

UNEMPLOYMENT INSURANCE BOARD MEETING  
APRIL 16, 2014  
INDIANA GOVERNMENT CENTER SOUTH  
10 N. SENATE AVENUE  
INDIANAPOLIS, INDIANA 46204

Members present were Paula Presnoples, President; Kevin Tully, Vice President; Pete Bitar; Joe Evans; Otto Prow; Kent Tolliver; Randy Maxwell and Dave Collins participated by phone. Also in attendance from the Indiana Department of Workforce Development were Josh Richardson, Deputy Commissioner; Randy Gillespie, Chief Financial Officer; and Jeff Gill, General Counsel.

Ms. Presnoples called the meeting to order at 10:00 am and recognized a quorum was present.

#### COMMISSIONER'S REPORT

Mr. Richardson gave the update on behalf of Commissioner Sanders regarding Emergency Unemployment Compensation being considered for a federal extension. The Senate did pass a five month extension and has sent it over to the House. This would extend benefits through the end of May, but the legislation appears to be dead in the House.

Mr. Gillespie reported on the Agency in that the UI Modernization Project Release 14 was implemented in January where we moved away from the Legacy system into Uplink. The old system required our staff to move through different screens and now everything is all on one screen.

Mr. Richardson added the struggle timeline for training new employees will be lessened because this new system will allow us to train much quicker. We are also no longer experiencing the outages of computer use we were having on a regular basis. We retrained all our employees on this new system.

#### OLD BUSINESS

Ms. Presnoples asked if members had reviewed the minutes from the February meeting. Mr. Prow made motion to approve the February minutes, and Mr. Tolliver seconded, the motion was approved.

#### OPERATIONAL UPDATE

Mr. Richardson reviewed the slide on the "unemployment rate by state" showing Indiana's rate at 6.1% in February. The new rate and jobs numbers for March will be published on April 21.

Mr. Richardson reviewed the "initial unemployment claims" showing claims have dropped and Indiana is still on national trend line.

Mr. Richardson referred to the chart on "claims paid through April 5, 2014" which indicates the federal programs were eliminated and claims are lower than we have seen in a long time.

Mr. Richardson reported on the appeals side we have what used to be 8 to 10 weeks down to 6 weeks. The connectivity is much easier now because all the information is in 1 place. The system allows for much more automated fraud detection and prevention. This helps in detecting if someone is continuing to file a claim and has gone back to work. Employers are required to list new hires on a registry and we can cross-match this. We hope to automate part of this work. Mr. Tully asked what measurement there is on fraud and Mr. Richardson explained 4% is estimated. We randomly pull 450 cases a year for BAM control. We do not treat all of them as fraud, if we find someone that has started a new job, we treat as a non-fraud overpayment. There was some discussion.

Mr. Gillespie reviewed the “unemployment insurance trust fund indebtedness” chart showing the balance last week at \$1.37B.

Mr. Gillespie reviewed the “trust fund update” chart showing we ended the year \$3M ahead on trust fund balance. We are currently looking at having this paid off in the Spring of 2017. For the first quarter of 2014 our premiums continue to be 4%. We are 20% ahead on benefit payments and the FUTA penalty collected \$108M over all and employer totals are 8% down.

Mr. Gillespie closed with the review of the penalty and interest fund showing \$3M in collection between penalty and interest. There was a new resolution for \$200,000 to the Marion County Prosecutor. Currently we have \$6.7M available for resolutions. Ivy Tech Community College and Vincennes University will come in June to present their case for funding. There was discussion.

Ms. Presnoples asked if there were any questions or comments and there were none. A copy of above mentioned charts is attached.

## LEGISLATIVE UPDATE

Mr. Richardson reported the bill passed as agency intended it do. The agency’s requested language ended up in House Bill 1083. The theme of this year’s bill was that employers and claimants cannot negotiate around our rules and ensuring we get benefits to the right people.

The elimination of the burden of proof is effective July 1 and we are already working with appeals to ensure a smooth transition. This won’t be completely implemented until cases make their way through the courts. Mr. Gill added on burden of proof, when it comes to accountability of the administrative law judges we will be able to use DOL standards for critiquing their findings. We hope to promote consistency in our outcomes.

Ms. Presnoples asked if there was anything we wanted that did not make it through the legislature and Mr. Richardson reported there was really only one items the board put in the annual report, performance based funding, that did not pass. There was discussion.

## P & I FUND UPDATE

Mr. Gill explained the P & I Fund was created in the 1947 legislation establishing the Unemployment Insurance system and has been amended and modified at least 19 times by the General Assembly. IC 22-4-25-2 establishes the current statutory uses for the money. The following uses are:

Use 1) Revolving Fund Permission which means you cannot use the P & I Fund to finance the UC system, but you can borrow against the fund to temporarily finance expenditures for which federal money has been requested but not received.

Use 2) Refunds and Disallowed Costs, when a business has overpaid taxes and costs of administration which are found not to have been properly chargeable against federal grants or other federal funds.

Use 3) Expenses or Trust Fund Transfers, to fund direct expenditures of the board or transfers to the Trust Fund.

Use 4) Contingency Funds, available to replace funds if the State did not receive those funds or they have been lost or overspent, the P & I Fund can be used to replace those lost funds.

Use 5) Expenses and Fraud Prevention/Detection and Restriction, the money in the fund shall be available to the board for expenditures in accordance with the P & I Fund and shall not lapse or be transferred to any other fund except as provided by this statute. It is also available for the prevention, detection and recovery of delinquent contributions, penalties and improper benefit payments.

Use 6) Contingency Replacement Funds, governs lost or illegally expended federal grants (disallowed costs).

Use 7) Overflow Provision into Trust Fund, Whenever the balance in the P & I Fund exceeds \$8.5M the board shall order the amount that exceeds the \$8.5M into the UI Trust Fund.

Ms. Presnoples added the board had voted to give the agency authority to move the money anytime, the board does not need to meet for a vote. Mr. Gillespie added there is an available balance of funds with a cash balance, these are not the same. Mr. Gill added this is our interpretation of when to make this remittance back to the Trust Fund and there was some discussion.

Use 8) Reserved Funds for Training, subject to the approval of the board, this allows \$1M to be given to Vincennes University for training in apprenticeship programs; \$4M to Ivy Tech Community College for training in joint labor and management apprenticeship programs approved by USDOL and \$250,000 each to Vincennes University and Ivy Tech Community College for journeyman upgrade training. Mr. Evans asked Mr. Gillespie if he could bring an accounting of last year to give the board a better understanding of how this was used.

Use 8 subsections) Reserved Funds for Training Expired Provisions, the \$400,000 to Hometown Plans for training and the \$300,000 to Vincennes University for training has expired. Subsection (d) provided the funds released in (c)(4) & (c)(5) shall be considered part of the amount allocated under section 2.5 of this chapter, \$2M was for Major Opportunities. This \$700,000 shall come out of this \$2M which expired on 12-31-12.

Mr. Gillespie asked if subsection (d) was added at the same time as Major Opportunities and Mr. Gill responded it would have to have been, it could not predate Section 2.5. Ms. Presnoples told the board the reason she asked Mr. Gill to give this recap was because the institutions would like to present to the board at the June meeting to request this money. She added that with this language now the board can decide whether to allow this or not. Ms. Presnoples asked if as a group the board believes this money is available, there was further discussion and the board agreed the money had hit its sunset and was no longer available. Ms. Presnoples asked if everyone was in agreement in their understanding of the statute and all board members agreed. Ms. Presnoples added based on interpretation of legislation that the board does not have the authority to grant monies for any endeavor outside of what is specifically stated in statute, we decline the request to present to us. Ms. Presnoples made this motion and Mr. Tolliver seconded, all were in favor and motion carried.

Ms. Presnoples added she would still like to see performance based standards, cost per participant, administrative fees, graduation records and average hours weekly or monthly of total participants' participation. Mr. Gillespie said there is a spreadsheet they give with a specified grant and Ms. Presnoples asked him to send this to the board via email. There was some discussion. Mr. Evans said we want Vincennes University and Ivy Tech Community College to provide us with goals in the next 6 months. Mr. Gillespie is to contact both Vincennes University and Ivy Tech Community College regarding the agenda for the June meeting to give quantitative goals with mid-year update.

## NEW BUSINESS

Ms. Presnoples opened the floor for nominations of officers at this the annual meeting. Mr. Evans made a motion that Ms. Presnoples stay in as president and Mr. Tolliver seconded. Nominations for president were closed and motion carried. Ms. Presnoples opened the floor for nominations for vice president and Mr. Evans made motion Mr. Tully stay in as vice president. Ms. Presnoples asked Mr. Collins if he would like to run for office of vice president, to which Mr. Collins added that due to his tenure on the board he would like to be considered as the vice president. Mr. Tully declined his nomination and all were in favor of Mr. Collins being elected vice president, motion carried.

Ms. Presnoples asked the board to recognize Mr. Tully for his service as vice president at the next meeting.

## PRIVILEGE OF THE FLOOR

Ms. Presnoples told everyone the next meeting would be June 18, 2014.

ADJOURNMENT

Meeting adjourned at 12:43 PM.