

## DUA ADVISORY COUNCIL MEETING January 18, 2018

### MINUTES

The meeting started at 9:35 am.

**Council Attendees:** Richard Marlin, Ellen Wallace, Katherine Holahan and Kirsten Siemering

**EOLWD/DWD/DUA/Public Attendees:** Rick Jeffers, David Guberman, Rena Kottcamp, Eileen O'Rourke, Jennifer Lavin, Marie-Lise Sobande, Jeannie Pena, Paul Fitzgerald, Brian Flynn (GBLS) Marie Orlando (DUA)

#### I. EXECUTIVE UPDATE:

##### Director, Rick Jeffers

Director Jeffers welcomed all attendees and introduced new council member Katie Holahan to Kirsten Siemering, who was absent from the December 2017 meeting. A quorum was established – **Rich Marlin** motioned to approve minutes from 12/21/17 meeting, **Katie Holahan** seconded the motion and **all were in favor** of approving the minutes.

- **Director Jeffers** asked if there were any questions on the DUA presentation that was sent via email. **Katie Holahan** asked is the Average speed of answer is to resolve an issue or to just answer the phone. **Director Jeffers** replied, to answer the phone. Average speed of answer for last week was 23:59. Director Jeffers added that DUA offers online claim filing and scheduled call backs for requested dates/times. **Ellen Wallace** asked if most people on hold are waiting to file a claim. **Director Jeffers** answered that most are customer service questions such as what is my status, what is my payment. He added that those that can file on line should and it would free up the phone lines for customer service questions. **Rich Marlin** asked if records are kept of how many appeals are overturned. This would tell if lower decisions are accurate. **Director Jeffers** answered - Yes we have data and we will package that info into future presentations. **Jen Lavin** added that DUA started charting who the adjudicator was and then who the review examiner was. Paul Fitzgerald added it stays pretty steady, out of every 10 cases of appeals the Board gets, 6.5% are affirmed by the Board if they got it right at the Hearings level and 4.5% most are being remanded and 1% are out right reversed on the record. **Director Jeffers** said to keep in mind that the outcome of a hearing could be because one party failed to appear and that could lead to a reversal. We will continue to look into Hearings data.
- **2018 Rate Notices** were sent out before the end of calendar year 2017 on December 28, 2017, it included the EMAC insert which is also posted on the webpage. In addition to getting the rates out, we are attempting to get the word out and provide some information about EMAC Supplement. When rates go out in any year we will get a surge of calls on the Revenue team. We have received some questions about the supplement and we now have an EMAC email box and are reviewing and responding to the questions on EMAC and the supplement. **Katie Holahan** asked, what is the most frequently asked question on the EMAC supplement? **Marie-Lise** Sobande said they will ask, can I make one payment and is it ok to pay it all at once. **Rick** said the concerns are generally how can I forecast our cost, he added that this is not something that is rated and we will know what the calculations are for the EMAC Supplement when they file their quarterly wage report. DUA hired the EMAC Manager, Katie Dishnica and she is in the process of hiring her team and working on the technology side and changes to be made on UI online for EMAC. **Katie Holahan** asked what the deadline is for having those online. **Rick Jeffers** answered before April 1<sup>st</sup>. It is the first day open for the first quarter filing.
- **Board of Review Sub-Committee** – Resumes will be given to Rich Marlin, Katie Holahan and Mike Doheny to review and start the interviews for Board of Review Member.
- **Director Jeffers** said generally this time of year is the peak period for UI claims filing and the focus is on our day to day operations.

- A decision was made that will impact the Lawrence Call Center. The lease agreement expires in May 2018. The difficult decision was made to let that lease expire. Every member of the team in Lawrence can relocate to Boston or Brockton, it is not a lay-off situation. This will impact 42 workers. The call center doesn't have face to face customer interaction so it will not impact customers. Call centers are virtual so the next available person will take the call in either Boston, Lawrence or Brockton. **Rich Marlin** asked if they all want to come to Boston can Boston accommodate them. **Director Jeffers** answered yes.
- **Rich Marlin** asked for a timeline for Section 30 regulations. He was hoping to push it forward this month.
  - **David Guberman** explained the general process is for the Agency to draft proposed regulations and get approval from the Secretariat and from A&F and bring it to the council. The council approves it or approves it with changes and that is for purposes of circulating it to the public. We have a Public hearing and get comments. The Agency will review the comments and we may propose further changes in light of the comments received and then we bring it back to the council. If the council votes to promulgate something then we bring them back to A&F and assuming approval from A&F we submit it to the Secretary of State for publication. David added the new Secretary is very interested in getting it right. We do have the language that was worked out for the apprenticeship program with Rob Cunningham, Rick's predecessor. We need to go back to engage the new Secretary. Both Rick and the Secretary are aware of the importance and of the urgency of moving forward. **Director Jeffers** said he has talked to the Secretary about this and she needs to understand Section 30 a little bit better, but she knows the need to put momentum behind this. An internal meeting is scheduled at DUA next week to go over all the things we want to solve through this process. After the meeting Secretary Acosta will be updated. The Secretary is aware this is something that the DUA Advisory Council is passionate about. **Rich Marlin** asked if it has to come back before the council before a public hearing can be scheduled? Is there a timeline? **David Guberman** stated, the Advisory Council gets to vote twice. Once on what is going to be circulated before public comment and second after public comment is received on what is going to be sent to A&F to approve publication and promulgation. **Rich Marlin** was hoping to have this pushed forward this month. His concern is it won't be back till the summertime. **Director Jeffers** said there are many things going on and there is a Council now that has a quorum and we are doing our best. **Rich Marlin** added the Secretary went before his board and said the only thing holding it up was we haven't had a quorum in two years. That is what our people heard, all that was needed was a quorum to move forward. **David Guberman** said it's fair to say that the last time we were attending to this, when we didn't have a quorum, we had gone through a process that involved the then Secretary Walker. **David Guberman** noted that it is very frustrating when a bill dies in the legislature if they are not reached at the end of the session. The Secretary quite appropriately wants to be brought up to speed and have an input in the process. **Director Jeffers** asked **Rich Marlin** if it was Secretary Acosta or Secretary Walker that spoke before his board. **Rich Marlin** answered Secretary Acosta was there two or three months ago in November. **Director Jeffers** said he will come up with a timeline, with the understanding that there is a level of commitment into getting this done.

## II. UI TRUST FUND UPDATE: Rena Kottcamp

- At the December 21, 2017 meeting **Rich Marlin** had two questions: **1)** regarding construction and fabrication. **Rena** said, new employers are allowed to have special industry rates. For construction there is a special new employer tax rate, which is about 4 times the rate of other new employers. In construction if you fabricate the product, all the workers on the worksite would be considered in construction, if they are working directly for the contractor, however the majority are working for subcontractors, then it reverts back to the principal product or activity in those businesses. **Rich Marlin** said that most of the mechanical trades now all have their own fabrication shop. **Rena** said that it depends where the work is done. If it is done off site it would be the principal product or activity. **Rich Marlin** asked what if they are principally a plumbing and pipefitting with an offsite shop to fabricate something. **Rena** said it depends if they report to us as a multi worksite employer. The majority of the employers are a single work site. We have about 5000 employers who report to us voluntarily and register with us for UI that may or may

not have multiple worksites. There are another 5000 or 6000 who give us their worksite data saying they have multi locations like banks or retail with multiple locations, if they do that then we would code the worksite, but the principal employer's activity code would stay the same. There are a fair number of fabrication shops that are newly registered or once every three years we go out to recertify the Industry codes and locations of employers. When you are certifying a company it will be wherever their physical address is. In construction, if you are in any way a contractor or sub-contractor or a manager of a project, you are considered to be in construction. **2)** The second question **Rich Marlin** asked was what is a commuter claimant? UI claims are dependent on where you live. You can register wherever you live or where you work. People who live within a commuting area can file in the state where their principal employment is. These are commuter claimants. We look at the border towns. **Rena** passed out a zone listing of distances for out of state/commuter claims. **Rena** also distributed a handout of Massachusetts Statewide UI Claimant Characteristics Report that includes a summary of information of Massachusetts residents claiming unemployment insurance during a referenced week.

- Unemployment Rate is 3.5%.
- Massachusetts loses 500 jobs in December.
- Preliminary December 2017 Massachusetts UI Trust Fund balance was \$970 million. The preliminary private contributory account balance was \$861 million and the governmental contributory account balance was \$109 million.

There are two separate accounts in Massachusetts, private employers, which is a vast majority of employers and jobs in this state, are required to participate by a federal law and must be in a contributory system that has experience rated rates. Private non-profit employers have the option to reimburse us the benefits that are paid or be in a contributory system. **Katie Holahan** asked what percentage of non-profit employers are reimbursable vs contributory. **Rena** said she could get that information for another meeting.
- Average weekly benefit amount in December 2017 was \$500.10, \$13.84 or 2.8% more than the December 2016 average amount of \$486.26.
- The 17.2 week average duration of a claim through November 2017 is 0.3 week shorter than the average duration for the year 2016. Average duration is computed on a twelve month moving average.
- Total preliminary benefit payments of \$1.350 billion in 2017 were \$42 million higher than total payments made in 2016 but \$30 million less than the latest projection due to lower than expected benefit payments in December.
- Preliminary Employer Contributions of \$1.354 billion were \$55 million more than last year's collections but \$8 million less than the projection.
- As a result of the differences between actual and projected contributions and payments, the 2017 preliminary private contributory balance of \$861 million is \$22 million higher than the projection of \$839 million.
- **Director Jeffers** recapped what will be presented for the next meeting:
  - Timeline of Section 30 regulations
  - Non-profits – percent of contributory vs reimbursable
  - Hearings data
- Resumes will be sent to subcommittee
- Next meeting is scheduled for February 15, 2018
- All are welcome to submit agenda items or topics you would like to discuss

Meeting adjourned at 10:30