

Illinois Employment Security Advisory Board
Video/Teleconference Meeting
June 17, 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.

Agenda:

1. A motion was made to approve the minutes from December 10, 2020. Board member Rob Karr motioned that the minutes be amended such that a phrase regarding interest repayment be removed from a question he had asked. The motion was seconded, and the minutes were approved.
2. Scheduling of FY 2022 ESAB Meetings (Chairman Argionis)

Chairman Argionis noted that per operating resolution number one, the Board must determine the meeting dates for the next fiscal year. For the past few years, they have been scheduled for the third Thursday of the last month of each calendar quarter, save the fourth quarter where it is the second Thursday of the month to accommodate Winter holidays.

Chairman Argionis made a motion that we keep the same practice for fiscal year 2022 and schedule the next four meetings as September 16th, 2021; December 9th, 2021; March 17th, 2022; and June 16th, 2022.

David Prosnitz proposed an amendment to these planned dates for September, as 09/16/2021 would occur during Yom Kippur. Chairman Argionis suggested September 9th, 2021, instead. A motion was made to approve the amended schedule. The motion was seconded, and the schedule approved.

3. Director's Comments (Kristin Richards)

Mr. Chairman and members of the Employment Security Advisory Board, thank you for the introduction.

The American Rescue Plan Act of 2021 extended federal pandemic-related programs including the Pandemic Unemployment Assistance program, Federal Pandemic Unemployment Compensation, and Pandemic Emergency Unemployment Compensation to week-ending September 4, 2021. To prepare for these programs ending, IDES encourages Illinois jobseekers and employers to visit Get Hired Illinois at Illinois.gov/gethired. From there, jobseekers and employers can register and upload information to Illinois JobLink and find information regarding training and job fair opportunities. Additional information for jobseekers will be posted to the IDES website and social media pages and sent directly to IDES claimants in the weeks ahead.

Since our March meeting, and as IDES Deputy Director Carrie Thomas will discuss later, IDES has stood-up WorkShare IL, which is the State of Illinois' Short-Time Compensation Program. IDES will soon open the federally funded Mixed Earner Unemployment Compensation program for eligible individuals. This program was addressed at the March 2021 ESAB meeting.

The Department is working with our collocated workforce partners to plan for the restoration of in-person services, and as we enter the summer of 2021, IDES staff remain committed to administering state and federal programs with integrity.

Thank you for your time today, and we look forward to updating you on our progress at the September meeting.

Mark Denzler asked whether the waiver of the work search requirement would be removed, and UI claimants would be required to maintain an active job search which includes registration with Illinois Job Link. Director Richards stated that IDES was currently awaiting guidance from USDOL regarding that waiver.

4. Legal and Legislative Update (Kevin Lovellette)

Under the American Rescue Plan Act (ARPA), all the pandemic-related unemployment programs are ending as of September 4, 2021. This includes Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), Federal Pandemic Unemployment Compensation (FPUC), and Mixed Earners Unemployment Compensation (MEUC).

Additionally, federal funding ends or reverts to pre-pandemic levels for the waiting week, Extended Benefits (EB), and Short-Time Compensation (STC), called WorkShare IL, which Deputy Director Thomas will be providing more information about today.



JB Pritzker
Governor

Kristin A. Richards
Acting Director

Also, relief for non-profit and governmental entities that make payments in lieu of contributions will also end on September 4, 2021.

We are awaiting guidance from the US Department of Labor on the requirements for winding down these programs.

Finally, under ARPA, interest free borrowing for Title XII advances ends on September 6, 2021.

Turning to state legislation, as of today, no legislation amending the Unemployment Insurance Act or otherwise affecting unemployment insurance programs has passed both houses of the General Assembly since the agreed bill was enacted in June 2020. I am happy to answer any questions.

Johanna Webb-Gauvin asked whether the Department was aware of whether the Governor planned on signing the agreed bill which passed the House. Kevin replied that at this time IDES was unaware of the governor's intentions regarding the agreed bill.

Rob Karr asked about the budgetary authority to pay interest on federal loans through the Special Administrative Account. After Kevin replied that the UI Act does provide statutory language which allows for this, Mr. Karr followed up with a question for the Director regarding whether the Department expects the interest payment to impinge upon the administrative and operational ability of the Department, which is funded out of the SAA. The Director stated that \$10 million was allocated and we are confident we can continue to operate and also use the SAA to pay the interest.

5. WorkShare Illinois Report (Carrie Thomas)

WorkShare IL is Illinois' short-time compensation program.

In May, WorkShare went live, and Illinois joined 27 other states with this layoff aversion program which provides employers with a tool to avoid full layoffs. Employers submit a plan for partial layoffs in one of their business units and their employees can receive partial unemployment benefits to offset their lost earnings. WorkShare IL can also be used to bring back temporarily laid off employees on a part time basis.

IDES' statewide business services team is working closely with the Department of Commerce and Economic Opportunity on outreach and marketing. The teams are both using data to identify employers who may be facing short-term downturns, as well as doing presentations to employer and human resources associations and working with our local workforce organizations for awareness.

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

Revenue Audit Integrity Update

The story of the 2021 Fiscal Year in our audit division was coping with the challenges of the COVID-19 shutdown orders while continuing to meet Department of Labor standards. Despite initially suspending our audit activities for several months, the division managed to recover and finish the year strong. Now that the emergency orders have lifted, and we can resume normal audit activities we hope to continue the strong performance of recent years.

As you can see from the PDF titled “Revenue Integrity,” Fiscal Year 2021 should close with the required number of large and small audits completed. This is despite the previous year’s challenges, which included a staff reduction as several auditors have been temporarily pulled off of their duties in order to assist the Department with adjudication and claims handling. I am extremely proud of this division’s resilience and adaptability regarding the rapidly changing demands they have faced as they continue to set the standard of excellence among region 5 workforce agencies.

IDES Trust Fund Update

As I reported at the last quarterly meeting in March, 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 June 15, 2021, the agency has incurred slightly over \$4.2 billion in Title XII Loan Advances. While we are performing ongoing analyses and monitoring the Trust Fund on a regular basis, current conditions suggest that it is reasonable to think that we will continue to be in a borrowing position for the balance of this year. We are currently projecting that we will secure an additional \$350 to \$450 million in federal loan advances from July 2021 through September 2021. This is significantly lower than our previous quarter’s estimate of \$1.5 to \$2.0 billion.

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 have revised our projections and estimate that we will have incurred approximately \$8.6 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 for this purpose. Further discussions with business and labor stakeholders will be necessary to discuss repayment, along with keeping these stakeholders apprised of any federal developments impacting states that have participated in Title XII borrowing activities.



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7. Quarterly Financials Presentation (George Putnam)

The state's UTF account ended the 1st quarter of 2021 with a negative balance of -\$3.94B. Under the baseline projection, the 2021 year-end balance is projected to be negative -\$4.37B and to remain negative through 2024 – the extent of the forecast horizon – and close with a balance of -\$3.11B. The account is expected to run annual deficits from 2021 to 2022 and a slight surplus in 2023 (\$0.44B) and 2024 (\$0.82B). Per current state and federal legislation, these projections include the projected benefits paid to non-academic professional 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.

John Easton asked about reconciling the DOL numbers with IDES unemployment numbers. George said he couldn't at this time.

8. Open Discussion

9. Adjournment

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