

Illinois Employment Security Advisory Board
Video/Teleconference Meeting
September 9, 2021
10:00 A.M.

Board Attendees:

Phone: Jim Argionis
Joanna Webb-Gauvin
Rob Karr
Mark Grant
Mark Denzler
David Prosnitz
Rick Terven
Pat Devaney
John Gedney
John Easton

With a quorum of the members present, the meeting was called to order by Chairman Argionis.

1. A motion was made to approve the minutes from June 17, 2021. Board member Joanna Webb-Gauvin motioned that the minutes be amended such that her attendance at that meeting was recorded, as she was present. The motion was seconded, and the minutes were approved as amended.

2. Director's Comments (Kristin Richards)

Mr. Chairman and members of the Employment Security Advisory Board, thank you for your time this morning.

Since we met in June, the Department has remained focused on the response to the Covid-19 pandemic and administering federal programs extended by Congress through September 4, 2021, while also focusing on various implementation tasks in order to properly administer changes to the UI Act agreed to in Public Act 101-26.

This summer, the Department launched its restoration of in-person services plan, offering in-person appointments at American Jobs Centers at locations across the state. The plan, developed in consultation with collocated interagency partners under the Workforce Innovation and Opportunity Act, or WIOA, involved working together with Title I, II and IV

partners, Central Management Services and the Illinois State Police. We are on-track to reach the final phase of this restoration plan by October, and soon, will announce a program that allows individuals to schedule services by phone. The Department would like to thank everyone that participated in the restoration process, including Directors Kelly, Forde and Acting Director Garcia, as it is a great example of multiple state agencies and local partners working together.

Finally, our Title III/Wagner-Peyser and Business Services teams remain focused on how best to help jobseekers and employers connect. Since March 2020, the teams have engaged in 417 email campaigns, sending 9.5 million emails to jobseekers about employment opportunities available in the state, including workshops and hiring events. We have seen real success stories with claimants who have participated in Re-Employment Service and Eligibility Assessment (RESEA) services, which Illinois, unlike other states, maintained throughout the pandemic. Finally, I want to again reflect on the critical role WIOA partners play in assisting job seekers and employers, whose activities are detailed on illinoisworknet.com, the State's workforce portal.

Thank you again, Mr. Chairman and members of the Board, and my hope is that you and your families have a healthy and happy autumn.

3. Legal and Legislative Update (Kevin Lovellette)

On September 4, 2021, the programs that originated in the CARES Act and subsequent federal legislation expired. These expirations include:

- PUA, PEUC, FPUC, and MEUC
- Federal funding of the waiting week
- 100% federal funding of Extended Benefits (reverts to 50% federal funding)
- Federal funding of Short-Time Compensation benefits
- Federal flexibility of training and merit requirements for staff, and
- Federal contribution of 75% of the amount payable by reimbursable not-for-profits and governmental employers

On September 6, 2021, interest free borrowing from the federal government for UTF advances ends. On September 11, 2021, Extended Benefits end.



JB Pritzker
Governor

Kristin A. Richards
Acting Director

The Illinois General Assembly has also recently passed an amendment to the Illinois Unemployment Insurance Act. On August 31, 2021, Senate Bill 2065 passed both Houses and is being sent to the Governor. This bill, in essence, cancels unemployment benefit charges for academic employers for non-instructional, non-principally administrative, and non-research employees from January 3, 2021, through September 4, 2021. This is essentially a “trailer bill” to the amendment to the UI Act earlier this summer which removed the eligibility bar for unemployment insurance benefits for this population for the same period.

I’m happy to answer any questions the Board may have.

4. Revenue Update and Trust Fund Report (Isaac Burrows)

As I reported at the last quarterly meeting in June, the Trust Fund entered a deficit position on June 23, 2020, as a direct result of the COVID-19 dislocation that began in March 2020. As of September 8, 2021, the agency has incurred slightly over \$4.2 billion in Title XII Loan Advances, which I’m happy to report that we have not incurred a loan advance since our last ESAB meeting! However, conditions still suggest that we may begin incurring loan advances again later this month and we are currently projecting that we will secure an additional \$750 to \$800 million in federal loan advances from October 2021 through December 2021.

I also would like to take this opportunity to share with you our projections on the associated interest cost on the federal loan advances. Interest was waived on all federal borrowing through September 6, 2021. Based on our actual and forecasted Trust Fund loan advances needs, we are estimating that we will have incurred approximately \$8 million in interest through September 30, 2021. The Department has kept business and labor stakeholders apprised of its plans to make the interest payment due September 30th, and the State’s fiscal year 2022 operating budget includes a \$10M appropriation from the SAA fund for this purpose.

Unless there are any questions, I will turn it over to George to expand on the current deficit and trust fund projections in his economic outlook comments.

Joanna Webb-Gauvin asked Isaac to confirm whether, considering there was an \$8 million interest payment due on September 30 of 2020, there is an appropriation of \$10 million in the FY 2020 budget allotted for the purpose of paying this amount. Isaac confirmed that this was correct.

Mark Grant asked when the subsequent interest payment would be due. Isaac replied that the next interest payment would be due September 30 of 2022.

5. Quarterly Financials Presentation (George Putnam)

The state's UTF account ended the 2nd quarter of 2021 with a negative balance of -\$3.79B. Under the baseline projection, the 2021 year-end balance is projected to be negative -\$4.55B and to remain negative through 2024 – the extent of the forecast horizon – and close with a balance of -\$3.69B. The account is expected to run annual deficits from 2021 to 2022 and a slight surplus in 2023 (\$0.33B) and 2024 (\$0.73B). Per current state and federal legislation, these projections include the benefits paid to non-instructional academic staff from March 15, 2020, through September 4, 2021, the revenue impact of non-charging experience-rated employers through January 2, 2021 for COVID-19 related charges, and the continuation of federal funding for both Extended Benefits and the waiting week through September 4, 2021.

David Prosnitz asked George how much of the current trust fund deficits were attributable to fraudulent claims. George deferred the question to Director Richards, who replied that IDES was still working to quantify those amounts.

John Eastern asked about the monthly unemployment rates and said that historically Illinois has had about a seven-tenths of a percent higher unemployment rate than the US, but according to the slide, post-pandemic, Illinois' rate had flattened, and it looked like Illinois was gaining workers, and asked George to confirm that statement. George stated that this was accurate, that since the start of the pandemic there had been an asynchronous recovery, and there was a much stronger growth in the labor force in Illinois than in the nation. George cautioned that the data was still early, however, and this trend might not continue.

Mark Grant asked George whether anyone on the staff had been estimating what kind of employer cost increases there would be over the next few years to repay the trust fund deficit. George replied that the trust fund forecast presented included forecasts for average tax rates increasing, but that a deficit would continue and deferred to the Director. Director Richards stated that any increase in tax rates would not be instigated by the Department, but would either be tied to triggers already present in the UI Act or would be formulated through the Agreed Bill process.

6. Open Discussion



JB Pritzker
Governor

Kristin A. Richards
Acting Director

7. Adjournment

A motion was made to adjourn the meeting. The motion was seconded, and the meeting adjourned.

This agenda conforms to the requirements of Section 2.02 of the Illinois Open Meetings Act (5 ILCS 120/02).

Any individual planning to attend who will need an accommodation under the Americans with Disabilities Act should notify the ADA coordinator at (312) 793-9290 or (888) 340-1007 (TTY/Texnet).