

Illinois Employment Security Advisory Board
Video/Teleconference Meeting
March 16, 2023
10:00 A.M.

Board Attendees:

WebEx/Phone: Jim Argionis
John Easton
John Gedney
David Prosnitz
Rick Terven
Pat Devaney
Rob Karr

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

1. Introductions (Jim Argionis)

IDES continues to participate in media briefings, and to that extent, if you are a reporter or member of the media with a media request or question, please submit those to the Department's PIO, Rebecca Cisco. She can be reached at Rebecca.Cisco@Illinois.gov. The Employment Security Advisory Board serves to hear updates from the Department on various unemployment programs and the status of the State's unemployment Trust Fund. This is not a forum for the media to ask questions of Department staff.

2. Minutes from Prior Meeting (Jim Argionis)

A motion was made to approve the minutes from the meeting on December 8, 2022. The motion was seconded, and the minutes were approved.

3. Director's Comments (Ray Marchiori)

Thank you, Chairman Argionis and members of the board, for providing IDES the opportunity to meet with you for our first quarterly meeting of the year. As many of you may know, since our last meeting in December, Director Richards has joined the Department of Commerce and Economic Opportunity (DCEO), serving as their Director. I am now serving as the Acting Director for the department. We all view this an opportunity to further work closely with one of our sister agencies especially as it relates to our continued efforts in workforce development.

Perhaps the biggest update since we last met is the passing of an appropriation which included payment toward, and investment made into the unemployment trust fund. In collaboration with representatives of this group, Governor Pritzker, and the Illinois General Assembly, the state was able to pay off the remaining Title XII advances incurred during the pandemic to ensure benefit payments continued to be made. The payment was also accompanied by an additional investment payment to the Trust Fund in an effort to ensure its healthy future. The Department will be providing further details on this throughout today's meeting.

I thank you for your time today and would like to express my deep appreciation of my IDES colleagues across the state, and all our partners here today, for their hard work.

With that, I will hand it back over to you, Mr. Chairman.

4. Legal and Legislative Update (Kevin Lovellette)

Thank you, Chairman, and good morning.

As we discussed during the December meeting, the agreed bill that was enacted in December had certain provisions contingent upon funds being appropriated to pay all outstanding federal Title XII advances, and upon an interest-free \$450m loan to the Unemployment Insurance Trust Fund being appropriated, both prior to January 31, 2023.

On January 23, 2023, these appropriations were made through Public Act 102-1101. The Title XII advances have been fully paid. IDES CFO Isaac Burrows will be sharing comments in a few minutes.

I would be happy to answer any questions from the Board.

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

Revenue Update

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).

- 2022 State Fiscal Year Revenue = \$13.8M
- 2022 State Fiscal Year Expenditures (including lapse period) = \$7.1M

- 2022 End of State Fiscal Year Cash Balance \$16.6M

Title XII Advances and Trust Fund Update

As 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 labor market disruption that began in March 2020. As of December 8, 2021, the agency incurred slightly over \$4.5 billion in Title XII advances. Over the course of the last calendar year, historic steps were taken to reduce the Title XII federal debt and restore the solvency of the Illinois Unemployment Trust Fund. As a recap:

- On March 31, 2022, the department received authority to use \$2.7 billion of ARPA funds to help pay down the \$4.5 billion principal on the Title XII advances; and
- On September 27, 2022, the department made another \$450 million payment on the Title XII advances.

These steps reduced the Title XII advance balance to \$1.36 billion, which through the agreed bill process and a bipartisan effort, was fully paid off and the Unemployment Insurance Trust Fund debt was fully retired on January 25 of this year. We have however incurred approximately \$8 million of accrued interest, which will be due and payable on September 30 of this year.

As our Director and Chief Legal Counsel reported, there was also legislation passed to build-up cash reserves in the Trust Fund for the future. This legislation provides for a \$450 million interest-free loan to the Trust Fund, to be repaid pursuant to the provisions of the Unemployment Insurance Act. We are currently working with the Illinois Comptroller and Treasurer's offices on cash flow and timing, but we expect the \$450 million loan will be fully made before June 30 of this year. The department will continue to communicate the interest liability to all stakeholders in anticipation of requiring an appropriation to make the payment.

I'm happy to answer any questions.

6. Quarterly Financials Presentation (George Putnam)

The state's UTF account ended the 4th quarter of 2022 with a negative balance of -\$0.58B. As the projections provided today indicate, the account is expected to run a revenue surplus in 2023 and a revenue deficit in 2024-2026. With regard to the final net trust fund balance, under the baseline projection, the 2023 year-end balance is projected to be a positive balance \$1.67B in 2023 and to close with a positive balance of \$0.94B in 2026 – the extent of the forecast horizon. These projections use current data and



JB Pritzker
Governor

Raymond P. Marchiori
Acting Director

implement the portions of the agreed bill regarding taxable wage base increases, and the UTF target balance and solvency adjustment increases. They also include the full repayment of Title XII advances on January 25, 2023, and the \$450M interest-free loan to the UTF in 2023Q2 that will be repaid from the UTF over time. These projections do not include rest stops.

7. Open Discussion

John Easton spoke of his work at the University of Chicago Consortium on School Research, where he primarily studies K-12 education but also chairs the advisory board for the Illinois Workforce in Education Collaborative. He explained that the partnership of this Collaborative with George Putnam and IDES has allowed a data sharing agreement to be signed which facilitates in-depth research into the high school to workforce transition. He stated that this partnership allowed the merging of data sets that were critical to answering some longstanding and important research questions.

8. Adjournment

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