

MINUTES OF THE UNEMPLOYMENT INSURANCE BOARD MEETING
JANUARY 16, 2013
INDIANA GOVERNMENT CENTER SOUTH
10 N SENATE AVE
INDIANAPOLIS, IN 46204

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

Ms. Presnoples welcomed guests; Rep. Doug Gutwein; Rep. Dan Leonard.

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

COMMISSIONER'S REPORT

Mr. Richardson began his presentation recognizing Commissioner Sanders' absence as he was attending Governor Pence's first cabinet meeting. Commissioner Sanders had been asked to stay on with the agency as Commissioner and plans to keep consistency with the agency during his term. Mr. Richardson discussed the roll of the agency during the new session. He discussed the idea of the workshare concept stating this is when an employer is faced with hard economic times and is faced with the decision of reducing staff. The workshare program would give the employer another option to reduce hours instead of staff and employees would collect a portion of their lost hours as UI benefits. He stated that we expect workshare to be debated this legislative session and that the department would participate in those discussions as requested. He stated December and January were our busy months but the agency was still able to keep on track with the claims processing deadlines.

OLD BUSINESS

Ms. Presnoples asked the members to review the minutes from the October meeting. Mr. Tolliver motioned for approval and Mr. Collins seconded the motion, motion approved.

OPERATIONAL UPDATE

Mr. Gillespie began the operational update with the November UI Unemployment Rate map, showing Indiana at 8.0% and the US at 7.7% for November. The December numbers will be released on Friday and January's numbers will not be released until late March. He discussed the initial claims chart showing we finished the year at 372,000 initial claims which was less than the previous year of about 400,000 claims. The chart showed we peaked in 2009 at 685,000 claims. He then discussed the state claims paid chart which showed Indiana was 17% lower than last year.

As the board looked at the current tiers chart Mr. Gillespie noted that when the EUC legislation expires in December, there is a hard cut off of benefits whereas prior expirations have allowed claimants to complete their current tier of benefits.

The benefits paid chart showed we paid \$650 million in 2012 which was 17% less than 2011. The Trust Fund Indebtedness chart shows Indiana has held steady at \$1.76 billion since July of 2012. We do anticipate borrowing up until April as we will receive our quarterly payments in May. At this time Mr. Gillespie discussed the FUTA credit reduction penalty which increases federal UI tax payments by \$63 for each employee in 2013. We are working with US DOL on requirements to cap or avoid FUTA reductions for future years. Mr. Gill questioned if any laws proposed in legislation this year have a negative impact on the trust fund. Mr. Gillespie stated that he is monitoring that closely as any legislation that negatively impacts the solvency of the fund jeopardizes our qualification for FUTA penalty avoidance and/or caps in future years. Indiana will apply for a waiver of additional FUTA tax reductions known as the BCR-Add on by July 1st in order to avoid penalties beyond those already in place. Mr. Gillespie indicated Indiana should qualify for this waiver and that the .03% annual credit reduction is expected to be the extent of the FUTA penalties.

He discussed the trust fund update slide for 2012. He pointed out that claims for UI benefits were lower than projections while the projections for premium revenue were within a few percentage points of the actual. The Federal interest rate on the trust fund loan decreased to 2.58% and as a result the interest surcharge rate will decrease to 7% of premiums due in 2013.

In closing, Mr. Gillespie discussed the Penalty and Interest fund giving a background stating when the fund exceeds \$8.5 million; the excess is deposited into the Trust Fund as per statute. The available balance of the P&I fund is currently \$6.5 million.

NEW BUSINESS

Ms. Presnoples asked if there was any new business, which there was none.

PUBLIC COMMENT

Ms. Presnoples asked if anyone had signed up for public comment, which there was none.

PRIVILEGE OF THE FLOOR:

The next board meeting will be April 17, 2013.

ADJOURNMENT:

The meeting was adjourned at 10:30am.