

UNEMPLOYMENT INSURANCE BOARD MEETING
DECEMBER 18, 2013
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; Randy Maxwell; Otto Prow; Kent Tolliver; and Dave Collins. Also in attendance from the Indiana Department of Workforce Development were Josh Richardson, Deputy Commissioner; Jeff Gill, General Counsel; and Michelle Marshel, Deputy Commissioner.

Ms. Presnoples welcomed guest: Brad Nemeth, Common Cause

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

COMMISSIONER'S REPORT

Mr. Richardson addressed the board and began with the agency update on behalf of Commissioner Sanders as he was out attending the Region 5 Workforce Board Meeting. He shared that since the last meeting we applied for the waiver of additional credit reduction. We were the first state asking for it and it was approved, so we will not face a reduction next year. There has been confusing language stating Indiana has defaulted on the federal loan and this is just because we were able to borrow another year. FUTA credit reduction would take place.

Also, the federal emergency unemployment compensation has been scheduled to end at the end of this year and the budget recently passed did not include an extension. So these benefits will expire in December so the week that ends December 28, 2013 is the last week we will pay these benefits. There is a chance of retroactively authorizing those benefits, but we will have to figure out how to deal with that if it happens. In Indiana both duration and the insured UI rate, are at pre-recession levels. The start of new legislative session is soon and we will be watching for legislation that would have a negative impact on the trust fund. Many of the ideas in the UI Board Annual Report are out there. Workshare legislation is an item that continues to come up, the agency is not supportive of this idea. The floor was opened for questions and there were none.

OLD BUSINESS

Mrs. Presnoples asked if members had reviewed the minutes from the October meeting. Mr. Prow made motion to approve the October minutes, and Mr. Collins seconded, the motion was approved.

Mrs. Presnoples asked Mr. Richardson to report on meeting with Mr. Prow. Mr. Richardson said the discussion was regarding the requirement in UI law that an individual has to take suitable work to be available. This rule is in statute with regard to 1) compensation and how it compares to previous job held; 2) distance and 3) physical requirements with the job. Mr. Prow's concern is with the wage issue and how you treat an individual that may have had educational attainment

and whether they should be treated differently. Rather than considering their previous wage, focusing on their educational attainment and Mr. Prow asked Mr. Richardson to think through this idea. Mr. Richardson explained he is struggling with it because it goes against the Agency rules. Mr. Prow explained that a person can go through a complete interview process and not know until the end what the salary offer will be. He explained that with a union job you know the salary because of the contract, but with these other types of jobs you do not know until an offer is made. Then it might be they would not be paid enough for the person to stay in the position any length of time. Mr. Richardson explained that the Agency would be looking at the earnings used to setup a person's claim. People feel very comfortable with the way we make this determination. The employer is paying benefits at the time for what they paid in for that particular person.

Mrs. Presnoples added that from her perspective, she has two degrees, but doesn't see where that would buy her any consideration as to whether she would or would not take a job. I am not sure this is a reasonable thing for the board to look at. Mr. Bitar added he is torn because you want to encourage education attainment, but if they are going into a program there is no market for, why are they wasting their time studying this. Mr. Bitar asked what type of number of people are we talking about and Mr. Richardson answered we do not get a lot of work refusal reports. From the administrative standpoint, I do not want to put my people in the position where they have to decide what the educational attainment is worth. Mr. Tully stated this would be someone that would have had previous employment to qualify for benefits. Mr. Richardson added this would be compared to their old wages they were making. There was further discussion and Mr. Richardson asked the board to keep in mind that an employer is being charged for these benefits paid and you have to consider whether the employer should be on the hook for the wages if the employee refuses to take a job. Mr. Richardson added that this is a difficult situation and the board asked us to think about this and we have done that.

OPERATIONAL UPDATE

Mr. Richardson reviewed the slide on the "unemployment rate by state" showing Indiana's rate at 7.5%. The new rate and jobs numbers will be published on Friday morning.

Mr. Richardson reviewed the "initial unemployment claims" showing this continues to be the pace continues to be at pre-recession levels for the number of new claims. These numbers are going back down.

Mr. Richardson referred to the chart on "UI benefit claims paid through November 2013" stating the number is about 40,000 individuals on state continued claims and that number is the lowest on the chart. This will go up because of seasonal jobs with the weather changing.

Mr. Richardson went on to "premiums vs. benefits" chart explaining these lines continue to move apart with premiums received and benefits paid out. Mr. Bitar asked if during 2006-2007 pre-recession, the chart shows we were still more benefits paid than premiums received. Mr. Richardson answered in 2011 was the first year in a decade we had taken more premiums in than were paid out. Back in 2001 they gave a 1 year holiday of increases. We were going to be borrowing in 2008 regardless of the recession.

Mr. Richardson reviewed the “claims past timeliness and processing timeliness” chart and explained we have worked really hard to stabilize timeliness. If you go back to 2005-2006 timeliness was all over the board and we are working hard to stabilize the operation to keep from getting backlogged. This is the stability that we have been seeking.

Mr. Richardson reported on the “UI appeals volume and timeliness” chart showing the appeals side. He explained when the push was made on initial claims, this hit appeals and now they have worked through that and are above the federal metric. For initial claims and appeals we have eliminated the backlog. It takes three weeks to get an initial determination and four weeks to get an appeal.

Mr. Richardson reviewed the “unemployment insurance trust fund indebtedness” chart showing Indiana continues to hold steady and this number continues to improve.

Mr. Richardson showed the “interest payment on UI trust fund loans” chart stating the surcharge has been set. You can see historically the number declined from 2011 at 13% to 2014 asking employers to pay 3%. This lower surcharge is very helpful.

Mr. Richardson reviewed the “trust fund update” chart pointing out debit balance employers versus credit balance employers’ wages are close to projections.

In closing, Mr. Richardson reviewed the penalty and interest fund stating there is \$5.1M available in the fund.

Ms. Presnoples asked if there were any questions or comments and there were none.

NEW BUSINESS

Ms. Presnoples opened the floor to new business. There was discussion regarding the meeting schedule for 2014 and it was decided to keep it at every other month starting with the even months on the third Wednesday. Ms. Presnoples asked Mrs. George to send the new schedule out to all board members.

PRIVILEGE OF THE FLOOR

Ms. Presnoples told everyone to have a good holiday season.

ADJOURNMENT

Meeting adjourned at 10:45 AM.