



Bruce Rauner  
Governor

Jeffrey D. Mays  
Director

**Employment Security Advisory Board Meeting**  
**Thursday, March 15, 2018**  
**Minutes**

**Attendees:**

**Springfield:** Tim Drea  
Mark Grant  
Mark Denzler (Proxy for Greg Baise)  
Bill Potts

**Chicago:** Sharon Thomas-Parrott – Chairperson Pro-Tempore  
David Prosnitz

**Telephone:** Tony Garcia  
Rick Terven

**Absent:** John Easton

With a quorum of the members present, the meeting was called to order by Chairperson Pro-Tempore Sharon Thomas-Parrott.

**Agenda:**

- Minutes of the meeting held December 14, 2017, were approved.

**Director's Comments (Director Jeff Mays)**

**High-Priority Initiative with USDOL:**

Concerning the discussion of IL making the US Department of Labor's "high priority list," the state is showing significant progress toward meeting federal timeliness and quality standards for first-level determinations and is now solidly meeting the federal standard for timeliness of initial benefit payments and detection of overpayments. IDES has addressed each of the other findings and attached time-frame deliverables to them, with the final finding planned for full correction by March 2019. At that time, the Department hopes to be removed from USDOL's high priority list. The USDOL has acknowledged Illinois' progress in the highlighted areas.

**SIDES:**

The State Information Data Exchange System (SIDES) is a free electronic system that uses a nationally standardized format to allow employers to easily respond to UI claims notice and information requests, attach documentation when needed, and receive a date-stamped confirmation of receipt.

**Workforce Outcomes:**

IDES has obtained complete data from the Illinois State Board of Education, Illinois Board of Higher Education and the Illinois Community College Board and has worked with the Student Assistance Commission to match that data against wage and employment records. In late April, parents and students will have access to a mobile application that shows the wages and employment history of graduates from our two and four-year post-secondary institutions. By August, a mobile application will be available that will identify potential career and post-secondary paths for all high school graduates. This first in the nation system of linking this information will improve the institutions and



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programs and more fully inform parents and young people of the options that best suit their needs and skills. We are working with the University of Maryland, New York University and the University of Chicago to develop the Illinois Administrative Data research facility (I-ADRF). I-ADRF will use the Illinois wage and other data to track program outcomes.

**SB 3096:**

As amended, SB 3096 (Tracy-Connelly) will establish a statewide registry for recording state unemployment-tax liens, similar to the registry that PA 100-22 established for liens to collect IDOR-administered taxes. The statewide registry would eliminate the need to record unemployment-tax liens county by county. The bill would also repeal 820 ILCS 405/1900.2 of the Unemployment Insurance Act which created the Economic Data Task Force. There is no apparent need for the Task Force. SB 3096 has been assigned to the Senate Labor Committee.

**SB 3151:**

IDES is working with IDOR and the Chief Procurement Officer on an agreed amendment to the Procurement Code, to ensure IDOR and IDES will be able to avoid unnecessary administrative steps to preserve their relationship with the GenTax vendor for maintenance of GenTax.

**Integrity Update (Joe Mueller)**

IDES has employed a variety of measures to identify, prevent and recover improper unemployment benefit payments, including 1) cross matches against a) state driver's license records, b) Social Security records, c) a national data base of incarcerated individuals, d) national and state new hire directories, and e) IDES's online job board (to check work search efforts); and 2) use of the Comptroller's offset at the state level and the federal Treasury Offset Program, to recover amounts due to the system. Beginning November 2011 through 2/28/2018, IDES estimates it has prevented \$891M in potential benefit overpayments, identified \$99M in overpayments and recovered \$202M in overpayments. The Department has also begun cross-matching claims against monthly wage reports. On the employer side, as noted at the December meeting, audit activity for SFY18 is lagging the SFY17 pace due to work interruptions necessitated by the transition to the new IT system for taxes. The agency had also lost over 25 percent of its auditors since January 2017, primarily due to retirements. Since September 2017, IDES had also temporarily increased its reliance of random audits – as opposed to audits for cause - to meet federal standards for overall audit coverage. Audits for cause are triggered by a specific issue – e.g., a benefit assignment audit is an audit for cause and occurs when someone files for benefits, but the agency has no record of wages being reported for that individual. Audits for cause typically generate a greater “return” than random audits. IDES has now replaced all the auditors it lost last year and plans to bring on up to 15 more auditors this calendar year. Additionally, since January 2018, the Department has significantly increased the portion of audit assignments that are for cause; random audits account for just 19 percent of calendar year 2018 audit assignments. Finally, starting with federal income tax refunds for 2017, the Department is using the federal Treasury Offset Program to help recover delinquent employer liabilities.

**Quarterly Financials Presentation (George Putnam)**

- **Unemployment Trust Fund Report**

Factoring in more than \$1.5B in proceeds from the 2012 issuance of unemployment insurance bonds, the state's UTF account ended each of calendar years 2015 and 2016 with a positive balance of \$1.5B. The account saw an increase in 2017, ending the calendar year with a positive balance of \$1.6B. Year-end balances are projected to remain positive through 2021 – the extent of the forecast horizon – which is expected to close with a balance of \$700M. However, starting in 2018, the account is expected to run annual deficits through the end of the horizon.

**Master Bond Fund Report (Linda DeMore)**



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Statutorily required report regarding state fund dedicated to paying off bonds issued to cover shortfalls in the state's UTF account. On 7/31/2012, \$1.6B in bond proceeds, net of premium and underwriters' discount, were deposited into the MBF upon closing of the Series 2012 Bonds. A little over \$1.5B was used to repay outstanding federal advances to the UTF account and establish a surplus in that account. As of 6/15/2017, the bonds were redeemed in full. On 9/25/2017, the MBF's remaining balance of \$156M was transferred to the UTF account.

**Special Administrative Account (Linda Demore)**

The Special Administrative Account (SAA) contains penalty and interest monies collected from delinquent or fraudulent employers. Money is accumulated in the SAA for the purpose authorized in Section 2101 of the Unemployment Insurance Act, primarily for the proper administration of the Act in the event of insufficient federal funds.

- 2017 State Fiscal Year Revenue = \$23.9M
- 2017 State Fiscal Expenditures (including lapse period) = \$20.5M
- 2017 End of State Fiscal Year Cash Balance = \$5.8M

**Discussion – 2018 Ethics Training and Statements of Economic Interest (Joe Mueller)**

- Board members must complete the 2018 annual ethics training for appointments under the Office of the Governor, as administered by the Office of the Executive Inspector General, by 1/2/2019.
- Board members must complete, by May 1, the 2018 Statement of Economic Interest/SEI as administered by the Secretary of State. A Board member's SEI must be reviewed by IDES's Ethics Officer before it is sent to the SOS.
- Board members must complete, by May 1, the 2018 Supplemental Statement of Economic Interest/SSEI as administered by the Executive Ethics Commission.

Motion to adjourn was made and seconded. The meeting adjourned.

