



Minutes of the Employment Advisory Council Meeting
Department of Workforce Services, 140 East 300 South, Salt Lake City, CR 101
April 19, 2018 – 2:30 p.m.

Council Members Present:	David Davis	Employer Representative, Utah Retail Merchants Association
	Greg Diven (via phone)	Employer Representative, OCM, Inc.
	Richard Thorn	Employer Representative, Assoc. of General Contractors
	Jan Zogmaister	Public Representative
	Diane Lewis	Employee Representative, Utah Laborer's Local #295
	Jeff Worthington	Employee Representative, Utah State AFL-CIO
	Dan Peay	Employee Representative, United Steelworkers, AFL-CIO
Tony Montano	Employee Representative, Utah State AFL-CIO	
Council Members Excused:	John Chindlund	Employer Representative, Prince, Yeates & Geldzahler
	Todd Bingham	Employer Representative, Utah Manufacturers Assn.
	Ryan Mecham	Public Representative
	Dee Rowland	Public Representative
	Matt Minkevitch	Public Representative
William Nickell	Employee Representative, Utah Career Center	
DWS Staff Present:	Nate McDonald	Asst. Deputy Director, Department of Workforce Services
	Kevin Burt	Director, Unemployment Insurance
	Kathy Bounous	Director, Appeals and Adjudication
	Bethany Hyatt	PIO, DWS Communications
	William Greer	LVER, Veteran's
	Justin Williams	Chief of Benefits, Unemployment Insurance
	Mike Miller	Chief of Contributions, Unemployment Insurance
	Bradley Salmond	Program Manager, UI Program Services
	Patrick Frost	Sr. Business Analyst, Unemployment Insurance
	Mary Gehman-Smith	Support Staff Supervisor, Unemployment Insurance, Minutes

Agenda Item	Discussion																														
Welcome and Opening Business	Mr. Burt welcomed the group and introductions were made. He introduced Nate McDonald, representing the Executive Director's office today. He acknowledged Jeff Worthington, new Employee Representative, who is replacing Dale Cox. Mr. Cox retired in December 2017. Mr. Worthington is the President of the Utah AFL-CIO and reported he has been involved in the labor industry for 39 years.																														
Council Appointments and Vacancies	Mr. Burt reported there is currently a vacancy for a Public Representative. Suggestions can be sent directly to him. There are a few expiring on June 30, 2018. Extensions may be granted, if interested. He reminded the group the Council is made up of five Employer Representatives, five Employee Representatives and five Public Representatives.																														
Approval of Minutes	Mr. McDonald called for approval of the December 12, 2017 meeting Minutes. Mr. Montano moved to approve the Minutes as written, Mr. Peay seconded the motion and the motion carried.																														
UI Trust Fund	<p>Mr. Burt referred to the UI Administration At a Glance. He believes it is beneficial to compare this year versus last year:</p> <table border="1" data-bbox="520 634 1808 1045"> <thead> <tr> <th colspan="3" data-bbox="520 634 1808 667">Unemployment Insurance Administration At a Glance</th> </tr> <tr> <th data-bbox="520 667 1129 727">Description</th> <th data-bbox="1129 667 1467 727">Measure Ending 12/31/2017</th> <th data-bbox="1467 667 1808 727">Measure Ending 12/31/2016</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 727 1129 760">Total Unemployment Rate</td> <td data-bbox="1129 727 1467 760">3.2%</td> <td data-bbox="1467 727 1808 760">3.4%</td> </tr> <tr> <td data-bbox="520 760 1129 792">Average Duration of Claim</td> <td data-bbox="1129 760 1467 792">12.6 wks</td> <td data-bbox="1467 760 1808 792">12.5 wks</td> </tr> <tr> <td data-bbox="520 792 1129 824">Average Exhaustion Rate</td> <td data-bbox="1129 792 1467 824">26.7%</td> <td data-bbox="1467 792 1808 824">25.8%</td> </tr> <tr> <td data-bbox="520 824 1129 857">Contributions Collected</td> <td data-bbox="1129 824 1467 857">\$191 mill</td> <td data-bbox="1467 824 1808 857">\$214 mill</td> </tr> <tr> <td data-bbox="520 857 1129 889">Benefits Paid</td> <td data-bbox="1129 857 1467 889">\$156 mill</td> <td data-bbox="1467 857 1808 889">\$174 mill</td> </tr> <tr> <td data-bbox="520 889 1129 922">Trust Fund Balance</td> <td data-bbox="1129 889 1467 922">\$1.077 bill</td> <td data-bbox="1467 889 1808 922">\$1.014 bill</td> </tr> <tr> <td data-bbox="520 922 1129 954">Average high Cost Multiple</td> <td data-bbox="1129 922 1467 954">1.75</td> <td data-bbox="1467 922 1808 954">1.79</td> </tr> <tr> <td colspan="3" data-bbox="520 954 1808 1045"> Data Source : https://oui.doleta.gov/unemploy/content/data.asp Data Provided for 12-Month Period </td> </tr> </tbody> </table> <ul data-bbox="373 1084 1927 1370" style="list-style-type: none"> • The goal is not only to pay eligible individuals unemployment insurance benefits, but to discontinue benefits as quickly as possible. This preserves the Trust Fund balance, which in turn, keeps tax rates low; • The employer Contributions Collected (tax) was \$23M less in 2017 versus 2016. The Benefits Paid decreased from \$174M to \$156M. The Trust Fund balance has virtually remained the same. • He referred to the Average High Cost Multiple (this refers to the peak draw on the Trust Fund without receiving contributions). The Department of Labor (DOL) recommends a minimum of one year (or 1) and Utah is currently at 1.75 years. The number decreased, which shows the Trust Fund equation is accounting for the good economy. The slowdown on the Tax Collection is positive as we don't want to collect too much or allow the Trust Fund balance to get too large. 	Unemployment Insurance Administration At a Glance			Description	Measure Ending 12/31/2017	Measure Ending 12/31/2016	Total Unemployment Rate	3.2%	3.4%	Average Duration of Claim	12.6 wks	12.5 wks	Average Exhaustion Rate	26.7%	25.8%	Contributions Collected	\$191 mill	\$214 mill	Benefits Paid	\$156 mill	\$174 mill	Trust Fund Balance	\$1.077 bill	\$1.014 bill	Average high Cost Multiple	1.75	1.79	Data Source : https://oui.doleta.gov/unemploy/content/data.asp Data Provided for 12-Month Period		
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Mr. Burt discussed the various graphs:

- Average Employer Unemployment Insurance Tax Rates (Attachment A). **This was an action item from the last meeting.**
 - This compares Utah with the rest of the nation;
- Estimated Employer Contribution Rates Calendar Year 2017 (Attachment B);
 - Utah is tenth;
- UI Trust Fund Reserve Factor and Social Cost Calculation (Attachment C);
 - 100% of employers are impacted by the Social Cost Rate which dropped to .001 in 2018. 23% of employers are affected by the Reserve Factor which is influenced by the Trust Fund solvency. The Reserve Factor increased in 2018 as a result of the amount of insured wages increasing in Utah.
 - In 2017, total insured wages (wages paid to employees that qualified for UI tax) increased by \$4B in one year. More people are employed and more wages are being paid, As a result, the liability on the Trust Fund is greater because if a recession occurs, more employees would be eligible for a larger unemployment dollar amount.
- UI Trust Fund Balance Projections (Attachment D)
 - The goal is to maintain the Trust Fund Balance (red line) in between the Maximum/Minimum Adequate Reserve (blue lines). This is the reason the Social Cost was lowered;
- Contributions vs Benefits Paid (Attachment E)
 - The green bar represents the Trust Fund balance, the red is UI taxes collected and the blue is the Benefits Paid to the claimant. The hope is the green bar is high prior to a recession. This allows us to keep the tax rate low, and then as we pull out, taxes increase to replenish the Trust Fund. It is designed to collect about the same amount as is being paid out. Mr. Worthington asked how far out do we project? Mr. Burt explained we only forecast out a couple of years as the more you project out, the more off you will be. We just trust the equation which is built into Code. It has proved to be incredibly successful.
- Summary of State Trust Fund Status (Attachment F)
 - This chart indicates how long a State can last at maximum drawing. Utah is currently fifth in the nation. Some states are not prepared for the next recession. If a state borrows money from the Feds due to an insolvent Trust Fund, their Federal unemployment tax rate increases.

Mr. McDonald announced the Utah Unemployment Insurance Division was recognized by NASWA at a State SIDES conference last week.

- Mr. Burt explained SIDES is a national program which sends out-of-state claimants' responses electronically to the employer. This streamlines and standardizes the process. The DOL has been supportive of this concept and mandates a 50% participation rate;
- The average participation rate across the nation is about 23%. Eight states were recognized for meeting more than 50%. The second place was 68%; Utah was recognized as the top state with 95% of employers participating;
- Mr. Montano asked if there is a cost to the employer for this service. Mr. Burt clarified there is not;
- Mr. McDonald added not only is Utah designed well but also has responsive and connected employers.

	<p>Mr. Thorn added for many years, UI has been recognized often and is always in the limelight and should be recognized for all the good work. Mr. Burt added programs can be designed well, but it is the staff that implements these programs.</p>
<p>Legislative Update</p>	<p>Ms. Bounous reported the following:</p> <ul style="list-style-type: none"> • None of the Bills introduced during the 2018 session directly impacted UI, however a few were avoided that could have been difficult or potentially harmful: <ul style="list-style-type: none"> ○ Senator Anderegg wanted to change the Appeals timeline for UI cases. We were able to successfully explain the existing good cause process already available to employers; ○ Senator Vickers considered changing the formula in Code on the timing of UI benefits and how they are disbursed; ○ Senator Stephenson asked if we wanted to require additional data elements for employers during their quarterly filing. Based on last year’s conversations, he was told we weren’t interested; • HB364 passed – this modifies the definition of <i>employer</i> in the Labor Code and designated a certain sector of the labor market as independent contractors; however this didn’t modify the UI Code, therefore should not impact our definition of <i>employer</i>. • Other Items that will impact DWS’ operations: <ul style="list-style-type: none"> ○ Operation Rio Grande - \$22M was secured to continue efforts to build new shelters and maintain law enforcement; ○ Medicaid Bills passed however these require approval from the Federal Government; <ul style="list-style-type: none"> ▪ It is unknown whether or when the Medicaid expansion will go through; ▪ Mr. Davis asked if we are working with the Federal Government on issues like SNAP. Ms. Bounous explained we are working with the Governor’s office and they work directly with contacts in D.C. <ul style="list-style-type: none"> • Utah hasn’t proactively taken action on SNAP. More information needs to be available before a position is taken. Utah is already involved with mandatory participation. • Mr. Burt referred to the SAEA Funds: <ul style="list-style-type: none"> ○ In Utah, if a claimant receives benefits and it is determined they have been fraudulent; they are required to pay back the benefit plus a 100% penalty (which doubles the amount). The penalty amount goes into a Penalty and Interest Fund and is used for job growth initiatives. DWS asked the Legislature for authority to spend this money in an effort to keep connecting job seekers with jobs and prepare them for the workforce of the future. <ul style="list-style-type: none"> ▪ \$4M was collected; \$1.2M was transferred into the Trust Fund; \$2.8M was available for the next fiscal year. That is the amount requested. It will be used to train individuals for specific industry jobs. <ul style="list-style-type: none"> • Mr. Davis asked about the frequency of fraud overpayments. Justin Williams responded it is low and there are elements that have to be met to establish fraud. There is a distinction between fault and fraud. Ms. Bounous explained they differentiate based on their level of intent. Paying it back is the same collection process. There is currently \$10-13M in collectables out there from fraud. It can be difficult to get money out of people who don’t have any; <ul style="list-style-type: none"> ○ Ms. Zogmaister asked how this amount compares with other states. With Utah’s steep 100% penalty, does it deter it at all? Mr. Williams added there are states that have a steeper penalty, including one with a 400% penalty and one with a 600% penalty, but it is not necessarily enforced;

	<ul style="list-style-type: none"> ▪ In Utah, if one is found to have a fraudulent overpayment, they are not allowed to collect benefits until the fraud overpayment and penalty is repaid; ▪ Benefits can be used to repay a fault overpayment. We will take 100% of the benefit until the fault amount is repaid; ▪ Benefits can also be used to repay a non-fault overpayment. We will take 50% of the benefit until the fault amount is repaid. <ul style="list-style-type: none"> • Action Item: How does Utah compare with other states' penalties? Some states don't have collection Units to collect. National statistics will be gathered and presented at the next meeting. • Mr. Burt requested funds from the Legislature to continue UI modernization efforts. These funds do not come from the Trust Fund or employers' taxes but from an award received by Utah several years ago that has dedicated funds for UI modernization. The CUBS (benefits) system has been modernized and should be complete in July with stabilization to continue for several months. Utah moved from a Versata platform (who was planning on increasing costs by 800%) to a .NET technology. We developed our own code within .NET which can be maintained without licensure. With the modernization of the CUBS system, we are looking to align our CATS (contributions) and imaging systems.
Major Activities within Workforce Services	<p>Mr. Burt reported DWS sponsors a program called the Unemployment Compensation for Ex-Service Members (UCX). This allows individuals transitioning out of the military to apply for benefits to help them back into the workforce.</p> <ul style="list-style-type: none"> • The national unemployment rate in 2017 was 4.4%, 3.1% in Utah • The national veteran's unemployment rate in 2017 was 3.7%, 2.9% in Utah <p>Bill Greer, local Veteran's Employment Representative for DWS, discussed the services and programs available for Veterans. Handouts attached (G):</p> <ul style="list-style-type: none"> • Utah's Patriot Partnership, as of today, 2,142 employers are registered; 474 (22%) have current job openings; • Hire Vets Medallion Program, Federal program, no cost to join; • Frequently Asked Questions; • Veterans Career and Benefits Fair; • Utah Veteran Business Conference 2018; • Veterans Business Breakfast; • Hilton Operation Opportunity; <p>Mr. Worthington asked if DWS participates in <i>Helmets to Hard Hats</i>. Mr. Greer responded yes, and that we also partner with <i>Boots to Business</i>. These are full apprenticeship programs where participants get paid while they learn.</p> <ul style="list-style-type: none"> ○ Mr. McDonald thanked Mr. Greer and the Veteran's team for their outstanding work across the State. Any questions or

	<p>information needing to be shared regarding Veterans services should be sent to Mr. Burt and he will forward. Mr. Diven commended the Veteran’s crew on the reduction of the unemployment rate.</p> <p>Mr. McDonald announced that the most recent unemployment numbers and latest workforce activity will be released tomorrow.</p>
Next Meeting	The next meeting is scheduled for August 16, 2018. Update: The meeting was rescheduled to September 13, 2018.
Adjourn	Mr. Peay motioned to adjourn the meeting at 3:38 p.m.

DRAFT