



Bruce Rauner
Governor

Jeffrey D. Mays
Director

Employment Security Advisory Board Meeting
Thursday, September 21, 2017
Minutes

Attendees:

Springfield: **Bill Potts**
 Jay Shattuck (proxy for David Prosnitz)

Chicago: **Jim Argionis**
 John Easton
 Jim Nelson (proxy for Greg Baise)
 Sharon Thomas-Parrott

Telephone: **Tim Drea**
 Tony Garcia
 Mark Grant
 Rick Terven

Absent: **Rob Karr**

With a quorum of the members present, the meeting was called to order by Chairman Jim Argionis.

Agenda:

- Minutes of the meeting held June 15, 2017, were approved.
- Selection of Chairman Pro-Tempore – Sharon Thomas-Parrot was selected as Chairman Pro Tempore, who would serve in the Chairman’s absence.

• **Director’s Comments (Director Jeff Mays)**

GenTax – On September 11, the Department implemented the GenTax initiative on time and within budget. The project integrated unemployment-tax payment and wage report filing into the MyTax portal, establishing a fully integrated one-stop tax filing system for Illinois employers. The initiative is expected to materially improve each of the 2 million interactions IDES has with employers each year, as well as bring the Department into full compliance with USDOL tax performance standards.

High-Priority Initiative with USDOL – The packet included a summary of each of the findings from the USDOL “High Priority” review of IDES’s performance earlier this year, as well as IDES’s response to each finding. Also enclosed was a one-pager showing the agency’s progress on Data Validation – another key concern of both IDES and USDOL. The Department hopes to be removed from USDOL’s high priority list by December 2018.

Unemployment Insurance Legislation –The Unemployment Trust Fund account is projected to consistently run deficits, beginning in 2018. Talks are planned to address the unemployment insurance rest stops in the coming weeks. However, we’ll also need to at least begin discussing the account’s longer term cash flow.

Service Delivery-New UI Claims Application and Mobile Claims Certification -- IDES and DoIT developers are in the final stages of development of a mobile application which will allow Unemployment Insurance recipients to certify for benefits with their smart phones and other mobile devices. Teleserve will be decommissioned when the mobile app goes live. The new certification application will be launched in conjunction with a newly revised UI Claims form. Testing, including security vulnerability testing, is underway and we hope to launch by the end of 2017.

SB 1941 – As of this week, there have been a total of 478 additional benefit claims processed and a total of \$4,846,364 in benefits paid as a result of Senate Bill 1941, which provided additional unemployment benefits to laid-off workers from Granite City Steel and other subsidiaries in the Metro East, on top of their 26 weeks' worth of regular unemployment benefits.

- **GenTax (Lois Cuevas)**

On September 11, the Department implemented the GenTax initiative – a 13-month undertaking that integrated unemployment-tax payment and wage report filing into the MyTax portal and established a fully integrated one-stop tax filing system for Illinois employers. Among other things, the initiative allows registration of a new business with IDES and IDOR in one secure location; makes changing account information quick and easy; provides immediate online confirmation that reports and payments have been received and processed timely; displays IDES and IDOR correspondence, account balances and other documents through a secure message center; and permits online filing of wage and unemployment tax reports, as well as tax payments.

- **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 8/31/2017, IDES estimates it has prevented \$823M in potential benefit overpayments, identified just over \$97M in overpayments and recovered more than \$196M in overpayments. The Department has also just begun cross-matching claims against monthly wage reports. On the employer side, IDES conducted 3,200 employer audits in SFY15, identifying \$296M in net unreported wages and \$6.5M in unreported UI taxes; for SFY16, the Department conducted approximately 3,800 audits, identifying \$160M in net unreported wages and \$2.9M in unreported taxes; for SFY17, the Department conducted approximately 3,600 audits, identifying just under \$200M in net unreported wages and \$3.8M in unreported taxes. As noted at previous meetings, since January 2016, the Department has decreased the use random audits and increased its use of audits triggered by a specific issue – e.g., a benefit assignment audit, which occurs when someone files for benefits, but the agency has no record of wages being reported for that individual. There was also some discussion of the Department's efforts to educate employers regarding the unemployment tax.

- **Quarterly Financials Presentation**

- Unemployment Trust Fund Report (George Putnam)**

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 and is projected to end calendar year 2017 with a positive balance of \$1.5B, as well. Year-end balances are projected to remain positive through 2020 – the extent of the forecast horizon – which is expected to close with a balance of \$1B. However, starting in 2018, the account is expected to run annual deficits through the end of the horizon. Any cash flow loans that the UTF might need from the federal government would no longer be interest free.

- 2018 Rest Stops (George Putnam)**

The Unemployment Insurance Act provides for “rest stops” in 2018 – tax increases and benefit cuts intended to prompt stakeholders to revisit the unemployment insurance system in 2017. Left intact, the rest stops would raise unemployment taxes by \$400M to \$450M in 2018 and cut benefits for the year by \$300M.

- **Master Bond Fund Report (Director Jeff Mays)**

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.

- **Discussion**

Schedule FY18 Meetings – The Board's operating resolutions provide for quarterly meetings, to take place on the third Thursday of March, June and September and the second Thursday of December. Per the ESAB's operating resolutions, the next meeting is scheduled for Thursday, December 14. It was noted that the Board may wish to consider religious holidays when scheduling future meetings.

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