

MINUTES OF THE UNEMPLOYMENT INSURANCE BOARD MEETING
DECEMBER 3, 2008
INDIANA GOVERNMENT CENTER SOUTH
10 N. SENATE AVENUE – ROOM 301A
INDIANAPOLIS, IN 46204

Members present were Samuel Schlosser, President; Dave Thomas (via phone), Vice-President; Barry Baer (via phone); David Collins; Kevin Tully; Joe Evans; Kent Tolliver; Randy Maxwell; and Paula Presnoples (via phone). Also in attendance were Scott Sanders, Chief Financial Officer; Dustin Stohler, Deputy Commissioner of Legal Affairs and Administration; John Ruckelshaus, Deputy Commissioner of Governmental Affairs; Karen Weber, Assistant General Counsel, Indiana Department of Workforce Development; and Kristy Musall, Staff Attorney, Indiana Department of Workforce Development.

The meeting was called to order by Mr. Schlosser at 10:02 am.

Mr. Schlosser welcomed guest George Raymond, Indiana Chamber of Commerce.

COMMISSIONER'S REPORT:

Mr. Sanders began the meeting with an update from Commissioner Voors'. Ms. Voors was attending the Jobs for America's Graduates (JAG) National Leadership Awards conference in Washington, D.C. The JAG program helps at risk high school students which aids in reducing drop out rates and assists young teens with school to career transition.

Mr. Sanders then began to discuss the new Federal Extended Unemployment Compensation (EUC) program recently passed by Congress. The Federal Unemployment Act change in November has extended benefits an additional 13 weeks to eligible employees as well as an additional 7 weeks due to the unemployment rate in Indiana being over 6%. This is in addition to the 13 weeks of EUC passed in July. Also, these Federal extensions are in addition to the 26 weeks of state funded unemployment. The combined programs would allow an eligible individual to collect 59 weeks of unemployment compensation.

Mr. Sanders directed everyone's attention to the email that was sent out regarding the state to borrow for unemployment fund benefits. The letter states that other states such as Michigan, Ohio, New York, and South Carolina are borrowing for their trust fund as well. The last time the state of Indiana has had to borrow money for the Unemployment Insurance Trust Fund was back in 1983. The state will borrow money from the Federal Government to insure that every eligible Hoosier will receive benefits. The funds will be borrowed from the Federal Government until new legislation is passed that corrects the structural imbalance and provides the needed funds.

A discussion of Department of Workforce Development (DWD) modified homepage that has been improved to adequately answer all questions for claimants filing for unemployment insurance. Staff worked over the Thanksgiving weekend to ensure the website is up to speed for the expected increase in claims it will receive in January 2009. There was increase of 3,500 new claims just this week and a projected increase of an additional 32,000 claimants by the beginning of January.

OLD BUSINESS:

Mr. Schlosser asked if all Board members had reviewed the previous meetings minutes. A motion was made by Mr. Schlosser to accept the November 3, 2008 minutes, which was seconded by Mr. Tolliver and unanimously approved.

Mr. Baer then asked if all subcommittee members if they had reviewed and approved the meeting minutes. A motion was made by Mr. Baer to accept the November 3, 2008 subcommittee minutes, which was seconded by Mrs. Presnoples and unanimously approved.

OPERATIONAL UPDATE:

Mr. Sanders began with an update on the increase of unemployment claims of more than 24% than the previous year. We have redesigned the operations to maintain timeliness of claims payments. In September 2008, 84% of initial claims were paid in under 21 days and in October 2008, it increased to 90% of initial claims were paid in under 21 days. Mr. Stohler commented that adjudication and appeals processing has been reviewed across the country and employers need to be involved at the initial adjudication level not at the appeals level. Mr. Sanders agreed the agency will continue to work with employers to respond at the initial adjudication level. Also, due to the slow down of the economy we need to hire additional adjudicators to prepare for the peak times. We need to revamp the task force to stay ahead of the curve.

Mr. Sanders moved on to discuss the Trust Fund. He stated that a meeting was held to discuss the dwindling balance of the Trust Fund. Current projections are that \$330 million will be needed between the months of November and January to pay the projected claims. A letter was sent by Governor Daniels' to the Department Of Labor (DOL) to establish the line of credit needed to draw down funds to pay future unemployment insurance claims. DWD will provide a quarterly forecast that will be analyzed by DOL as to the amount of funds needed each 90 days. Mr. Gillespie noted that the line of credit will be increased until April 2009 and then will decline as 1st quarter employer payments are received. DWD has elected to have the daily draw down offset by daily employer receipts.

Attention was directed to the Trust Fund Preliminary Analyst handout. In regards to borrowing money, other states are projected to be borrowing as well. In reference to Michigan, they have borrowed \$508 million, and South Carolina and Ohio are going to borrow as well.

Mr. Baer then directed attention to the draft letter to Governor Daniels regarding the dissolution of the subcommittee and recommendations on the trust fund issues. The Board discussed the letter, made minor modifications, and unanimously approved the letter to Governor Daniels.

NEW BUSINESS:

At this time, Mr. Schlosser asked if there was any new business. Mr. Baer stated he will no longer be a member of the Unemployment Insurance Board today as a result of change of residency. He has served three and half year term and is tendering his letter of resignation. A resolution proposed on Mr. Baer's behalf thanking him for his service that was adopted and approved as of December 3, 2008.

Members thanked Mr. Baer for his contributions to the board and wished him luck in future endeavors.

PRIVILEGE OF THE FLOOR:

The next board meeting will be January 7, 2009.

ADJOURNMENT: Mr. Schlosser moved to adjourn at 10:50 am, and it was approved.