

Illinois Employment Security Advisory Board
Video/Teleconference Meeting
December 14, 2023
10:00 A.M.

Board Attendees:

WebEx/Phone: David Prosnitz
Rick Terven
Joanna Webb-Gauvin
Christelle Khalaf
Mark Denzler
Jim Argionis
Rob Karr
Pat Devaney

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.

2. Minutes from Prior Meeting (Jim Argionis)

3. Director's Comments (Ray Marchiori)

Good morning.

Thank you Chair Argionis and members of the board. Welcome to the quarterly Employment Security Advisory board meeting. As always, we appreciate the opportunity to meet today.

I'm joined today by my IDES colleagues, some of whom you will be hearing from shortly, including CFO Isaac Burrows and George Putnam, the Department's Director of Labor Market Information, to provide updates on financial, Trust Fund, and economic outlook activities.

But before we move to those reports, as you will recall from our September board meeting, I highlighted the ongoing initiatives the department is engaged in, partnering with the U.S. Department of Labor. As I mentioned, IDES has received grants funded

through the American Rescue Pandemic Act (ARPA) to work on improvements related to detecting and preventing benefit misuse, increasing equitable access to UI, and providing timely benefits.

Joining us today are Mireya Hurtado, Deputy Director for Service Delivery and Jennifer Phillips, Assistant Director for Service Delivery to take you through a brief presentation and update on these projects.

ARPA Modernization Presentation

Slide 1:

Last year, we shared an update about one of the ARPA UI modernization initiatives – Tiger Teams. Today, we are going to share information about all the ARPA grants IDES has received.

The American Rescue Plan Act (ARPA) includes funding for modernizing unemployment insurance systems (note: debt ceiling cut from \$2B to \$1B). These initiatives aim to make unemployment insurance more accessible, efficient, and responsive to the needs of workers.

ARPA funds can be used for fraud prevention and detection, to upgrade technology systems, improve user interfaces, and enhance online portals to make it easier for individuals to apply for and receive benefits. Additionally, funds may be used to improve communication channels between state unemployment agencies and applicants.

All ARPA UI funding is dedicated to UI Modernization (including but not limited to technology improvements), defined by U.S. DOL into three categories:

Fraud + Integrity

Timeliness

Equitable Access and Experience

Slide 2:

IDES is taking advantage of all available federal resources to incrementally modernize aspects of the Illinois Benefit Information System (IBIS) and modernize agency operations.

These innovation-focused grants are a once-in-a-decade opportunity to use federal funds to modernize IDES' technology and improve processes that result in stronger system-wide performance and customer experience. UI Modernization provides opportunities to build capabilities beyond the status quo and to project manage these initiatives to accelerate value realization for IDES stakeholders, reduce process bottlenecks, and improve institutional agility/adaptability.

IDES has secured nearly \$29M (\$28,856,550) in federal U.S. DOL ARPA (American Rescue Pandemic Act) grants for the express purpose of unemployment insurance modernization since September 2021. Illinois was one of nineteen state recipients of the UI-IT Modernization grant. All grants have outcome metrics that tie directly back to U.S. DOL core performance requirements.

Slide 3:

Last year we shared information about the Tiger Team process and associated funding. Reminder: Tiger Teams originated in the military and was made famous when NASA deployed a Tiger Team during the Apollo 13 mission.

USDOL knew early on in the pandemic that states needed help. Some states procedures and technology hadn't seen updates since the early 2000s or to put in context - before iPhone and Facebook. USDOL knew just how besieged state UI staff were and knew without targeted specialized help they would not be able to diagnose their own problems and challenges. They launched the Tiger Team initiative as a response and is using tiger teams to help states diagnose and identify 'quick win' continuous improvement opportunities.

Slide 5:

Tiger Team of 6 national experts conducted discovery and diagnosis in the Spring/Summer 2022.

Illinois was in the second cohort of states and one of 30 total. Illinois received recommendations from USDOL for continuous improvement projects in Nov 2022 that focused on equitable access to UI, timeliness, and fraud prevention and detection.

Slide 6:

These are the Tiger-Team funded efforts. The first project: Organizational Assessment and Process Mapping is nearing completion. Agency procured a vendor to facilitate a strategic process that reviewed the current state and generated future state, readiness, and strategic roadmaps for UI modernization and organizational improvements. Business

process mapping was also part of this process. As is an assessment of the IBIS system that is nearing completion.

The agency is gearing up for completing other Tiger Team UI modernization projects in 2024 that focus on improving the claimant experience and increasing equitable access to UI and on new technology to speed up outdated workflow methods.

Slide 7:

IDES was awarded a \$6.8M grant in September 2022 for equity projects that will create new equity data about UI recipients, create ways for that data to be applied in service delivery, and be able to invest in an upgraded claimant online portal as well as improvements in how we communicate with claimants.

Would like to mention that new USDOL guidance on equitable access to UI - UIPL 01-24 – was released in November and the agency is well positioned with these efforts to be complying with that policy guidance.

Slide 8:

We'd like to share a bit more detail about the equity research plans. We are excited that the major research partner procurement has been successful, and these projects will be getting off the ground in January. Each of the three equity-focused data inquiries yields important new demographic information to build claimant profiles that help answer questions about where potential UI access inequities may exist. Adding a deeper understanding of the claimant/user to an existing focus on UI processing will help illuminate where and how to make administrative process improvements that broaden equitable access.

Slide 9

The agency has a combined total of \$6.3M from two fraud/integrity grants that will focus on:

- Strengthening ID Verification
- Enhancing Fraud Detection and Prevention
- Strategic Use of Fraud Analytics
- Increasing Cybersecurity
- Expanding Overpayment Recovery Efforts

Slide 10:

The newest grant allows the agency to invest in additional upgrades to the internal process technology – through automated intelligent document management – and to streamlining claimant experience. Making the entire start to finish UI journey more clear and easier for claimants has a pay off for the agency – in 2022 over 57% of non-fraud overpayments were attributed to claimant error or misunderstanding. That is why – in addition to the equity related reasons – the agency is focused on improvements to the claimant experience. Here are some of the efforts that will happen under this 5 year grant.

- Modernized, user-friendly, accessible, and translatable claimant portal and UI claim application
- Modernized user-friendly, accessible, and translatable UI correspondence
- Increased self-service digital service options
- Cutting-edge automated document management and automated business workflows
- Tracking customer experience performance metrics including impact on timeliness and overpayment reductions

At this point, happy to take any questions or pass the mike back to the Director.

Director's Comments, continued:

Thank you, Mireya and Jennifer, for the presentation.

Chair Argionis before I hand things back to you, I would also like to take a moment and make special mention today that this meeting will mark Isaac Burrows' and George Putnam's last ESAB meeting, as they are leaving the department. I want to thank them for their service to the department, this board, and to the state. We appreciate their years of service. Thank you, Isaac and George. Best of luck to you both in your future endeavors.

Now, I will hand it back to you Chair Argionis. Thanks to everyone for your time today and wishing everyone a safe and happy holiday season!

4. Trust Fund and Federal Budget Update (Isaac Burrows)

Federal Budget Update

As I reported during the last quarterly meeting in September, federal budget negotiations are in progress and the department is continuing normal operations during and through the continued resolutions, as we have done previously.

Trust Fund

Also, as I reported at the last quarterly meeting in September, the state had incurred \$7,029,857.77 of accrued interest on the Title XII advances. While the Title XII advances themselves were fully retired in the first quarter of this year, the interest was due and payable on September 29. The department received appropriation authority and made the interest payment on time. As a result, I'm pleased to report that all outstanding Title XII advance principal and interest components related to the COVID 19 labor market disruption have now been fully paid and resolved.

5. 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 each of the remaining three years (2024-2026). With regard to the final net trust fund balance, under the baseline projection, the year-end balance is projected to be a positive balance \$1.56B in 2023 and a positive balance of \$0.43B in 2026 – the extent of the forecast horizon. These projections use current data and 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 \$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.

6. Open Discussion

7. Adjournment

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