Indiana Unemployment Insurance Board

2012 Annual Report

Scott B. Sanders, Commissioner

Indiana Workforce Development and its WorkOne Centers

April 2013

10 N. Senate Avenue
Indianapolis, IN 46204
www.in.gov/dwd

The Indiana Unemployment Insurance Board (Board) is established by law and consists of nine (9) members appointed by the Governor, representing a cross-section of the State's workforce.

There are four (4) members who represent the interests of organized labor; two (2) members who represent the interests of small employers; two (2) members who represent the interests of large employers; and one (1) member who represents the State and the public-at-large. As of March 1, 2012, the Board consisted of the following:

President, Paula Presnoples - Public-At-Large
Vice-President, Kevin Tully - Labor
Member, Joseph A. Evans - Labor
Member, David Collins - Labor
Member, Otto Prow - Labor
Member, Randy Maxwell - Small Employer
Member, Peter Bitar - Small Employer
Member, Kent Tolliver - Large Employer
Member, Stephen Gootee - Large Employer

One of the Board's responsibilities under IC 22-4-18-2 is to present the Annual Report to the Governor highlighting the status of Indiana's Unemployment Insurance (UI) program, together with recommendations for maintaining the solvency of the UI trust fund. Additionally, this report discusses some recent activity within the UI program and certain related statistical information.

EXECUTIVE SUMMARY

Unemployment Insurance (UI) programs were established in 1938 to cushion the impact of an economic downtown for unemployed workers and to help bring economic stability to businesses and communities. Premiums are collected from employers each quarter and held for the state in the UI trust fund by the U.S. Treasury. Unemployment benefits to eligible claimants are paid from the trust fund for each week of eligibility.

2012 was a significant year in the recent history of the trust fund as revenues received from employers exceeded the amount of benefits paid to claimants for the first time in over a decade, creating a year over year net gain to the trust fund of $86.2 million and structural balance that has not existed since 2001.

UI premium receipts from merit rated employers were $738.3 million for 2012, a year-over-year increase of 5%, while payments from reimbursable employers decreased significantly by -34%. Total State UI Benefits paid in 2012 were $650.3 million to employees of merit rated employers, a decrease of $133.4 million, or -17%.

Initial claims for State unemployment benefits experienced a sharp decline in 2012 as the state continued its economic recovery. Initial claims for the year decreased 44,000 to 372,000 while first payments made to new claimants decreased by more than 16,000 to 180,500. Indiana workers received a total of 2.5 million weeks of benefits in 2012 with an average weekly benefit amount of $284 and average duration of receiving benefits at 13.6 weeks.

By the end of 2012, Indiana claimants were eligible for up to 63 weeks of state and federal benefits with 37 weeks of Federal Emergency Unemployment Compensation (EUC) on top of the existing 26 weeks of State benefits eligibility. The number of individuals receiving EUC benefits decreased at a consistent rate over the year with 35,700 individuals receiving an average weekly benefit of $275 as of the end of the year. Payments to EUC claimants decreased 32% to $672 million in 2012 and are $1.3 billion below the 2010 peak of $1.98 billion in EUC/ Extended Benefits (EB) paid.

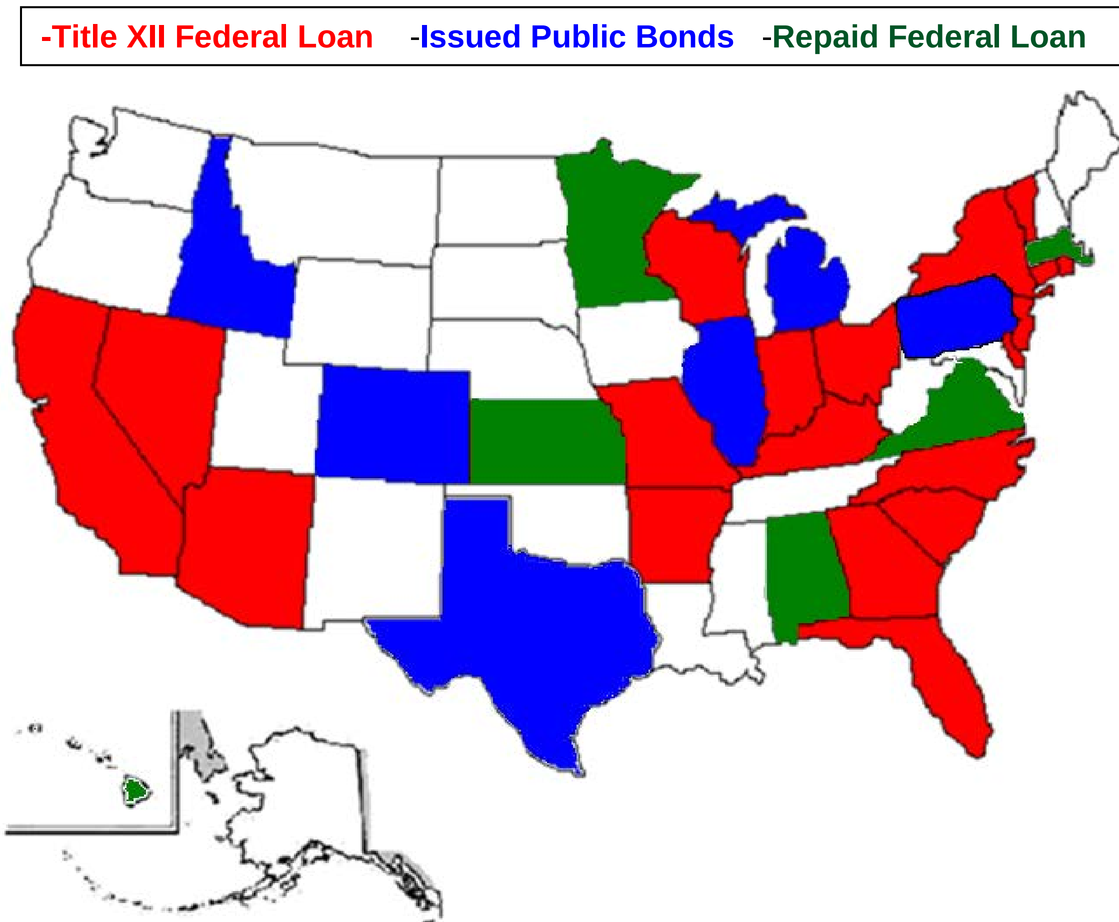
Over the year, Indiana was one of 21 states with an outstanding loan from the Federal Government and one of 27 states with current trust fund indebtedness necessary to continue paying State unemployment benefits. Nationwide, trust fund indebtedness totaled $37.9 billion at the end of 2012, with Indiana’s debt totaling $1.76 billion. Interest on the trust fund loan accrued at 2.94% in 2012, a reduction from 4.08% in 2011. Indiana’s interest payment for the 12 months ending September 30, 2012 was made in late September in the amount of $61.1 million and was funded through an employer surcharge of 8% of premiums due.

For the twelve-month period ending September 30, 2012, DWD employed 434 staff and utilized $57.7 million to administer Indiana’s Unemployment Insurance program.

STATES' TRUST FUND INDEBTEDNESS

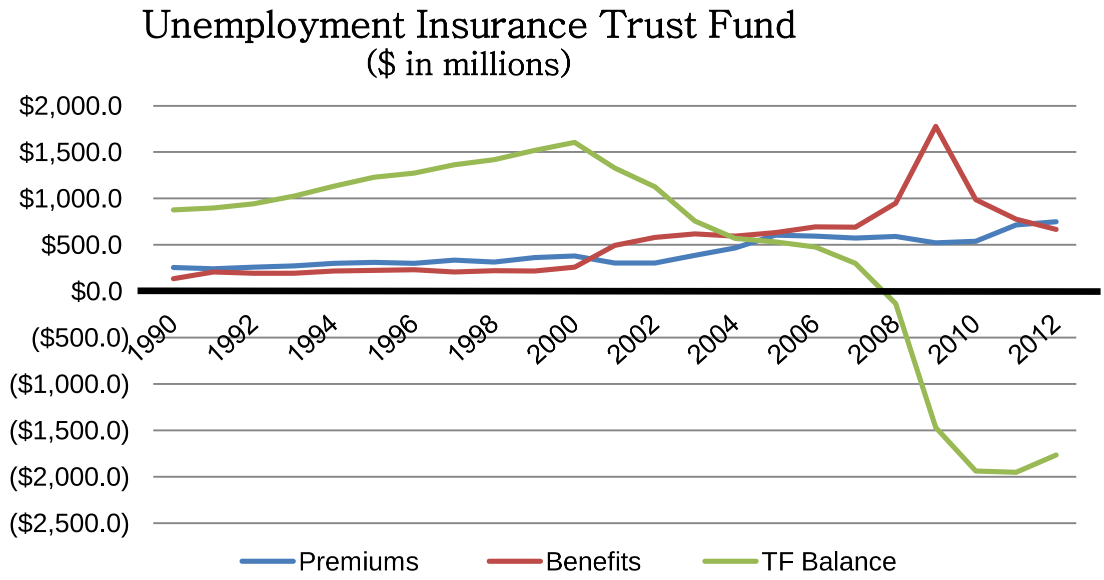
At the end of 2012, Indiana was one of 21 states with an outstanding loan from the Federal Government and one of 27 states with current trust fund indebtedness necessary to continue paying State unemployment benefits. Nationwide, trust fund indebtedness totaled $37.9 billion at the end of 2012, with Indiana's debt totaling $1.76 billion. The average state debt was $1.46 billion. Six states, Colorado, Idaho, Illinois, Michigan, Pennsylvania and Texas have chosen to issue a combined $10.3 billion in public bonds since 2010 to pay off their federal loan and five states have fully repaid their trust fund debt.

The National Map of Unemployment Insurance Trust Fund Indebtedness
December 31, 2012



TRUST FUND OVERVIEW

2012 was a significant year in the recent history of the trust fund as revenues received from employers exceeded the amount of benefits paid to claimants for the first time in over a decade, creating a year over year net gain to the trust fund of $86.2 million and structural balance that has not existed since 2001.



Indiana began borrowing funds from the Federal Government to continue paying UI benefits in late 2008 and continued through 2012. The State's loan balance peaked at $2.2 billion over the past four years, but has remained below $2 billion for the past 18 months. Indiana's year end trust fund loan balance of $1.76 billion was a year-over-year decrease of $190 million.

Interest on the trust fund loan accrued at 2.94% in 2012, a reduction from 4.08% in 2011. Indiana's interest payment for the 12 months ending September 30, 2012 was made in late September in the amount of $61.1 million. This interest payment continues to be funded through the UI employer surcharge, which was 8% of premiums due for each employer and generated $57.7 million in funds.

As a result of Indiana's continued outstanding loan, employers experienced a further reduction in their federal unemployment tax credit. Indiana's effective FUTA tax rate for 2012 was 1.2% and amounted to a $42 per employee increase from the base effective rate of 0.6%. This FUTA penalty resulted in $104 million being applied directly to the principal balance of the loan and contributed to the overall $190 million decrease in the outstanding loan balance.

FUTA and Interest Surcharge	2010	2011	2012	1 Year % Change
FUTA Penalty	$0	$55	$104	89%
Interest Surcharge Revenue	$0	$77.8	$57.7	-26%
Interest Payment - (Oct 1 - Sept 30)	$0	$60.3	$61.1	1%

Current projections indicate that Indiana should have sufficient UI premium revenues to fund both ongoing benefit expenses as well as debt service payments to the Federal Government, allowing for the debt to be fully repaid, with interest, in 2017.

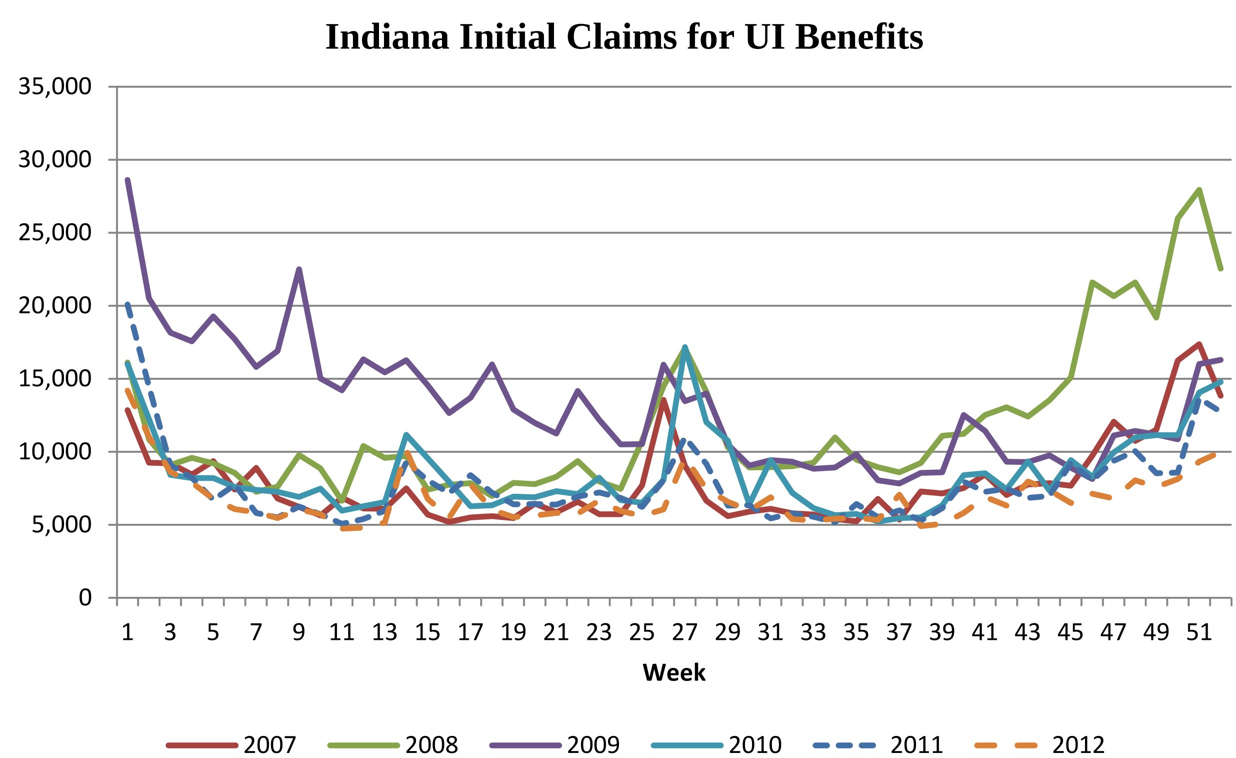
Trust Fund Premiums (millions)	2010	2011	2012	1 Year % Change
Premiums from Merit Employers	$520.6	$702.5	$738.3	5%
Payments from Reimbursable Employers	67.1	61.8	40.8	-34%

Trust Fund Benefits (millions)	2010	2011	2012	1 Year % Change
Benefits Paid - Merit Employers	$991.2	$783.7	$650.3	-17%
Benefits Paid - Reimbursable Employers	62.8	53.1	41.6	-22%

UNEMPLOYMENT INSURANCE BENEFITS

Initial Claims

Indiana's economic recovery continues to drive down initial claims activity and allow for trends that are 8% below pre-recession levels. Initial claims for the year were down by 44,000 to just over 372,000, a sharp contrast to the height of the economic downturn when initial claims reached 704,500 in 2009. First payments to new claimants likewise decreased in 2012 by more than 16,000 to 180,500. The following chart depicts weekly initial claims from 2007 through 2012.



State Continued Claims

Total State UI Benefits paid in 2012 were $650.3 million to employees of merit rated employers. The total year-over-year decrease was $133.4 million, or 17%, and 5% below the pre-recession year of 2007. This decrease has been realized through two main contributing factors.

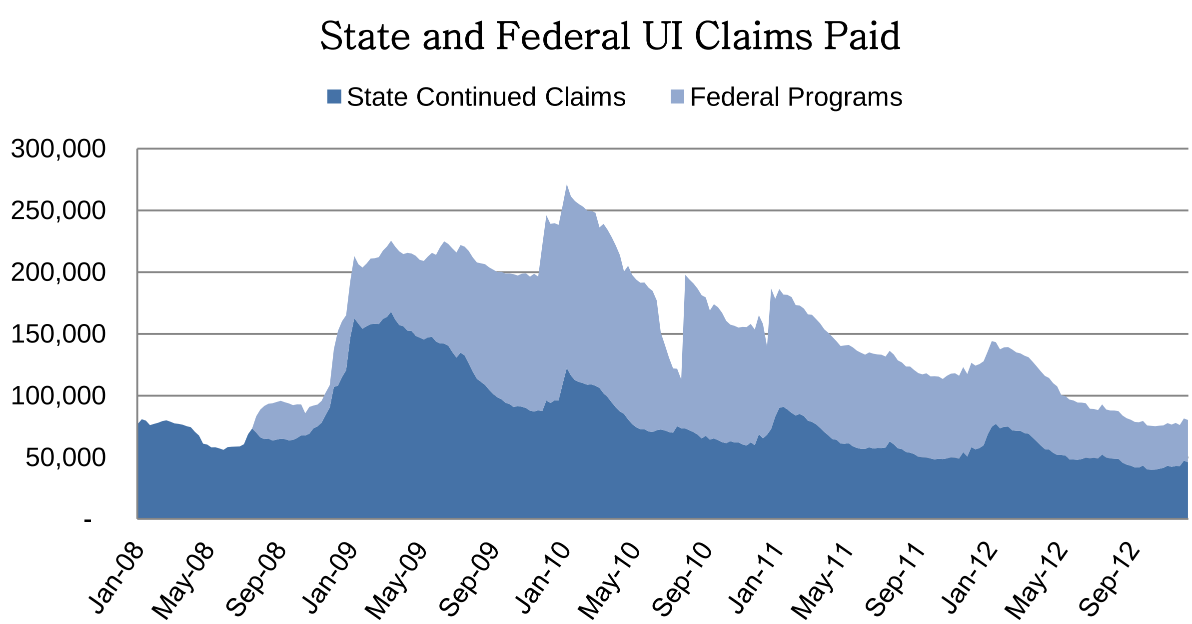
1. Continued improvement in Indiana's economy: Indiana added 56,700 private sector jobs in 2012; the total labor force grew to 3.15 million and total wages paid to Indiana employees increased by $5.4 billion.
2. The implementation of changes in the weekly benefit calculation referred to as annualization, which requires benefits to be calculated from a claimants 52 week average salary instead of their highest quarter of earnings.

During 2012, 2.5 million weeks of benefits were compensated at an average of $284 per week. The average duration for receiving unemployment benefits was 13.6 weeks.

Emergency Unemployment Compensation (EUC) and State Extended Benefits (EB)

EUC was set to expire in December of 2012, but was reauthorized by Congress through the end of 2013. Indiana claimants are currently eligible for Tiers 1-3 of EUC while Tier 4 and State Extended benefits (EB) are triggered off as a result of the current unemployment rate in Indiana.

Indiana claimants continued to be eligible for up to 37 weeks of EUC benefits in 2012. The number of individuals receiving EUC benefits has decreased at a consistent rate with 35,700 individuals receiving an average benefit of $275 as of the end of the year. Payments to EUC/EB claimants decreased 32% to $672 million in 2012 and were $1.3 billion below the 2010 peak of $1.98 billion.



UNEMPLOYMENT INSURANCE PREMIUMS AND OTHER EXPENDITURES

UI Premiums

Funding for UI benefits is provided through premiums paid by Indiana employers. UI premium receipts from merit rated employers were $738.3 million for 2012, a year-over-year increase of 5%, while payments from reimbursable (government or non-profit) employers decreased significantly by 34%. Employers paid an average tax rate of 3.14% or $324 per employee. Indiana's overall UI premium employer costs amounted to 0.83% of total wages paid, which ranks 37 among the 53 States and Territories.

UI Premium Rate Schedules

The premium rating system provides variable premium rates for employers based on their individual unemployment account history. A ratio is calculated for each merit employer based on their experience account balance (premiums paid less benefit charged) and the most recent 36 months of taxable wages reported.

This ratio is then applied to a rate schedule established in statute to arrive at each employer's merit rate for the year. Employers with a credit balance (more premiums collected than benefits paid) receive a lower rate while debit balance employers (more benefits paid than premiums collected) receive a higher rate.

In 2012, rate schedule E was used to determine employer merit rates; and as mandated under HEA 1450 - 2011, will continue to be used through the year 2020. The applicable rate was paid on the first $9,500 of employee wages (taxable wage base). The table below compares Indiana's UI rates to neighboring states.

State	Taxable Wage Base	Minimum Rate	Maximum Rate	Minimum Premium Per Employee	Maximum Premium Per Employee
Indiana	$9,500	0.50%	7.40%	$47.50	$703.00
Illinois	$13,560	0.55%	9.45%	$74.58	$1,281.42
Kentucky	$9,000	1.00%	10.00%	$90.00	$900.00
Michigan	$9,500	0.06%	10.30%	$5.70	$978.50
Ohio	$9,000	0.70%	9.10%	$63.00	$819.00

Statutory provisions may affect employer premium rates, such as the number of years or months an employer has been subject to Indiana's law, recent reporting activity, and delinquent report/premium status. Other factors, including benefits paid to former employees, voluntary payments, and the complete or partial sale and/or purchase of other businesses by the employer, can also impact each employer's rate.

The table on the following page contains the distribution of Indiana employers by premium rate.

2012 Distribution of Premium Rates

Experience Factor	Current Rate Schedule E	Number of Employers	Percent of All Employer Accounts	Cumulative Number of Employer Accounts	Cumulative Percent of Employer Accounts to All Employer Accounts	Taxable Payroll Previous Year ($000)	Percent of All Taxable Payroll	Cumulative Taxable Payroll of Employers ($000)	Percent of Taxable Payroll of Employers to Taxable Payroll of All Employers	Maximum Annual Tax per Employee
Demographics of Credit Balance Employers										
3.00 & over	0.5%	41,789	33.5%	41,789	33.5%	$ 2,672,201	11.0%	$ 2,672,201	11.0%	$ 47.50
2.80-2.99	0.7%	3,560	2.9%	45,349	36.4%	$ 691,395	2.8%	$ 3,363,596	13.9%	$ 66.50
2.60-2.79	0.9%	3,472	2.8%	48,821	39.2%	$ 923,377	3.8%	$ 4,286,973	17.7%	$ 85.50
2.40-2.59	1.2%	4,276	3.4%	53,097	42.6%	$ 848,029	3.5%	$ 5,135,001	21.2%	$ 114.00
2.20-2.39	1.4%	3,733	3.0%	56,830	45.6%	$ 771,831	3.2%	$ 5,906,833	24.3%	$ 133.00
2.00-2.19	1.6%	2,305	1.8%	59,135	47.4%	$ 1,113,331	4.6%	$ 7,020,163	28.9%	$ 152.00
1.80-1.99	1.8%	1,894	1.5%	61,029	49.0%	$ 911,813	3.8%	$ 7,931,976	32.7%	$ 171.00
1.60-1.79	2.0%	1,709	1.4%	62,738	50.3%	$ 1,096,670	4.5%	$ 9,028,647	37.2%	$ 190.00
1.40-1.59	2.3%	1,477	1.2%	64,215	51.5%	$ 663,479	2.7%	$ 9,692,126	39.9%	$ 218.50
1.20-1.39	2.5%	1,436	1.2%	65,651	52.7%	$ 856,024	3.5%	$ 10,548,150	43.5%	$ 237.50
1.00-1.19	2.7%	1,265	1.0%	66,916	53.7%	$ 573,414	2.4%	$ 11,121,564	45.8%	$ 256.50
0.80-0.99	2.9%	1,120	0.9%	68,036	54.6%	$ 551,026	2.3%	$ 11,672,590	48.1%	$ 275.50
0.60-0.79	3.1%	1,019	0.8%	69,055	55.4%	$ 539,195	2.2%	$ 12,211,786	50.3%	$ 294.50
0.40-0.59	3.4%	948	0.8%	70,003	56.2%	$ 438,330	1.8%	$ 12,650,116	52.1%	$ 323.00
0.20-0.39	3.6%	862	0.7%	70,865	56.9%	$ 492,485	2.0%	$ 13,142,601	54.1%	$ 342.00
0.00-0.19	3.8%	838	0.7%	71,703	57.5%	$ 1,247,342	5.1%	$ 14,389,943	59.3%	$ 361.00
Total Credit Balance Employers		71,703	57.5%			$ 14,389,943	59.3%			
Demographics of Debit Balance Employers										
0.00-1.50	4.9%	4,913	3.9%	76,616	61.5%	$ 1,882,018	7.8%	$ 16,271,961	67.0%	$ 465.50
1.51-3.00	5.0%	3,323	2.7%	79,939	64.1%	$ 993,313	4.1%	$ 17,265,274	71.1%	$ 475.00
3.01-4.50	5.3%	2,473	2.0%	82,412	66.1%	$ 574,119	2.4%	$ 17,839,393	73.5%	$ 503.50
4.51-6.00	5.5%	2,007	1.6%	84,419	67.7%	$ 425,491	1.8%	$ 18,264,884	75.2%	$ 522.50
6.01-8.00	5.7%	2,207	1.8%	86,626	69.5%	$ 414,312	1.7%	$ 18,679,196	77.0%	$ 541.50
8.01-10.0	6.0%	1,702	1.4%	88,328	70.9%	$ 419,418	1.7%	$ 19,098,613	78.7%	$ 570.00
10.01-12.00	6.4%	1,394	1.1%	89,722	72.0%	$ 283,410	1.2%	$ 19,382,024	79.9%	$ 608.00
12.01-14.00	6.8%	1,122	0.9%	90,844	72.9%	$ 214,935	0.9%	$ 19,596,959	80.7%	$ 646.00
14.01-16.00	7.1%	912	0.7%	91,756	73.6%	$ 137,628	0.6%	$ 19,734,587	81.3%	$ 674.50
16.01 & Over	7.4%	9,943	8.0%	101,699	81.6%	$ 1,656,097	6.8%	$ 21,390,684	88.1%	$ 703.00
Total Debit Balance Employers		29,996	24.1%			$ 7,000,741	28.8%			
Governmental										
Total Specially Rated Employers	1.6%	1,998	1.6%	103,697	83.2%	$ 1,057,583	4.4%	$ 22,448,267	92.5%	$ 152.00
New Employers										
Total New Employers	2.5%	20,949	16.8%	124,646	100.0%	$ 1,824,723	7.5%	$ 24,272,990	100.0%	$ 237.50
Total All Subject Employers		124,646	100.0%			$ 24,272,990	100.0%			

Unemployment System Statistics

Benefits	2011	2012	One Year Change
Benefits Paid – Merit Employers (000)	$ 783,700	$ 650,300	$ (133,400)
Initial Claims	416,191	372,007	-44,184
First Payments	196,561	180,558	-16,003
Weeks Claimed (000)	3,282	2,875	-407
Weeks Compensated (000)	2,900	2,451	-449
Exhaustions	107,339	81,173	-26,166
Exhaustion Rate	50.70%	45.50%	-5.20%
Average Duration (weeks)	14.8	13.6	-1.2
Average Weekly Benefit Amount	$ 295	$ 284	$ (11)
AWBA as % of Avg. Weekly Wage	38.80%	36.30%	-2.50%
Avg. Benefits per First Payment	$ 4,191.00	$ 3,748.00	$ (443.00)

Premiums			
State Premiums – Merit Employers (000)	$ 702,500	$ 738,300	$ 35,800
Total Wages (000)	$106,394,057	$111,829,533	$ 5,435,476
Taxable Wages (000)	$ 21,679,712	$ 23,874,720	$ 2,195,008
Average Weekly Wage	$ 760	$ 783	$ 23
Avg. Tax Rate on Taxable Wages	3.16%	3.14%	-0.02%
Avg. Tax Rate on Total Wages	0.80%	0.83%	0.03%
Taxable Wage Base	$ 9,500.00	$ 9,500.00	$ -

Employment (Annual Averages)			
Insured Unemployment Rate	2.40%	1.70%	-0.70%
Total Unemployment Rate	9.00%	8.40%	-0.60%
Total Unemployed	287,200	264,000	-23,200
Insured Unemployed	142,500	104,200	-38,300
Recipiency Rate	50.0%	39.0%	-11.0%
Civilian Labor Force	3,188	3,150	-38
Subject Employers	129,000	130,000	1,000

UNEMPLOYMENT INSURANCE OPERATIONS

The Department of Workforce Development administers the UI program for the State of Indiana through a federal UI administration grant. Congress appropriates funding for UI administration on a federal fiscal year basis and distributes these funds to states through an allocation resource known as the Resource Justification Model (RJM). The RJM takes into account the staff costs and processing capacity of each state's system, as well as non-personnel costs such as facilities and postage, and provides funding accordingly.

Indiana's total UI administration expenditures for the previous three years are as follows:

For the federal fiscal year ending on September 30, 2010, UI program total expenditures were $55,076,970 for the twelve-month period.

For the twelve-month period ending September 30, 2011, UI program total expenditures were $58,983,876 for the twelve-month period.

For the twelve-month period ending September 30, 2012, UI program total expenditures were $57,740,295 for the twelve-month period.

Expenditures for each year listed are within budget and funding parameters and also include additional funding that was provided for the administration of the federal Emergency Unemployment Compensation (EUC) program.

Indiana's UI operations include divisions for benefit adjudication, lower authority appeals, higher authority appeals, employer tax administration, and benefit enforcement.

Benefit Adjudication

UI Benefit Adjudication is responsible for determining the eligibility of each claim for UI benefits that is filed with the agency. All UI benefits are filed through DWD's website Uplink®. Among the many measures that determine the effectiveness of adjudication operations is "first payment timeliness," or how many days lapse between the initial claim filing and the claimant receiving their first benefit payment. Indiana saw dramatic improvements in this measure in 2012, finishing the year with 86% of claimants receiving their first payment in 21 days or less and is on a solid footing to continue improving this measure.

UI claimants receive weekly benefits payments through an electronic deposit to a Visa debit card. Claimants can access these funds for free in a variety of ways including a network of ATM's, bank teller withdraws, point of sale transactions, or transfers to their own bank account. These cards are free to claimants and governed by an agreement that ensures free access to funds.

Appeals

UI Appeals is responsible for processing claimant and employer appeals of Determinations of Eligibility, which are generated by the UI Benefit Adjudication Department. Administrative Law Judges conduct hearings on the appealed determinations and render decisions based upon the information presented in the hearing and UI law.

UI Appeals has three (3) general metrics by which they are measured. The first is timeliness, which measures the age of completed cases by calculating how many days lapse between the date of the appeal and the date a decision is mailed to the parties. In order to meet the timeliness measure, the department should have 60% of cases completed within 30 days and 80% of cases completed within 45days. Appeals met both of these measurements for a majority of 2012, but experienced a temporary dip in performance in the later part of the year. This was due to an influx of appeals as a result of improved performance in benefit adjudications.

The second metric is case aging, which is a measure of how old the cases are that have not been decided. A department must have an average case age of 30 days to meet this metric. Again, Appeals met this measurement for a majority of 2012, but experienced a temporary dip in performance in the later part of the year. This was due to the influx of appeals that resulted from improved performance in benefit adjudications.

The final measurement pertains to the quality of hearings and decisions rendered. This metric is evaluated using the ETA Handbook 382, which establishes the criteria for measuring lower authority appeals hearings and decisions. In 2012, Appeals maintained quality scores well above the 85% metric and consistently remained above or near the national average.

Review Board

The Review Board accepts appeals from parties dissatisfied with decisions made by the Administrative Law Judges in Unemployment Insurance Appeals. The Review Board reviews the Administrative Law Judges' decisions for accuracy in legal theory and application. Decisions made by the Review Board can be appealed directly to the Indiana Court of Appeals.

The Review Board reviewed 7,216 in 2012 which is consistent with the average workload in recent years. Based on the Department of Labor's average case age metric, the Review Board leads the country among states with caseloads of similar size in average case age. The Review Board has been leading the country in this respect for the past six years.

Employer Tax Administration

This division is responsible for collecting and recording employer transactions and assisting Indiana's employers in the management of their UI liability.

Indiana's UI tax laws require liable employers to provide quarterly wage reports for all employees that received wages in the quarter and to self report liabilities due. The tax administration division provides enforcement operations for Indiana's UI tax laws, where 28 tax auditors performed 2,584 audits from the pool of Indiana's 124,000 employers in 2012. The overall rate of 2.03% of employers audited and 4.02% of taxable wages audited was ranked among the top 5 in the nation and far exceeded the federal minimum standard of 1%.

Benefit Integrity Enforcement

Benefit Payment Control (BPC) was formed to insure the integrity of the payment of unemployment benefits. BPC is comprised of three separate sections: Investigations, Overpayment/Collections and New Hire/Cross Match.

The Investigations Unit is responsible for the investigation of possible fraudulent benefits paid to claimants, identity theft and forgeries, and the prosecution of those meeting the criteria. This unit is federally mandated to deter, investigate, and prevent improper payments. A new position was created in this division 2012 to investigate major scams and identity theft schemes. The result of this decision has created the ability to identify and stop major fraud before millions of dollars of improper benefits are paid.

The Overpayment /Collections Unit is responsible for the collection of overpayments owed by claimants, the Tax Intercept program, Agreements and Bankruptcies.

The New Hire/Cross Match Section is responsible for matching wage record information received from Indiana employers to benefits paid data. This unit is successful in identifying UI claimants that were both claiming benefits and earning wages in the same period and instigating restitution with the UI claimant in order to recoup the UI benefits paid.

Late in the year, DWD launched a new partnership initiative with the Marion County Prosecutor's office in order to further combat UI fraud. Through this agreement, Marion County is providing a full time Deputy Prosecutor to investigate and prosecute cases of UI fraud that occur throughout the State.

SPECIAL EMPLOYMENT AND TRAINING SERVICES FUND

In accordance with IC 22-4-25, The Special Employment and Training Services Fund is comprised of interest on delinquent premiums and penalties collected from employers. In calendar year 2012, the fund received revenues of $18,917,137.

As of December 31, 2012, the available balance of the fund was $7,635,630. Disbursements from the fund included $8,469,527 to the UI Trust Fund in accordance with IC 22-4-25-1(b), $6,200,000 in accordance with IC 22-4-25-1(c), and $2,000,000 in accordance with IC 22-4-25-2.5, as well as miscellaneous board expenditures and funding for minor programs.

BOARD RECOMMENDATIONS

The UI Trust Fund solvency solutions implemented in HEA1450-2011 have made significant progress in reestablishing the structural integrity of the UI trust fund. The balanced solution of restructuring premiums coupled with closing loopholes in benefit eligibility is proving to be the correct approach in providing for the long term needs of Indiana's unemployment compensation system.

At this time, the Board encourages the Governor to allow the enacted solvency solutions from HEA1450-2011 to realize their full effect and support the following legislative proposals for enactment that strengthen the integrity of the UI system:

Proposal #1: Clarify when an employee's wages become liable for unemployment tax liability.

- This is needed because current calculations make it difficult to administer and statute causes confusion for employers as to when employee's wages must be included in UI liability calculations.

Proposal #2: Define "Most Recent Separation" for purposes of eligibility

- This is needed, because a day or week, or even one hour, can change the outcome of a benefits determination.

Proposal #3: Define "SUB pay"

- This is needed because the line between what is severance pay and what is SUB pay is not clear and the law mandates different treatment for the two.

Proposal #4: Create a standard for deductible income.

- This is needed because deductible income rules are confusing to workers and employers. Deductible income should all be treated the same way.

Proposal #5: Ensure fraud penalty applies to false separation information on a UI claim.

- This is needed to assist in the department's anti-fraud efforts.

Proposal #6: Provide training funds through a competitive grant process, resulting in a performance based funding program using Special Employment Security Funds (P&I funds).

- This would establish a fixed annual dollar amount from the Special Employment Security Fund (P&I Fund) to be issued as competitive grants instead of allocations contained in P&I statute today. It would ensure funding is provided to programs with the best outcomes for Hoosiers.