

DUA ADVISORY COUNCIL MEETING July 19, 2018

MINUTES

The meeting started at 9:45 am.

Council Attendees: Kirsten Siemering, Katherine Holahan, Richard Marlin and Brenda Wornum Moore and Ellen Wallace

EOLWD/DWD/DUA/Public Attendees: Rick Jeffers, Rena Kottcamp, John Saulnier, Jennifer Lavin, Marie-Lise Sobande, Evie Arroyo-Barrows, Paul Fitzgerald, Martha Wishart, Wendy Savary, Jeannie Pena, Owen Landefeld (DUA Intern) Marie Orlando (DUA)

I. EXECUTIVE UPDATE: Director, Rick Jeffers

- A quorum was established, Rich Marlin motioned to approve minutes from the June 21, 2018 meeting, all voted in favor.
- **DUA update:**
 - Director Jeffers asked if there were any questions on the DUA PowerPoint presentation that was sent out in advance of the meeting. There were no questions. Rick mentioned that last week the timely first payment metric was met.
 - **Katie Holahan** asked if DUA was fully staffed. **Director Jeffers** answered No – In 2016 we went through a very large reduction in staff to get our budget in order. We are at a better place and waiting from the feds about funding for the upcoming year. We will be staffing up in some areas.
 - **National Grid** Labor dispute impacted 1200 claimants. A decision will be issued later today if they are eligible for UI. All of the workers will be required to do a work search and attend a RESEA seminar and will need to comply with all UI rules.
 - **Grand Bargain** was signed into law, it is a medical leave program. The language in the statute calls for the creation of a new agency in EOLWD. Not sure yet if DUA will be impacted by that yet. It is still to be determined.
 - **EMAC Update** – There is hardship waiver language that will be sorted out.
 - Last meeting **Katie** asked what was in the software build for UI Online. It had to do with the recalculation and refund process credit back for employers with 16-17 year old minors. Some accounts had to be recalculated based on info from HHS. We had to build the mechanism to do that work. Except for the hardship waiver the only thing left to be put into UI online is creating a screen to make employers see the individuals that are credited back. **Katie** mentioned that one of her members said the credit for minors has not been processed. **Marie-Lise Sobande** said to get the account number and it will be looked into. **Katie** asked if there is any ability to print out EMAC Supplement charges. Rick answered no.
 - Last meeting **Brenda Wornum Moore** asked how much is in unmatched funds. **Marie-Lise** stated \$8.6 million in unmatched funds.
 - **State Audit Report Update** - 10 Step Accounts Receivable Project Plan
 1. **Task Order 12**

A signed work order with CGI Technologies to automate the revenue collections process. Work order includes solutions for case assignment, certified assessments, court judgements, tax intercept and liens and levies, etc. DUA is investing \$900,000 to repair and improve system. **Katie Holahan** asked if there is a timeline – **Director Jeffers** answered yes the work should be done by the end of CY18.
 2. **Charge-Off Process**

In depth assessment of balances that are uncollectible, such as bankrupt employers, employers with ceased operations so we can charge off uncollectible balances and accurately state our accounts receivable. **Rich Marlin** asked what happens when a company merges or a company takes over does it get wiped off the books. **Director Jeffers** answered the Business Transfer Unit will look into the transfer and whether it is a

successorship. Hope to bring before the council soon. Once we get the process down, it will be done annually.

3. **State Tax Intercept**

Implement the employer tax intercept program with the Comptroller's Office where payments to state contractors with balances due to DUA may be intercepted and tax refunds to employers from the DOR may also be intercepted. **Martha Wishart** is filling out application.

4. **Federal Tax Intercept**

Implement the federal employer tax intercept program where payments from OPM (office of personnel management) to federal contractors with balances due to DUA may be intercepted and tax refunds to employers from the IRS may also be intercepted. **Martha Wishart** is filling out application.

5. **ELicensing**

A compliance check program where employers trying to obtain licenses with ABCC (Alcoholic Beverages Control Commission) or DPL (Division of Professional Licensure) must have current accounts with DUA. Rich Marlin asked if there is a Workman's Comp match. Rick said he would look into that.

6. **Attorney General Referrals**

Increase the volume of cases that are referred to the Attorney General for prosecution.

7. **Staffing Review**

Top to bottom review of revenue operations, including review of staffing model to ensure that we have the right number of staff to be successful with our collections activities. Director Jeffers added that Marie-Lise Sobande has been the Chief of Staff for a number of years and was asked to help in the Revenue Dept. She is the Acting Director of Revenue and is evaluating structure and staffing. In the process of posting position in Audit and Collection areas. She is doing an excellent job. Katie Holahan asked for a timeline. Rick answered that he does not have one and it needs to be evaluated and will keep the council updated.

8. **Revenue Dashboard**

Enhancement of our Revenue Dashboard to improve accuracy of the reporting and to increase the visibility of key performance indicators on a timely basis.

9. **ADP Unmatched Funds**

Match the current pool of unmatched payments to accurately reflect outstanding balances and implement a go-forward solution. **Marie-Lise Sobande** stated that there have been several meetings to talk about problems and what they can do on their side. One of the main issues was their clients were not authorizing ADP as the TPA to File and Pay. When payments come in they are not able to post to the account because there is no relationship that automatically goes in to an unmatched pool. They have reached out to clients to assign ADP as TPA. We have a team working on posting automatically. **Rick** added they have been great partnering on this and taking ownership on their end and have done things they haven't done in the past to get this right. Progress has been good. Katie asked if they are the biggest TPA. Rick answered yes. Katie said if there is any way to be helpful to reach out and remind employers to authorize their TPA she would be happy to do it.

10. **DOR File of Closed Businesses**

Utilize file of closed businesses to improve account maintenance within DUA.

Brenda Wornum Moore stated she read the report and would like to address the part about the resistance and pushback. **Director Jeffers** responded by saying there are things in the report relative to that piece that I do not agree with. We provided enormous amounts of information. We are focusing on fixing the problem, solve and move on. There was also an Audit Report from 2010 that talks about a lot of the same problems. DUA needs to get better in the accounts receivable area. Excited to take this on.

- At the last meeting Rich Marlin asked about Marijuana and cash – DUA does not have an update yet. **Rich Marlin** said people are now getting fired for using medical marijuana. When that worker files for UI, assuming they are fired for abusing drugs when there is a drug policy, can you deny them unemployment and they may have a doctor's note, do you have any appeals on this? **Martha Wishart** said No they haven't had any yet. It will probably be handled in a similar fashion to alcohol, but they already say unless you are in a safety sensitive position failing a drug test isn't necessarily

determinative of getting UI benefits. If you are impaired at work from a legal or illegal substance, that can be deliberate misconduct. **Paul Fitzgerald** added that the Federal Government does not recognize the legality of marijuana and people who hold a cdl license and fail a test, their license can be taken away.

- **Section 30 Regs Update** – Meetings are on-going, progress continues. DUA is close to bringing something to the Advisory Council.

II. UI TRUST FUND UPDATE:

Rena Kottcamp

- Preliminary June 2018 Massachusetts UI Trust Fund balance was \$1.230 billion. The preliminary private contributory account balance was \$1.116 billion and the governmental contributory account balance was \$114 million.
 - Average weekly benefit amount in June 2018 was \$509.03, \$8.50 or 1.7% more than the June 2017 average amount of \$495.53
 - The 17.5 week average duration of a claim through June 2018 was 0.3 weeks longer than the average duration for the same time span last year. Average duration is computed on a twelve month moving average.
 - Through second quarter 2018, total preliminary benefit payments of \$749.1 million were \$33.2 million lower than total payments made in the first six months of 2017 and \$15.5 million or 2.1 percent less than the latest projection. Initial claims and weeks compensated were 8.5 percent and 4.3 percent less in the second quarter, respectively, as compared to the same quarter last year.
 - Through June 2018, total preliminary employer contributions of \$994.5 million were \$111 million more than last year's first two quarter collections on a lower tax rate schedule. Year-to-date preliminary contributions were \$8.7 million or 0.9 percent higher than expected.
 - As a result of the differences between actual and projected contributions and payments, the June 2018 preliminary private contributory balance of \$1.116 billion was just \$26 million higher than the latest projection of \$1.090 billion at the end of June. The 2018 year-end private contributory account balance is now projected at \$1.084 billion.
- Next meeting is scheduled for August 16, 2018. All are welcome to submit agenda items or topics to discuss.
 - Meeting adjourned at 10:35am