



Minutes of the Employment Advisory Council Meeting
Department of Workforce Services – Virtual Meeting
May 12, 2022 – 2:30 p.m.

Council Members Present:

Richard Thorn
Brian Somers
Steve Van Valkenburg

Employer Representative, Assoc. of General Contractors
Employer Representative, Utah Mining Association
Employer Representative, Employer Advocates, LLC

Tony Montano
Dan Peay
Jeff Worthington

Employee Representative, Utah State AFL-CIO
Employee Representative, United Steelworkers, AFL-CIO
Employee Representative, Utah State AFL-CIO

Candace Daly
William Starks

Public Representative
Public Representative

Council Members Excused:

Greg Diven
David Davis
Todd Bingham

Employer Representative, OCM, Inc.
Employer Representative, Utah Retail Merchants Association
Employer Representative, Utah Manufacturers Assn.

Melisa Stark
Sheila Oelerich
Kelly Thornton

Employee Representative, DWS
Employee Representative, DWS
Employee Representative, DWS

Kevin Shingleton
Ryan Mecham

Public Representative
Public Representative

DWS Staff Present:

Kevin Burt
Justin Williams
Mike Miller
LeeAnn Madsen
Bradley Salmond
Patrick Frost
Maria Torres
Tyler Sorenson
Julie Godfrey
Mary Gehman-Smith

Deputy Director, DWS
Director, Unemployment Insurance
Chief, UI Contributions
Chief, UI Benefits
Program Manager, Unemployment Insurance
Research Consultant, UI
Manager, Field Audit
Senior Business Analyst, Unemployment Insurance
Senior Business Analyst, Unemployment Insurance
Supervisor, Support Staff, Unemployment Insurance, Minutes

Agenda Item	Discussion
Welcome and Opening Business	Mr. Williams welcomed the group.
Approval of Minutes	Mr. Williams called for approval of the December 2, 2021 meeting Minutes. Mr. Peay motioned to approve the Minutes as written, Ms. Daly seconded the motion and the motion carried.
New Members	Mr. Williams introduced William (Bill) Starks, the newest member of the Council, representing the Public. Bill retired as the Utah Unemployment Insurance Director in 2014. He worked for NASWA for five years, now he is consulting for the American Institute for Full Employment. He currently lives in St. George and serves as the President of his HOA as well as on the Board of Directors for the St. George Wine Guild.
ID Theft	<p>Tyler Sorenson, UI Senior Business Analyst, provided a summary on UI's experience with ID Theft and Imposter Fraud:</p> <ul style="list-style-type: none"> ● Imposter fraud is defined as someone who is filing an unauthorized Unemployment Insurance Claim for someone else. Utah has dealt with this for more than 20 years. Generally, before COVID, UI would see Imposter Fraud dozens of times per year, generally family oriented. Examples include parents filing for their children, children filing for their parents, or divorcees filing for their former spouse. <ul style="list-style-type: none"> ○ UI also saw general stolen identity. Processes were in place so when COVID came along, the expectation was there would be an acceleration of this type of activity. We anticipated we would get hundreds, perhaps thousands of these claims. What we didn't realize, was in 2020 and 2021, we would be facing international criminal conspiracies which were capable of filing tens of thousands of these claims per day. ○ Over the last couple of years, Utah has had more than 50,000 imposter claims filed, yet, at this point, they have slowed down to hundreds of claims per week. This is the new normal. We haven't experienced any major surges over the last six months so we are pretty comfortable saying this is the standard amount we will be receiving for the foreseeable future. ● It is important to stress; the Division operates under a regulated environment, where every claim filed has equal access to UI's Adjudication and Appeals processes. All claims must be treated equal. For an employer, the experience with one of these imposter claims begins with receiving a notice from our Monetary Unit, issued in the name of a claimant who may be currently working for you or who has never worked for you. This means this person's information has been stolen, a claim has been filed, and if they have indicated you were their employer, follow up is required. <ul style="list-style-type: none"> ○ If you receive one of these forms, more than 95% of the time, it has already been red-flagged as fraud, but UI wants independent confirmation from the employer this is an imposter claim. There is a process in place to ensure the claim goes unpaid. Another reason the form is sent out, is, if we are dealing with an imposter claim, we don't have the victim of the theft's contact information. Contacting the employer is the first way to establish contact

	<p>with this individual. As imposters become more desperate, UI may receive fake identification and receive phone calls. When we receive one of these calls, and we have received all the information from the employer, we contact the employer;</p> <ul style="list-style-type: none"> ○ If your employee is a victim of ID theft, and a claim has been filed, the best route of action is to contact our Claims Center and the process of withdrawing the claim can begin. They will eventually be contacted by a Fraud Investigator. UI has been incredibly successful in stopping these claims from being paid as most Utah employers are engaged and willing to provide the information. It can be frustrating for an employer to receive one of these forms from UI. Even if the employee is still working for you or has never worked for you, we ask that you fill it out and send it back as soon as possible. This protects the UI Trust Fund. <p>LeeAnn Madsen added Utah has always been a forward thinker with a strong ID theft plan in place prior to the pandemic. Out of all of the payments made during the pandemic, only 0.34% fraudulent payments were actually paid out.</p> <p>Mr. Sorenson added Utah processed 84,000 fraudulent claims over the last two years. There have been other states that struggled with imposter claims, as they didn't necessarily have a good plan in place. One state had over 60,000 filed in one day, with \$110M imposter claims paid out.</p> <p>Our imposter/improper claims will probably never go away.</p>
<p>UI Trust Fund Update</p>	<p>Mr. Williams provided an update on the UI Trust Fund (Attachments A – D).</p> <p>Mr. Williams reported Utah is trending in the right direction and the program is beginning to operate in a normal scope.</p> <p>Mr. Starks asked about Modernization and Special Admin funds. Mr. Williams clarified UI is currently modernizing the CATS (tax) system, upgrading to .net. It was anticipated to be spent by now, but with the CARES Act and ARCA funds provided during the pandemic, UI is able to utilize these funds into the Modernization Fund. These funds live within the Trust Fund.</p>
<p>Legislative Update</p>	<p>Mr. Burt reported on the DWS Legislative Summary (Attachment E)</p> <p>Two items of interest which relate to Unemployment Insurance:</p> <ul style="list-style-type: none"> • HB 2002 – Unemployment Insurance Rate Amendments which Mr. Burt discussed in detail. This was passed in the 2021 Special Session, reducing 2022 Utah employer tax rates; • Specialist Administrative Expense Account.

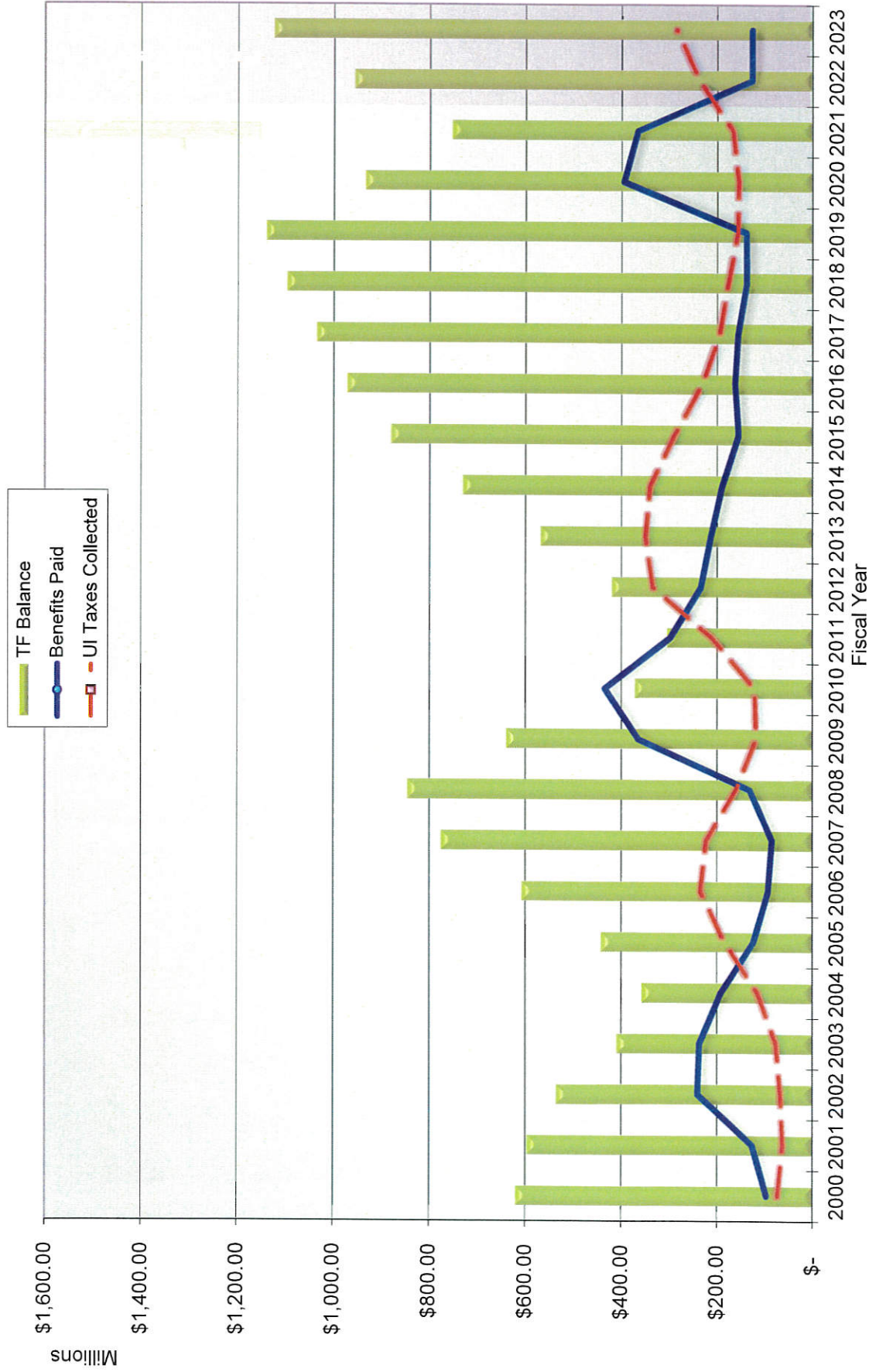
	<p>Mr. Starks added, he hopes everyone realizes how important it was to maintain the Trust Fund formula. He never thought he would see anything as bad as the great recession. He congratulated UI.</p>
Next Meeting	<p>August 11, 2022 at 2:30 p.m.</p>
Adjourn	<p>Mr. Thorn motioned to adjourn the meeting at 3:39 p.m., Mr. Peay seconded the motion, all were in favor, and the motion carried.</p>

Unemployment Insurance Administration At a Glance			
Description	Time Periods	Measure Current	Measure Comparison
Total Unemployment Rate	March 2022 vs March 2021	2.0%	3.0%
Insured Unemployment Rate	Week ending April 16, 2022 vs April 17, 2021	0.37%	0.81%
Average Duration of Claim	12 Month Period Ending Mar 2022 and 2021	12.08 wks	12.55 wks
Average Exhaustion Rate	12 Month Period Ending Mar 2022 and 2021	26.9%	28.2%
Contributions Collected	12 Month Period Ending Mar 2022 and 2021	\$210 mill	\$152 mill
Benefits Paid*	12 Month Period Ending Mar 2022 and 2021	\$145 mill	\$606 mill
Trust Fund Balance	May 2, 2022 vs May 2, 2021	\$955 mill	\$739 mill
Average high Cost Multiple	Q3 Ending 2021 vs Q3 2020	0.96	1.05

*Only includes benefits paid from state Unemployment funds

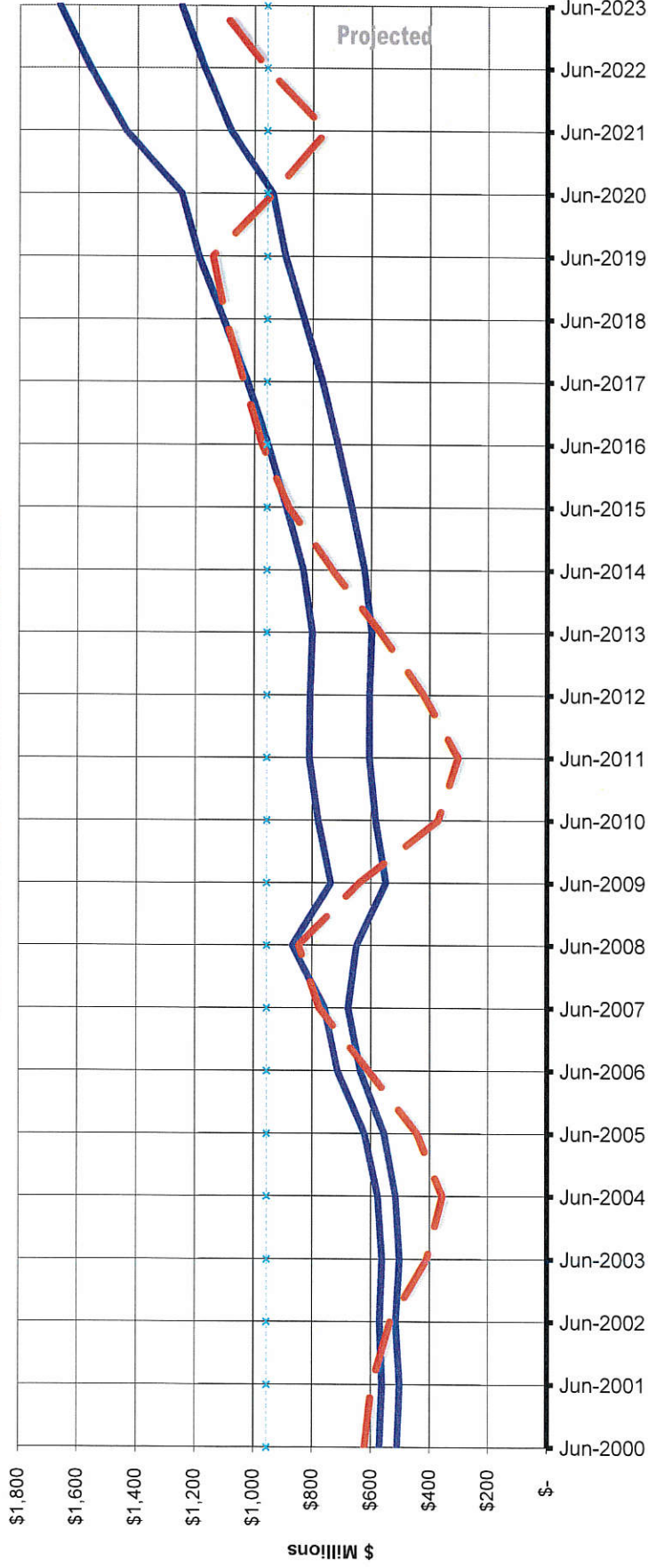
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Contributions vs Benefits Paid



5/4/2022

UI Trust Fund Balance Projections



Fiscal Year

Trust Fund Balance: (05/02/2022): \$955 Million

UI Trust Fund Reserve Factor and Social Cost Calculation

Rates (projected after Rate Year 2022)

Rate Year	Reserve Factor	Social Cost	Max Adequate	Min Adequate	Total Bal	UI Funds
2001	0.90	0.001	\$ 572,404,165	\$ 511,885,663	\$621,831,305	
2002	0.90	0.001	\$ 563,447,692	\$ 503,876,130	\$597,903,149	
2003	1.10	0.001	\$ 572,404,165	\$ 516,819,985	\$536,808,278	
2004	1.20	0.003	\$ 563,447,692	\$ 503,876,130	\$410,479,072	
2005	1.40	0.004	\$ 577,921,855	\$ 516,819,985	\$357,430,362	
2006	1.25	0.004	\$ 622,290,221	\$ 556,497,422	\$443,349,626	
2007	1.05	0.003	\$ 713,592,066	\$ 636,792,920	\$608,932,574	
2008	0.95	0.001	\$ 758,247,416	\$ 678,248,835	\$776,678,787	
2009	1.00	0.002	\$ 867,348,191	\$ 650,511,143	\$846,618,918	\$636,072,548
2010	1.00	0.002	\$ 736,836,102	\$ 550,838,639	\$640,429,491	\$636,072,548
2011	1.45	0.004	\$ 780,214,737	\$ 585,161,053	\$372,531,169	\$368,174,226
2012	1.30	0.004	\$ 810,991,178	\$ 606,449,155	\$304,046,956	\$279,357,611
2013	1.20	0.004	\$ 807,670,552	\$ 605,752,914	\$420,847,126	\$396,633,433
2014	1.05	0.004	\$ 799,949,111	\$ 597,941,760	\$569,562,761	\$546,516,534
2015	1.00	0.003	\$ 831,131,933	\$ 623,348,950	\$731,242,987	\$710,026,815
2016	1.00	0.002	\$ 888,538,078	\$ 666,403,558	\$881,480,861	\$861,148,459
2017	0.95	0.002	\$ 952,139,553	\$ 714,104,665	\$972,506,579	\$953,963,759
2018	1.00	0.001	\$ 1,023,272,074	\$ 767,454,056	\$1,035,519,565	\$1,019,242,517
2019	1.00	0.001	\$ 1,105,373,959	\$ 829,030,469	\$1,097,749,547	\$1,084,022,237
2020	1.00	0.001	\$ 1,190,085,412	\$ 892,564,059	\$1,141,171,667	\$1,130,684,275
2021	1.05	0.002	\$ 1,247,608,202	\$ 935,706,152	\$935,116,747	\$915,884,303
2022	1.15	0.003	\$ 1,439,556,636	\$ 1,079,667,477	\$753,819,068	\$736,154,949
2023	1.10	0.003	\$ 1,560,332,219	\$ 1,170,249,164	\$957,818,481	\$952,124,682
2024	1.10	0.003	\$ 1,664,975,415	\$ 1,248,731,561	\$1,125,664,337	\$1,122,370,539

Calculation: (Benefit Costs/Taxable Wages) X (Reserve Factor) + Social Cost Rate

A multiplier (factor), which is adjusted up or down on an annual basis depending on the overall health of the UI Trust Fund balance. That formula is based on maintaining a 8 to 24 months of benefits during a severe economic downturn. The Reserve Factor is set at 1.0 when the Trust Fund balance falls between the Maximum and Minimum Ade

ate: This rate is determined by benefit costs that cannot be charged to specific employers and is added to the UI tax rate for all employers; this is the minimum tax rate available for the previous four fiscal years.

ate: The minimum amount required to pay 18 months of benefits during the 5 worst economic years in the last 25 years.

ate: The maximum amount required to pay 24 months of benefits during the 5 worst economic years in the last 25 years.

VS LEGISLATIVE SUMMARY

BURT – KBURT@UTAH.GOV



HB15 – CHILD CARE AMENDMENTS

Child Care was a significant topic during Economic Development and Workforce Services Interim Committee MS was asked to present on uses of Child Care COVID Relief Funding

Operation Grants, Health and Safety Grants, Expanded Summer Programs (91% of funds went to support providers)
Waive child care subsidy copayments and increased subsidy eligibility limit

HB15 was a Committee Bill and requires DWS to:

Report on continued Child Care COVID Relief Efforts and Fund Expenditures

Offer a grant opportunity for an employer / provider collaboration

HB15 also:

Increases the number of children a residential facility may care for without a certificate

After school programs available beyond capacity limits

HBI 63 – DRIVERS LICENSE TESTING MODIFICATIONS

2018 legislation passed (HBI 89) that allowed both Refugee and Asylees to:

Take first drivers license examination in their native language and

Take the first drivers license renewal in their native language

2020-2021 Utah has welcomed 900 refugees from Afghanistan, however due to the emergency circumstances individuals were given the designation of Humanitarian Parolees

is designation did not allow them the same drivers license option afforded to refugees and asylees

HBI 63 expanded the option to Humanitarian Parolees...this legislation has already been implemented, significantly increasing employment opportunities to Afghan arrivals

2002 – UNEMPLOYMENT INSURANCE RATE AMENDMENTS

ndemic lead to a significant increased need for Unemployment Insurance benefits
ployment Insurance benefits are paid out from the Utah Unemployment Trust Fund, fully funded by emplo
er tax rates are primarily determined based on the solvency of the fund and the employers experience w
loyment insurance.

ndemic has depleted the fund and caused several employers to have experience with unemployment, incr
employment tax rate across many Utah employers, potentially further impacting recovery

2022 passed in the 2021 Special Session, reducing 2022 Utah employer tax rates by:

horizing \$100M in Federal Relief Funds to be deposited in the Utah Trust Fund, reducing employer tax rates
mping Utah employer tax rate increases in CY 2022, 2023, and 2024

ordinated effort between DWS and legislators – does not jeopardize the fund (23 states went insolvent during the panc

SPECIAL ADMINISTRATIVE EXPENSE ACCOUNT

The Special Administrative Expense Account (SAEA) is a fund made up of penalty and interest funds collected during the administration of the Unemployment Insurance program

MS has requested authority from the Social Services Appropriations Committee to use these funds for a variety of workforce initiatives

During Committee, DWS was granted authority to use the funds for the following initiatives:

ACE Veteran Credential Program

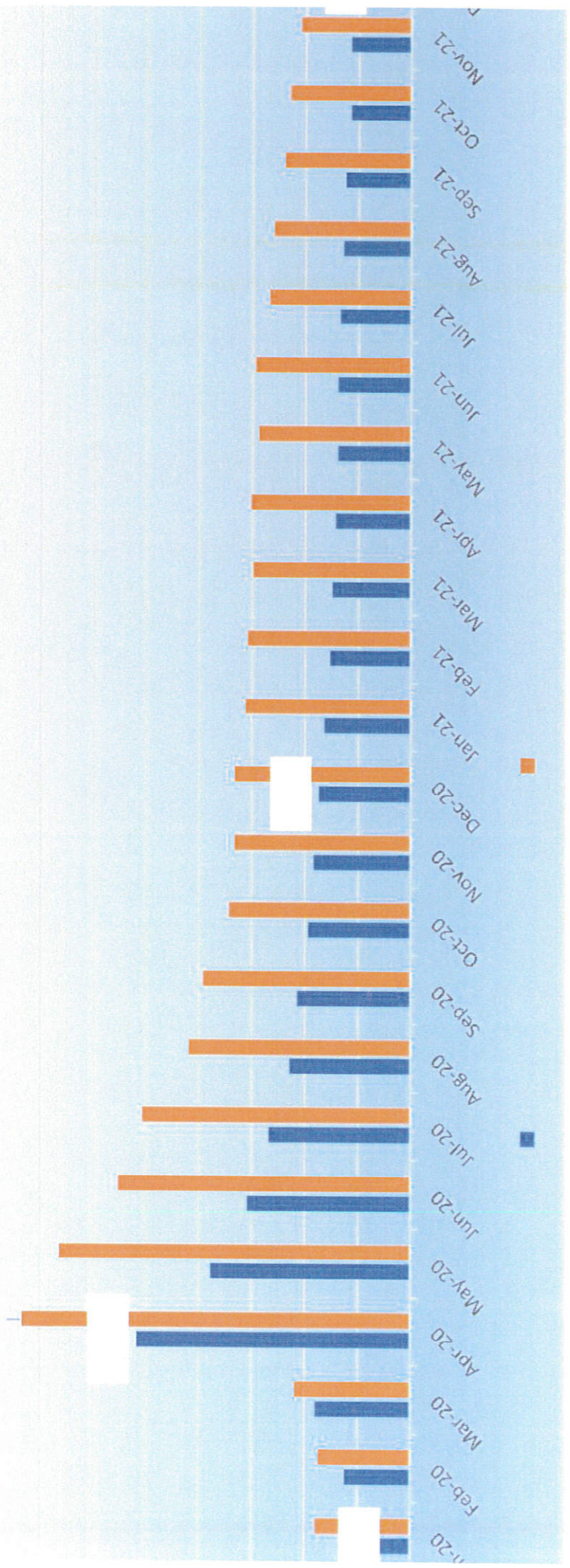
Project Strive

Apprenticeships

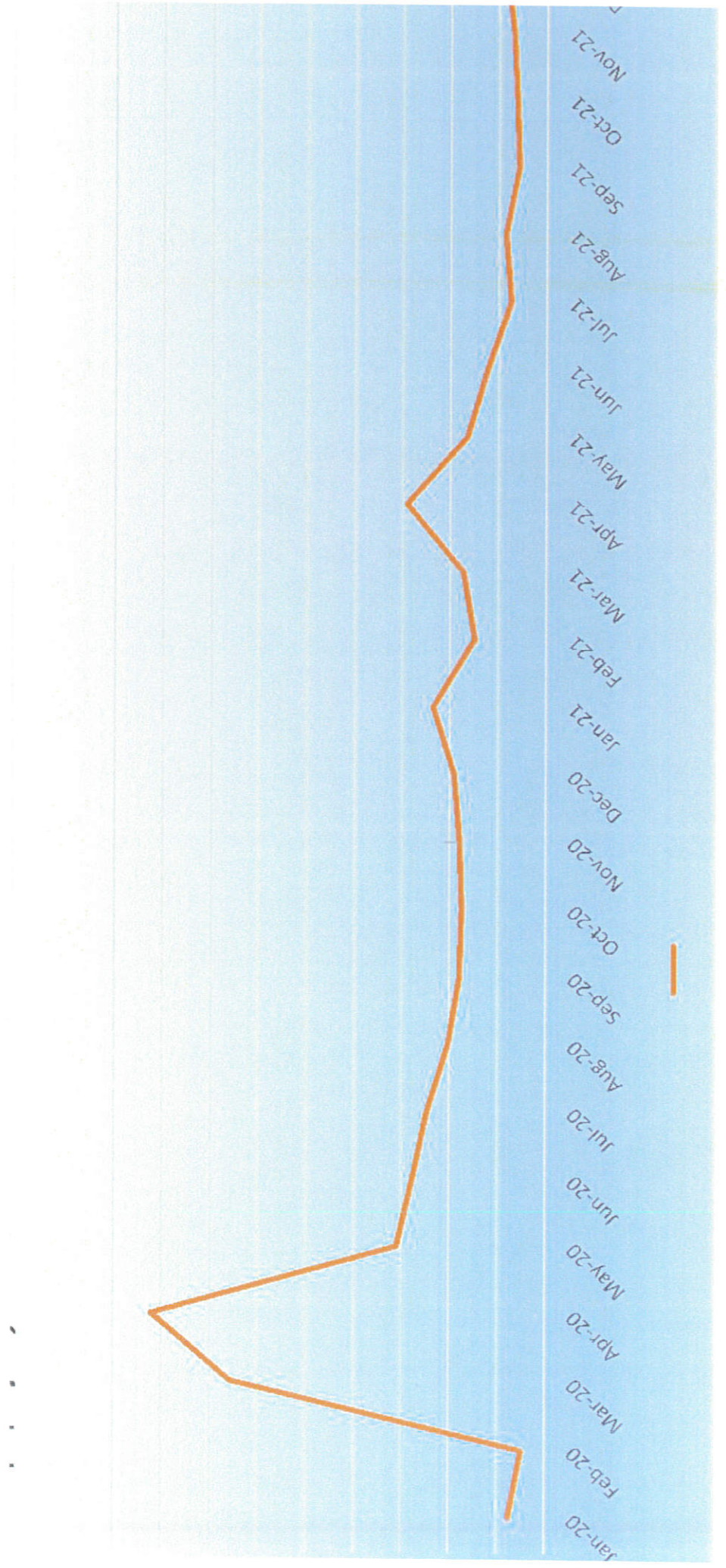
Workforce NOW

DWS IT Modernization

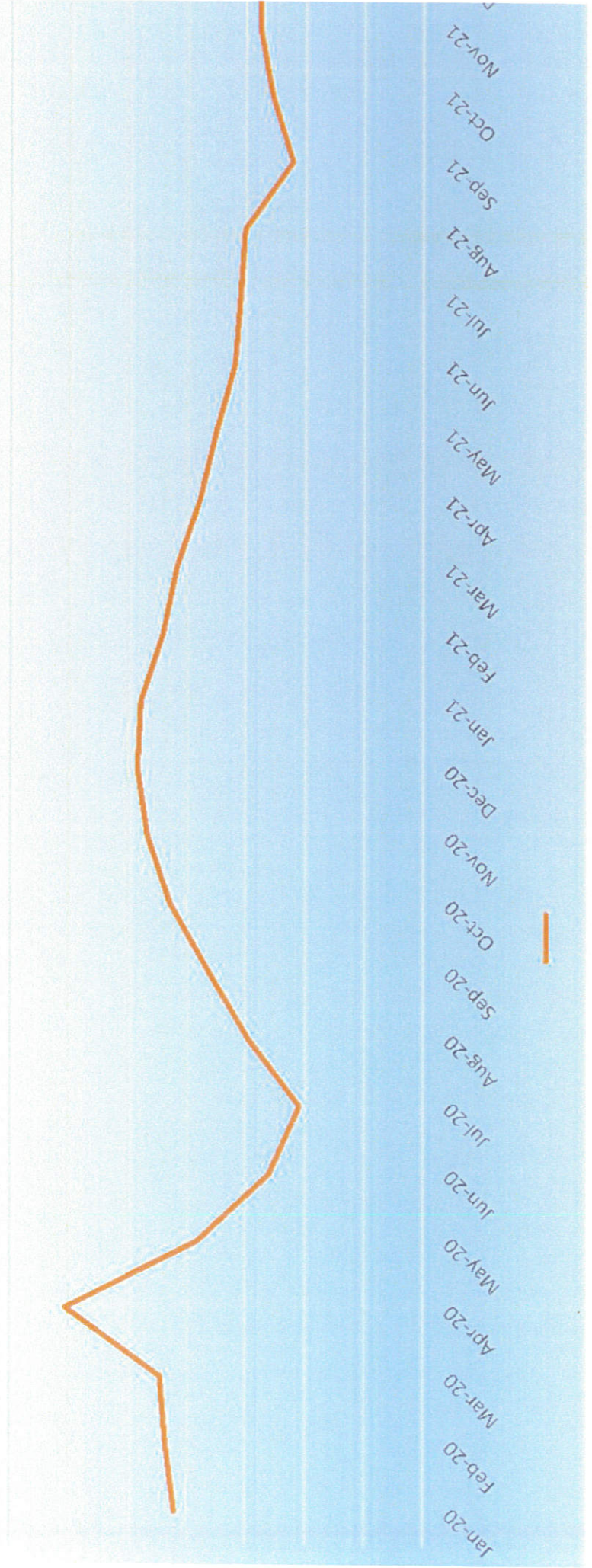
UNEMPLOYMENT RATE COMPARISON



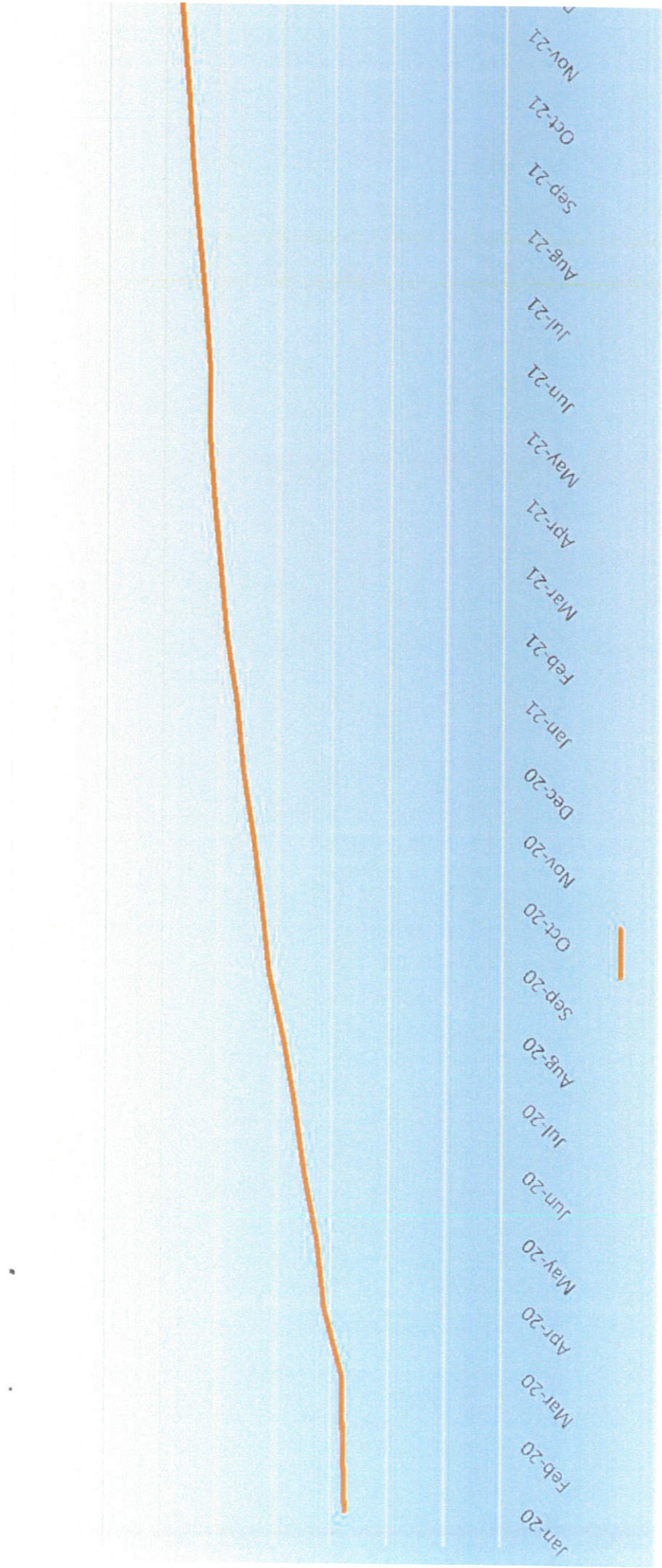
NEW UNEMPLOYMENT INSURANCE CLAIMS - UTAH



TOTAL SNAP (FOOD STAMPS) ENROLLMENT - UTAH



TOTAL MEDICAL RECIPIENTS - UTAH



SB 261 – STATE OF UTAH 80’S ROCK BAND DESIGNATION

