?

The culture of an organization sets the tone for everything in the safety arena.

In a positive safety culture, everything you do about safety is important. You don't have safety rules just to have them. You have them to prevent injuries or worse, fatal accidents.

A good way to earn a commitment from employees is to allow them to participate in drawing up a safety plan. Management should make it clear that it is inviting and welcoming



help to operate as safely as possible. Urge employees' creativity and innovative solutions to solve hazards or create processes that improve safety and increase productivity.

It's also crucial that management is sincere in its commitment and need for a safe workplace.

Here is an [RS SafetyTV](#) link to a short series of videos on safety as a workplace culture.

Managers should periodically ask: what have I done to promote a culture of safety within the company? What else can I consider to improve my company's safety record? Accidents with injuries are not just tough on employees. They also weaken your company's safety record and reputation and risk injury insurance claims that can increase financial and productivity costs for the company.

WR employs Rick Means as Director of Safety & Education. He can help members to draw up safety plans and suggest topics for safety meetings. Contact him at 360-200-6454 or rmeans@waretailservices.com.

WR diversity statement

It's essential to have a holistic strategic plan for diversity and inclusion. We encourage everyone to consider having a plan that connects with diverse people; creates a diverse workforce; fosters an inclusive work environment where different perspectives are valued; partners to share time, talent, and resources with our staff and with communities; and communicates these values with others.

In principle and in practice, we value access to leadership opportunity regardless of race, ethnicity, gender, religion, age, sexual orientation, nationality, disability, appearance, geographic location, or professional level. The association strives to accomplish this by serving as a model where we are working to help our staff, our volunteer leaders, our members and our community embrace these principles.

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