

Illinois Employment Security Advisory Board
Video/Teleconference Meeting
March 17, 2022
10:00 A.M.

Board Attendees:

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

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 December 9, 2021. The motion was seconded, and the minutes were approved.
2. Director's Comments (Kristin Richards)

Good morning, Mr. Chairman, and members of the Employment Security Advisory Board.

Today, IDES will brief the board on two annual reports submitted to the ESAB pursuant to the Illinois Unemployment Insurance Act, including the annual update on the Special Administrative Account, and the annual update on the Illinois Unemployment Trust Fund Account. George Putnam, Director of Labor Market Information and Shared Data Agreements Coordinator for the department, will provide a quarterly report on the Unemployment Trust Fund.

As is customary, the quarterly report will not include the impact of the existing state statutory benefit cuts and rate adjustments set to take effect July 3, 2022, or the impact of federal law, which, to the extent the Title XII loan remains outstanding on November 10,



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2022, will result in employers experiencing a partial loss of the FUTA tax credit January 1, 2023.

Also not included in the quarterly presentation are the impact of annual benchmark revisions to the Illinois unemployment and jobs data that were released by the Bureau of Labor Statistics after Global Insight had distributed its macro-economic forecasts used as inputs to the March 2022 Trust Fund solvency forecasts. The Illinois revised data can now be found in the resource center on the Department's homepage, www.ides.illinois.gov, and will factor into the presentation to the ESAB in June.

March 11th marked the two-year anniversary of the World Health Organization declaring the COVID-19 pandemic. Like many of you, I have spent time reflecting on how far we have come in that two-year period. Among other priorities, we have administered eight unique unemployment insurance programs, including six brand new programs. We have worked with our partners at DoIT to implement ILogin and other cutting-edge security features. And, we have managed critical data tools to help stakeholders understand the pandemic's impact on Illinois' economy.

In addition, we are focused on the future, as we look to make Illinois' workforce programs stronger than ever. We are proud to participate in Governor Pritzker's Commission on Workforce Equity and Access to improve access to workforce services in Illinois. And, at the federal level, we are excited to leverage resources from USDOL to improve our programs.

Thank you, Mr. Chairman and members of the Board. I look forward to our discussion today.

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

- Special Administrative Account

The Special Administrative Account (SAA) contains penalty and interest monies collected from delinquent or fraudulent employers. Money is accumulated in the SAA for the purpose authorized in Section 2101 of the Unemployment Insurance Act, primarily for the proper administration of the Act in the event of insufficient federal funds. Expenditures include quarterly transfers to Fund 0052 (Title III):

2021 State Fiscal Year Revenue = \$16.8M

2021 State Fiscal Year Expenditures (including lapse period) = \$7.7M

2021 End of State Fiscal Year Cash Balance \$9.9M

- IDES Trust Fund Update

As I reported at the last quarterly meeting in December, 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 December 8, 2021, the agency has incurred slightly over \$4.5 billion in Title XII Loan Advances. We have revised our projections and we are now forecasting that we may need to secure a federal loan advance of approximately \$50 million on or near April 22, 2022 as a bridge until our Q1 revenues begin to come in over the 7 days after April 22, 2022.

I also would like to take this opportunity to share with you our progress and projections on the associated interest cost on the federal loan advances. The department submitted the required interest payment of slightly over \$6.38M on September 30, 2021. Consistent with the information I shared in our last meeting, the next interest payment will be due on September 30, 2022 and is expected to be approximately \$80 million.

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.

4. Quarterly Financials Presentation (George Putnam)

The state's UTF account ended the 4th quarter of 2021 with a negative balance of - \$4.18B. Under the baseline projection, the 2022 year-end balance is projected to be negative -\$3.92B and to remain negative through 2025 – the extent of the forecast horizon – and close with a balance of -\$2.84B. The account is expected to run a slight surplus in each of the years 2022 to 2025. These projections include the revenue impact of state and federal legislation that non-charged or reduced charges for certain employers in portions of CY 2020 and CY 2021.

5. Open Discussion

John Easton asked about the need for a short-term loan that Isaac Burrows had mentioned to cover an interest payment and wanted to know whether future accumulated interest would be paid by the general revenue fund of the State of Illinois or by the unemployment insurance trust fund. Isaac clarified that the loans he referenced in his update were to cover benefit payments, not interest payments. He then said that interest payments cannot be paid with Trust Fund dollars but must come from other sources.



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Joanna Webb-Gauvin asked George Putnam how much less the actual benefit payments were in 2021 than were expected by the forecasts made by IDES a year prior. George replied that the benefit payments were 13% less than expected, but he did not have the exact figures. After the conclusion of the meeting, George emailed the following figures to each member of the Board: there were \$3,567,971,000 in benefit payments projected at the March 2021 ESAB meeting for 2021, but the actual benefit payments that year were \$3,094,019,997, a difference of -13.3%.

David Prosnitz asked what efforts were being made to get the State of Illinois to give some of the Federal COVID-19 relief money to the unemployment trust fund. Director Richards replied that it is a matter that will be part of the agreed bill process as far as the extent to which outside revenue will be used to repay loans to the trust fund. She also said that her understanding was that the Illinois State Senate had passed to the House an appropriation bill incorporating \$2 Billion from American Rescue Plan Act funds to pay a portion of the loans.

6. 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).

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