



Illinois Department of Employment Security

2011-2014 Report



Letter from the Director

The Illinois Department of Employment Security is the state's employment agency. It links job seekers with employers, administers unemployment insurance, provides re-employment services, and produces and analyzes labor market information. In doing so, it assists families during difficult times, helps businesses prosper, and advocates for taxpayers by fighting waste, fraud and abuse.

As an employment agency, IDES is at the front door of the state's workforce system. In Illinois and other states, matching the unemployed with current job openings suitable for their skill sets is a top priority. When that is not possible, IDES refers unemployed individuals to its partners, who work with local employers to create relevant job training programs. IDES staff also work directly with employers to determine hiring needs, and directly match job seekers with those job openings.

The Labor Market Information that IDES provides is used by a wide array of individuals and groups. Elementary and secondary school leaders use IDES' career planning resources with students. Small business owners use wage data and commuting patterns to determine competitive salary structures. Investment and other groups follow the number of employed and unemployed. IDES gathers much of this information in cooperation with the U.S. Department of Labor and is viewed

as a national leader in determining how economic analysis can be used to improve and align Illinois' education and workforce systems.

Unemployment insurance is the program with which IDES is most often associated. IDES manages these temporary benefits while working to return the recipient to meaningful employment. The Unemployment Insurance Program is a federal program administered independently by each state, having originally been established per the Social Security Act as part of the New Deal.

IDES was established in 1984, when Governor James R. Thompson issued Executive Order 2 establishing the agency. The Executive Order became effective July 1, 1984 and transferred the functions of the Illinois Department of Labor's Bureau of Employment Security to IDES.

In the pages that follow, we take a look at IDES' accomplishments, vision and challenges over the previous four years. We show how technology has transformed how the Department interacts with workers and employers. We look at the larger changes that lie ahead and we explain how we accomplished new initiatives despite annual federal budget reductions that led to a 40 percent reduction in staff.



Jay Rowell,
Director

Jay Rowell, Director



Mission Statement

The Illinois Department of Employment Security encourages economic growth and stability in Illinois by providing Employment Services to Illinois residents and employers, analyzing and disseminating essential Labor Market Information, and administering Unemployment Insurance programs.

Vision

Connecting our talented workforce to the education, training and jobs necessary to keep Illinois' economy strong

- Develop and maintaining these connections through active employer outreach and engagement with job seekers;
- Providing employment services to all Illinoisans through easily accessible technology and coordinated efforts with other service providers within a statewide network of employment centers;
- Acting as the State employment office for Illinois businesses and workers, providing no-cost human resources solutions linking hiring businesses to qualified job seekers.

Producing, analyzing, and disseminating Labor Market Information; and

- Collecting and analyzing data covering employment and unemployment statistics, industry and occupation short- and long-term projections, occupational wages, and demographic characteristics of Illinois' workforce;
- Presenting employment and unemployment data and career and occupation information to the public so that Illinoisans

can make informed educational, professional and economic development decisions;

- Monitoring and forecasting national, statewide and local economic trends to assist in the development of public policy.

Ensuring that eligible individuals receive the Unemployment Insurance benefits to which they are entitled

- Efficiently and effectively administering these benefits to prevent the negative effects of economic downturns on businesses and the unemployed;
- Protecting taxpayers against waste, fraud, and abuse by ensuring the integrity of wage reports and unemployment claims;
- Collecting quarterly Unemployment Insurance Act taxes in a convenient and practical manner.



Executive Summary



- The Illinois Department of Employment Security (IDES) has focused on the twin goals of enhancing the integrity of the unemployment insurance program and turning IDES into Illinois' Employment Office.
- IDES worked in a bipartisan fashion to negotiate the 2011 Unemployment Insurance Trust Fund reform legislation. The legislation laid out a path to solvency for the state's trust fund that was more than \$2 billion in debt. The legislation also reduced taxes on Illinois businesses by \$400 million during the next eight years and created the necessary tools to prevent fraud and crackdown on criminal abuse.
- IDES reorganized into an employment-focused state agency through the creation of a Business Services Division. Business Services Coordinators (BSC) work with employers to recruit the skilled workforce they need to grow. To ensure employers find the right match, the IDES BSCs use IDES' IllinoisJobLink.com, launched in 2012, to showcase more than 170,000 job openings.
- Leveraged tax credits to incentivize hiring. By streamlining and automating the application and approval process, IDES has tripled the number of people hired using the Work Opportunity Tax Credit. This program, designed to help the harder to employ individuals (formerly incarcerated, food assistance recipients and others), has grown from a \$66 million program in 2011 to more than \$185 million in 2013. In 2013 alone, the program helped more than 85,000 Illinoisans get a job.
- Re-envisioned the job fair into hiring events. Today, prior to the event, employers post their openings in IllinoisJobLink.com and IDES employees match the skills required for the jobs against the 500,000 resumes in IDES' database. IDES sends those resumes to the employers and schedules interviews at the hiring event, which lead to immediate offers of employment. IDES has helped thousands get jobs through this model and has submitted this process to the White House as a national best practice.
- Being a good steward of taxpayer money goes beyond re-employing workers as quickly as possible. We also must ensure the integrity of the unemployment insurance program. To that end, IDES has recovered \$128 million in fraudulent payments made to claimants during the past three years through a partnership with the Internal Revenue Service that allows IDES to garnish tax refunds of individuals adjudicated to have defrauded the unemployment insurance program.
- Delivering on the Governor's priority of finding employment for Veterans. In 2013 alone, IDES helped more than 12,000 Veterans get a job. This was accomplished through partnerships with the US Chamber of Commerce's Hiring Heroes, Chase's 100,000 jobs initiatives and creating innovative programs with the Illinois Department of Veterans' Affairs such as the IllinoisHiresHeroes.com.
- We also have prevented more than \$285 million in improper payments before they were made through a series of data cross matches such as the National Directory of New Hires, Driver's License Information and Incarceration Records.
- Spearheaded efforts, along with the Illinois Department of Labor, to crackdown on employers who intentional misclassify employees as independent contractors. In 2013, the United States Department of Labor ranked Illinois #1 in the nation for effective misclassification audits.
- IDES' Director serves as the Chair of the Unemployment Insurance Committee, previously served as the Chair of the Labor Market Information Committee, and is on the Board of Directors of the National Association of State Workforce Administrators.
- IDES accomplished these changes with 40% fewer staff due to federal funding reductions and state cost increases.

By the Numbers

\$69.4 million

reduction in IDES' annual operating budget between FY11 and FY15, representing a 26% decrease

Enhanced services despite 708 fewer employees since 2011, representing a

40% reduction in IDES staff

from 2010-2014

\$16,560,079,013

was administered through Unemployment Insurance

and

\$483,408,989

was saved through integrity measures

In 2014, of the **338,488** employers that paid UI Taxes, **49%** (167,380) saw a **decrease** in their UI Tax Rate



All data in this report, unless otherwise noted, is year-to-date for 2014.



Employment Services

Job Seeker Services

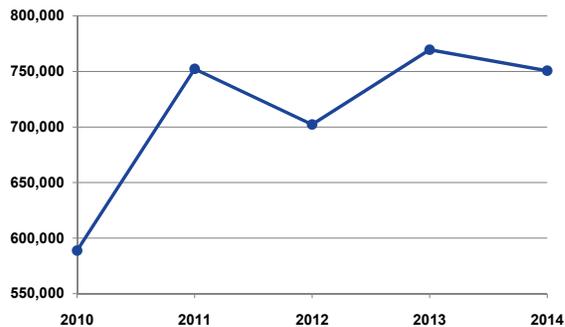
IDES provides job seekers with a full array of employment and career services, including information on federal programs and local resources to support their job search, identifying training opportunities, and utilizing interactive tools to gain new skills. Employment service staff guide job seekers through registering for IllinoisJobLink.com, the state's no-cost job search tool, and teaches them how to use IllinoisJobLink.com to create resumes and search for jobs. IDES also administers specialized employment programs for target populations such as formerly incarcerated (Re-entry Employment Services Program, or RESP) and youth (Hire The Future).



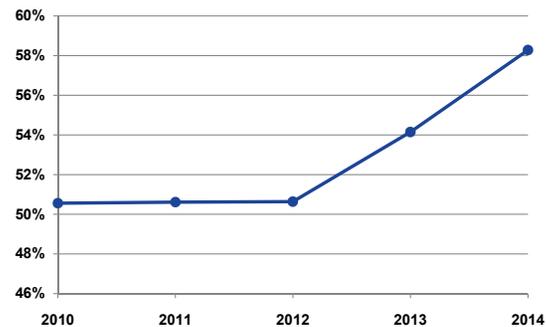
5,449
individuals benefitted
from IDES' Re-entry
Employment Services
Program.

5,094
individuals benefitted
from IDES' Hire the
Future program.

182,308
Veterans used
IllinoisJobLink.com.



Job seekers who have received direct assistance from IDES



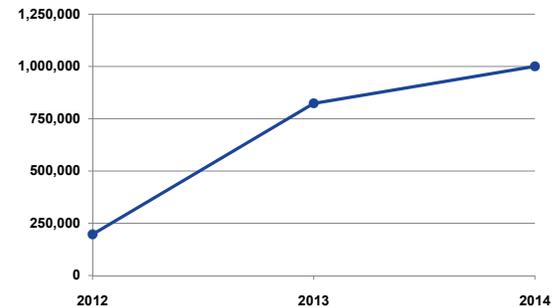
Entered Employment Rate (rate at which job seekers who have received assistance enter employment)



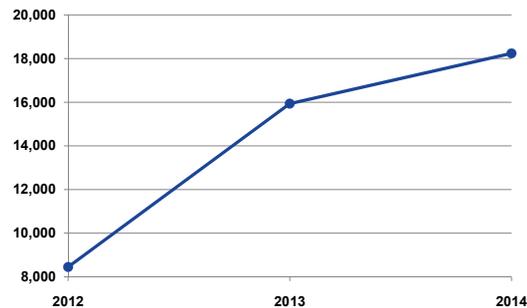
IllinoisJobLink.com

IllinoisJobLink.com is the state's no-cost online job search tool that features current job openings in Illinois. As the centralized job board for Illinois, IllinoisJobLink.com regularly features more than 100,000 job openings from tens of thousands of employers.

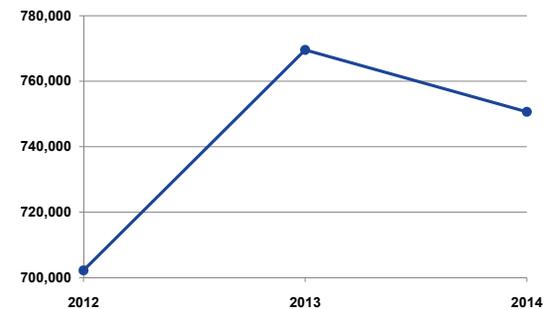
Job Openings



Number of Employers posting jobs



Number of Job seekers registered



**Job postings viewed in 2014:
2.5million**

Hiring Fairs

Hiring Fairs are IDES' smarter alternative to job fairs. Using IllinoisJobLink.com, IDES employees match existing open jobs with qualified job seekers for employers participating in the Hiring Fair. This ensures that job seekers' and employers' time and effort are being invested wisely and lead to increased on-site offers of employment.

IDES hosts Hiring Fairs independently and in conjunction with federal and state agencies, workforce partners and elected officials. IDES' Hiring Our Heroes events, which are a partnership with the U.S. Chamber of Commerce and the Illinois Department of Veterans' Affairs, have been incredibly successful in getting one of our nation's most valuable resources - the men and women who have served our country - back to work.

in 2014 IDES facilitated...



24
Hiring
Events



2,255
On-site
Interviews
conducted



414
On-site job
offers



686
Conditional
job offers



Veterans' Services

IDES is proud to give Veterans priority of service for employment opportunities. Our dedicated Disabled Veterans' Outreach specialists assist Veterans in overcoming barriers to employment and help them find the jobs where they can best use their specialized skills. IDES' Veterans' Employment Representatives work directly with employers to promote the benefits of hiring Veterans.

Program at-a-glance:

Dedicated Veterans' staff as of 12/1/2014:

- 27 Disabled Veterans' Outreach Program Managers ("DVOPs")
- 18 Local Veterans' Employment Representatives ("LVERs")

872

Veterans were hired in 2014
with tax credits for employers
identified by IDES, representing

\$3,708,800

in tax credits.

92,435

Individual Veterans received
direct employment services
from DVOPs and LVERs from
2010-2014.



Business Services

No-Cost HR

IDES assists employers through customized workforce and recruiting services. IDES' team will recruit, schedule interviews, access training dollars and incentives for hiring, and work to ensure your company is in compliance with state and federal employment laws.

In 2014...

\$185.3 million

in tax incentives were identified for employers to hire at-risk populations such as the formerly incarcerated, food assistance recipients and Veterans.



in 2014 IDES facilitated...



35
Informational
events



582
employers
directly
assisted
by IDES



14,221
job seekers
referred to
open positions

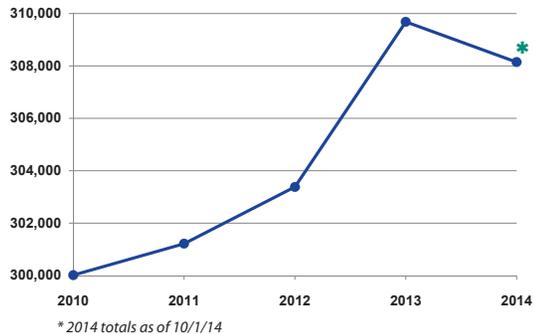
TaxNet

IDES' Revenue Department is responsible for the collection of employer wage reports and unemployment insurance contributions. Wage reports help the agency root out waste, fraud and abuse, while timely payment of contributions results in the solvency of the unemployment insurance trust fund and healthy bond ratings for the state.

To better coordinate employers' reports and contributions, IDES created Illinois TaxNet. Illinois TaxNet is an online portal that allows employers to file monthly wage reports and quarterly UI contribution and wage reports, pay UI taxes using the secure online application, view UI account information and much more.

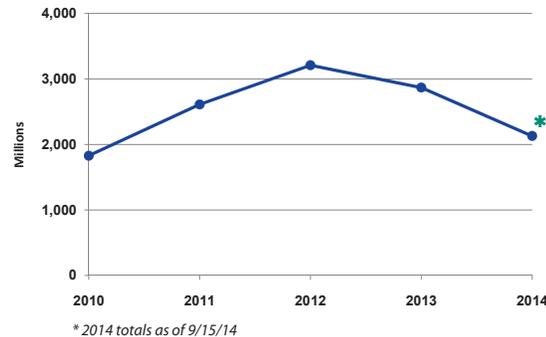


Number of businesses in Illinois paying UI Taxes



80,192
Average number of Illinois employers reporting wages monthly in 2014.

Dollars collected in Unemployment Insurance taxes



4,272,941
Average number of Illinois employees for which wages are reported each month in 2014.

For the last 4 years, tax rates for most Illinois employers have decreased.

Illinois Hires Heroes



The Illinois Hires Heroes Consortium is a group of Illinois employers who recognize the great value Veterans bring to the workplace and operationalize the term “Veteran-friendly” by (1) committing to implement military Veteran recruitment, (2) training and (3) retention practices. Members of the Consortium are Illinois employers who commit to at least three initiatives - one in each aforementioned human resource category.

The Illinois Hires Heroes Consortium reflects a partnership between Governor Quinn, the Illinois Department of Veterans’ Affairs, the Illinois Department of Employment Security and Illinois employers.

IDES and the Illinois Department of Veterans’ Affairs assist participating employers in meeting simple goals that will lead the employer on the path to recruiting and retaining high-quality Veteran candidates. Employers are publicly recognized by Governor Quinn and are allowed to use the Illinois Hires Heroes logo to market themselves to the public as Veteran-friendly.



Number of participating employers

2013: 12
2014: 107
total: 119



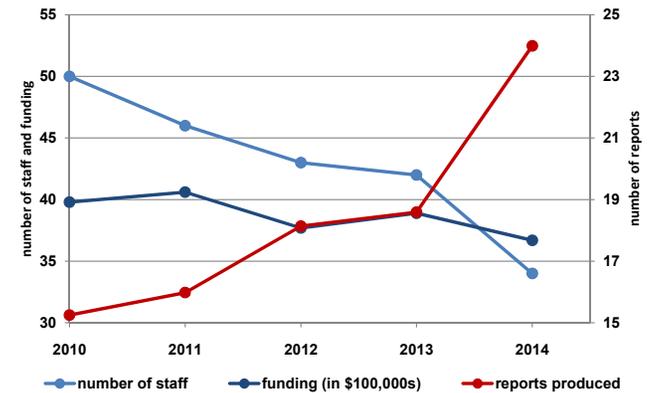


Labor Market Information

Data Production and Evaluation

IDES collects, analyzes and disseminates data about employment statistics; industry and occupational short- and long-term projections; wages; and demographic characteristics in cooperation with the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and Employment and Training Administration (ETA).

This data helps monitor and forecast national, statewide and local economic trends to assist in the development of public policy. The data also helps our customers, including employers and business associations, job seekers and labor organizations, students and parents, teachers and counselors, elected officials and economic developers, make informed career, education and economic development decisions.



Number of Shared Data Agreements with educational institutions, other state agencies, and grant administration programs executed in 2014

101

78

Number of monthly breakdowns of employment demographics Statewide, and by U.S. House and State Senate district

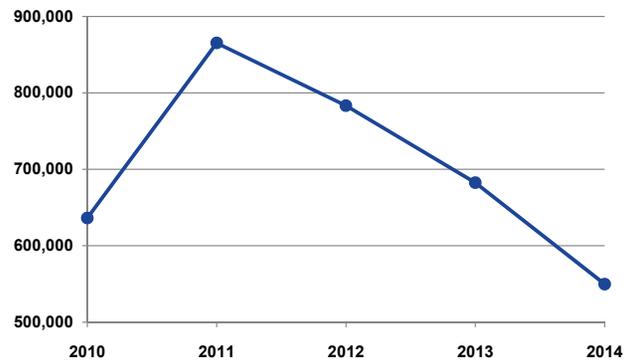




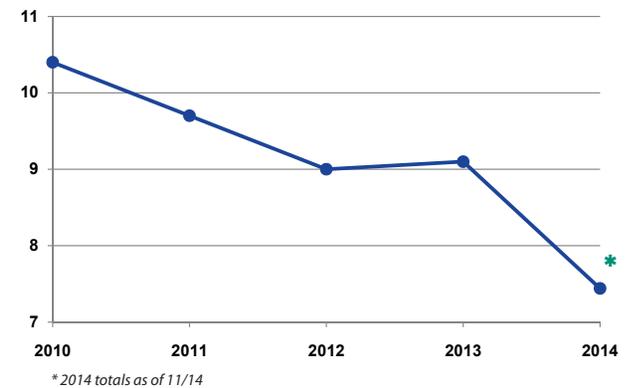
Unemployment Insurance

UI Administration

Unemployment insurance is a state-operated insurance program financed through federal and state payroll taxes and designed to partially replace lost wages when an individual is out of work through no fault of their own. The program ensures that, if you meet the eligibility requirements of the law, you will have some income while you are looking for a job, up to a maximum of 26 weeks in a one-year period.



Claimants served



Unemployment Rate



**Total dollars paid out in 2010-2014 through
Unemployment Insurance:**

\$16,560,079,013

SIDES

SIDES is a free electronic system that uses a nationally standardized computer format allowing employers to easily respond to UI information requests, supporting documentation, and receive a date-stamped confirmation of receipt. The SIDES portal, created by the U.S. Department of Labor, provides an easy, efficient and secure way to electronically post responses to information requests from the Illinois Department of Employment Security.

SIDES addresses the most significant contributing factors of UI overpayments: incorrect eligibility decisions resulting from untimely

employer protests or too little information included in a protest. A timely protest with sufficient information results in a more accurate determination to allow or deny UI benefit payments.

SIDES eliminates delays related to paper mail delivery; allows more time for parties to gather information and respond; ensures more complete information is provided through standard validations and business rules; and reduces time-consuming follow-up telephone calls. All these functionalities allow SIDES to keep UI tax rates lower by reducing improper payments.



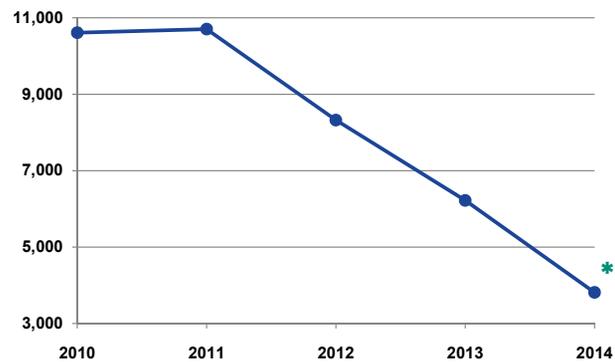
Board of Review



IDES is committed to ensuring that unemployment insurance claimants who qualify for benefits receive them; a claimant's eligibility for benefits is carefully investigated; and both claimants and employers receive due process when claims are disputed.

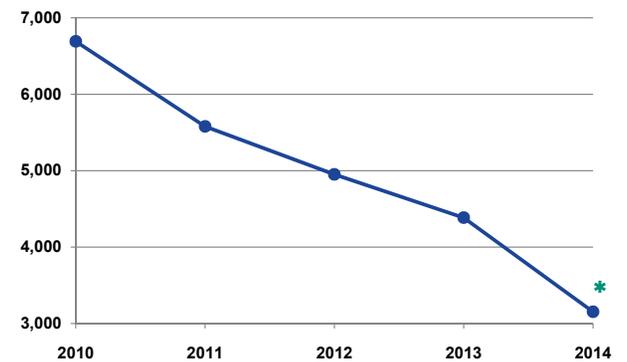
There are two administrative levels for appealing a decision to allow or deny benefits. The first level involves an appeal hearing, usually conducted over the telephone with an IDES Hearings Referee. If the employer or claimant is not satisfied with the decision of the Referee, then either party can file a further appeal to the IDES Board of Review.

Number of claimant appeals



*2014 totals as of 10/1/14

Number of employer appeals



*2014 totals as of 10/1/14



Integrity Measures

\$480,162,642.44

saved through integrity measures

IT Upgrades

Website translation, implemented February 2012: English, Spanish, Polish, Simplified Chinese and Russian

New virtual desktop computers that replaced traditional PCs in 2014: 1,666

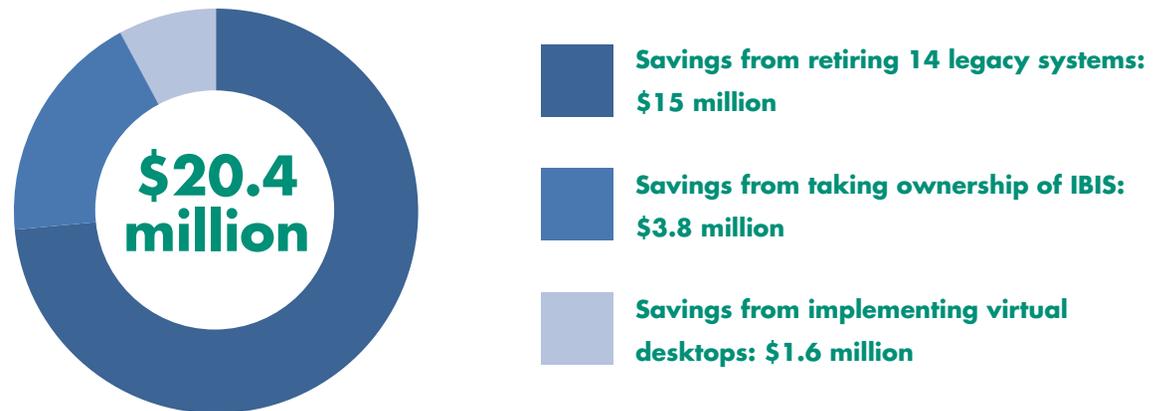
IDES has implemented a series of technology upgrades and efficiencies that have saved the agency, the state, and therefore taxpayers millions of dollars since 2010. The agency has implemented two new software applications, IllinoisJoblink.com, the State's job board, and FALCON, the Agency's Field Audit laptop system.

Additionally, since 2011, the Agency has conducted major upgrades to seven additional systems, including: re-platforming, infrastructure re-stacks, significant functional system enhancements and

conversions to enterprise level applications and managed the stabilization of IBIS, a new, multi-million benefits system implemented by Accenture between 2004 and 2010. The Agency increased productivity and quality by developing a PMO/Technology Planning Division and implementing a project management methodology to standardize the software development life cycle process.

IDES' greater efficiency also has benefited the quality of claimants' and job seekers' interaction with the agency by reducing hold times and improving electronic communications and notifications.

IT Savings Each Year 2010-2014



One-time savings from auditing monthly data center bill to identify over-billing: \$4 million

Misclassification

Misclassification occurs if any employer treats workers as “independent contractors” when they are employees. Some employers use this tactic to avoid compliance with obligations such as unemployment insurance, workers’ compensation, minimum wage and overtime pay.

Law abiding employers face a competitive disadvantage when competing for business or bidding for jobs against employers who misclassify. Misclassifying employers have artificially low costs because they do not pay the cost of unemployment insurance

contributions and workers’ compensation for their employees. Law abiding businesses that properly classify their employees are subsidizing businesses that misclassify and could end up paying higher unemployment insurance contributions, higher workers’ compensation premiums, and higher taxes than would be required if all employers followed Illinois law.

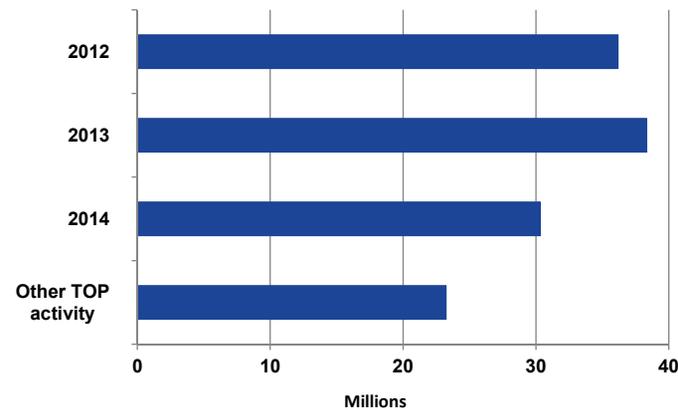
IDES has made concerted efforts during the past 4 years to educate the public on the negative impact of misclassification and to pursue non-compliant employers for unpaid taxes.

In 2013, the United States Department of Labor ranked Illinois #1 in the nation for effective misclassification audits.

Treasury Offset Program

IDES uses the Treasury Offset Program (TOP) to garnish tax refunds of individuals who provided misinformation in order to collect unemployment insurance benefits. IDES has reserved this tool for those who knowingly break the rules and refuse a repayment plan. Recovered funds pay back the Federal UI Trust Fund.

Offsets by Year



Cumulative impact of TOP:
\$128 million

National Directory of New Hires

IDES uses the National Directory of New Hires to identify claimants who have secured employment but continue to collect unemployment benefits.

From Fall 2011 through 2014:



66,801

Number of claimants stopped from collecting UI



\$133,470,361.73

Amount prevented from collection by claimants



\$28,076,303.51

Amount of overpayment created



\$161,546,665.24

Total savings

Inmate Crossmatch

IDES conducts a crossmatch with State and county prison databases in Illinois to ensure that claimants who have established claims are not receiving benefits while incarcerated. From July 2012 through 2014:



4,871

Number of claimants stopped from collecting UI



\$6,708,529.37

Amount prevented from collection by claimants



\$1,746,742.60

Amount of overpayment created



\$8,455,271.97

Total savings

Social Security Administration Crossmatch

IDES uses a real-time crossmatch with the Social Security Administration to verify a claimant's Social Security Number. This program allows IDES to investigate and verify a claimant's information prior to benefits being paid. From December 2012 through 2014:



1,101

Number of claimants stopped from collecting UI



\$8,092,522.04

Amount prevented from collection by claimants



\$2,250,923.75

Amount of overpayment created



\$10,343,445.79

Total savings

Secretary of State Crossmatch

IDES uses a real-time crossmatch with the Illinois Secretary of State to verify a claimant's identity. This program allows IDES to investigate and verify a claimant's information prior to benefits being paid. Since January 2014:



19,383

Number of claimants stopped from collecting UI



\$129,293,348.94

Amount prevented from collection by claimants



\$33,735,933.82

Amount of overpayment created



\$163,029,282.76

Total savings

Work Search

IDES has an automated check on whether claimants are actively seeking work through IllinoisJobLink.com. If a claimant is not actively seeking work through IllinoisJobLink.com, they are sent a notice that they need to verify their search with a log or by other means before receiving further benefits.

Since January 2014:



3,179

Number of claimants stopped from collecting UI



\$7,736,023.78

Amount prevented from collection by claimants



\$4,255,023.30

Amount of overpayment created



\$11,991,047.08

Total savings



General Information

Executive Staff

Jay Rowell – Director

Linda DeMore – Chief Financial Officer

Joseph Mueller – Chief Legal Officer

Monica Carranza – Chief Information Officer

Gideon Blustein – Executive Deputy Director, Business Services

Barbara Piwowarski – Executive Deputy Director, Administration

Amit Singla – Executive Deputy Director, Service Delivery

Julian Federle – Assistant Deputy Director, Service Delivery

Bethani Whiting, Assistant Deputy Director, Business Services

Gregory J. Rivara – Director, Information Strategies

Anne Szkatulski – Senior Policy Advisor

Lois Cuevas – Revenue Manager

Tom Revane – Chief Technology Officer

Anna D’Ascenzo – Equal Employment Opportunity Officer

Brian Hooper – Legislative Liaison

Employment Security Advisory Board

The Employment Security Advisory Board has been instrumental in the progress IDES has made in the past four years. The Board makes recommendations to IDES relating to policies in the administration of Illinois' Unemployment Insurance Act. The unpaid Board is made up of 12 individuals appointed by the Governor, with four members representing employees, four members representing employers, and four members of the public not representing either employees or employers.

Public Members

Jim Argionis (Chair)

John Bouman, Diane Morgan, Mike Simmons

Employers

Gregory W. Baise, Kathleen Marie Dudley,

Rob Karr, Kim Clarke Maisch

Employees

Timothy Drea, Anthony Garcia,

Hanah Jubeh, William Potts Jr.



This report was produced internally at the Illinois Department of Employment Security.

Only a few physical copies were printed, therefore printing costs were minimal.