

## DUA ADVISORY COUNCIL MEETING February 15, 2018

### MINUTES

The meeting started at 9:45 am.

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

**EOLWD/DWD/DUA/Public Attendees:** Rick Jeffers, Martha Wishart, Rena Kottcamp, John Saulnier, Jennifer Lavin, Marie-Lise Sobande, Jeannie Pena, Paul Fitzgerald, Brian Flynn (GBLS) Marie Orlando (DUA)

#### I. EXECUTIVE UPDATE: Director, Rick Jeffers

- A quorum was established, Rich Marlin motioned to approve minutes from the January 18<sup>th</sup> meeting all voted in favor.
- **Director Jeffers** introduced John Saulnier, the Director of Benefit Performance to the council members.
- During the last 2 meetings, additional information regarding percentages of cases overturned was requested. **Jeannie Pena** addressed the request for information. An additional slide was added to the deck showing the percentages of appeals that were overturned from 2016 - 2018. She stated that generally less than 50% of cases that come to Hearings are overturned. There was a concern if we found that the decisions at the lower level were incorrect and we can't say that is the case. Why a case is overturned at the appeals level has a lot of different factors. It can be where we have more evidence than they did at the lower level or there may be an instance where there may not be medical documentation presented or we don't have certain witnesses who participated at the adjudication level. There are many different factors as to why we would overturn or affirm. Generally we have not overturned over 50%. The average is in the range of 42% - 49%. The number can fluctuate month to month. It could be a claimant appeal or employer appeal, it is very hard to say. **Katie Holahan** asked if there is more of a trend for employers. **Jeannie** answered the only instance we can see if there are more employer appeals is if there is a layoff or voluntary separation incentives. It is hard to find trends. **Rich Marlin** asked do both parties have to appear. **Jeannie** answered that both parties are invited if it is a separation. We go forward with the hearing as long as the appellant is present. If the appellant is present, we start the hearing and do not wait. If the other party arrives, the non-appellant, the case is defaulted. If they don't arrive within 10 minutes, we issue a notice of default and they have 10 days to respond to the notice of default to request reinstatement and if they have good cause for failing to appear, we may reinstate the appeal. **Rich Marlin** asked if we know the percent of how many people who apply for UI and appeal. **Rena Kottcamp** answered that it can be tracked. We track by volumes. **Jen Lavin** said about 15% of people who initially apply for UI have a disputed claim. People who are claiming benefits have 26-30 weeks to create an issue, there is potential for a disqualification every single week.
- **Director Jeffers** gave a brief update on the building in Brockton project: The designer selection board voted to select Jones Architecture out of Salem. We don't have a project plan yet and will share information as he gets it. **Rich Marlin** asked if it will be a lease or a state owned building. **Director Jeffers** answered it will be a state owned building.
- On the Secretariat level: On Monday a representative from the American Institute for Full Employment came in to meet to talk about the RESEA Program and will offer some recommendations of ways we can better serve unemployed individuals, modernizing some tools and ways to help people get back to work. When the report of recommendations is delivered, it will be shared with the council. This is an area where DUA will be strongly connected to Department of Career Services. There are people who need hands on level of service and others who are job ready. The goal is to spend time with folks who really need the help and those that don't need as much one on one to take advantage of the online tools.
- **Rich Marlin** asked for an update on Lawrence. **Director Jeffers** said the lease is expiring in May and there is not much to share at this meeting, but should have something by next meeting.

## II. UI TRUST FUND UPDATE:

### Rena Kottcamp

- Preliminary January 2018 Massachusetts UI Trust Fund balance was \$920.9 million. The preliminary private contributory account balance was \$812.7 million and the governmental contributory account balance was \$108.2 million.
- Average weekly benefit amount in January 2018 was \$499.9, \$14.03 or 2.9% more than the January 2017 average amount of \$485.87.
- The 17.2 week average duration of a claim through January 2018 is 0.3 week shorter than the average duration for the same time span last year. Average duration is computed on a twelve month moving average.
- Total preliminary benefit payments of \$160.3 million in January 2018 were \$6.8 million higher than total payments made in January 2017 but just \$3.6 million more than the latest projection due mostly to the higher average weekly benefit amount.
- The January 2018 preliminary Employer Contributions of \$111.9 million were \$3.7 million less than last year's January collections and \$3.6 million lower the projection.
- As a result of the differences between actual and projected contributions and payments, the January 2018 preliminary private contributory balance of \$812.7 million is \$7.1 million lower than the projection of \$819.8 million for January. The 2018 year-end private contributory account balance is projected at \$1.072 billion.
- Right after the March meeting we will be putting out the revised data on the numbers for jobs. We annually benchmark those numbers to the real data we get from employers.
- We have found there is a change in claimant structure, a share of claimants who have a high school degree or less and now they are more in line with the data we have. The unemployment rate is high for those without high school degrees. The Unemployment Rate for people with a Bachelor's degree is 2.2% and with less than a high school degree is 9%. We are trying to get a better handle on profiling those people. **Brian Flynn** asked if the 9% of the Unemployment rate for those without a high school degree is generally consistent with the National rate. **Rena Kottcamp** said she could get that information. **Brenda Wornum Moore** asked if this is a new group that is dropping out of high school or have never had a higher education. **Director Jeffers** answered this is driven from the question in the initial claims process. This will help us to better know who we are servicing and to match the services. **Rich Marlin** asked is anyone looking at the change in demographics in the minimum entrance requirements in getting a job. **Director Jeffers** said he could look into that. **Rich Marlin** asked if the American Institute for Full Employment would have that data. **Director Jeffers** answered, we did not talk about that specifically. We were focused in helping us with the federal requirement to identify people who get priority with training. We are trying to improve and enhance that to be more in line with what other states do. We couldn't do that with the prior system we had. We purchased some tools that may help us overtime to look at that. **Katie** asked are the Career Centers part of the group. **Director Jeffers** said they are a different agency under the same Secretariat. DUA and DCS work together. We are routing claimants to the One-Stop Career Centers. **Katie** said the American Institute is talking about employment services, is DCS in these meetings? **Director Jeffers** answered yes. **Katie** asked, how do employers work with the Career Centers? **Director Jeffers** said, The Director of DCS in Alice Sweeney, at some point we can bring in DCS to talk about the roles. The job openings are coming mostly from the employers. Generally they are trying to do a better job at matching and giving higher quality referrals to employers and be a better place to find employees to fill job vacancies with a level of trust that is needed and that the referrals are the right skill set so the employers will see it as a resource. DUA will partner and wants to make sure to profile and screen UI claimants in such a way so they are driven to the right place and get the level of services and from there we work with DCS and improve services that are offered in a more modern way.
- **Rich Marlin** asked if the Jobs numbers are up, why is it the contributions are down? **Rena** answered, prior to refinancing the UI system a few years ago, in Massachusetts for private contributory employers we had a fixed taxable wage base, and we have an indexed benefit rate on average benefits 4.4%. We have indexed measures and indexed schedules. During the last refinance, the employers wanted to move to a pay as you go system. So what is happening is as average wages continue to grow, the benefit rate continues to grow. The wage base only went up \$1000, so it's at \$15,000 and we are paying closer to \$30,000 to the 28% of the claimants that were at the maximum benefit. So the taxable wages are falling as wages are growing.

- At a previous meeting, Katie Holahan asked what percentage of non-profit employers are reimbursable vs contributory. Rena said she will get that information to her as promised.

### III. EMAC Project:

Rick began the discussion saying the team is working hard on HR and staffing up along with IT components to bring on that part of the program.

**Martha Wishart** discussed the timeline on the EMAC Regulations. Emergency regulations were filed that were effective on 1/1/18. Existing regulations that govern the EMAC process. In order to make those regulations permanent, we have to go through the normal regulations process within 90 days after the filing date.

- The Public Hearing was on 2/6/18,
- Comment period for written comments that went through 2/9/18. We did have a well-attended public hearing and received a number of written comments and we made an adjustment to the regulations to clarify the appeal process.
- They will be filed with the Secretary of State on 2/23/18 and become effective on 3/10/18.
- A question was asked about the appeal process. **Martha Wishart** went on to say that EMAC incorporates MGL Chapter 151A section 39 of the Hearings statute on the Benefits side. The regulations that relate to that give a period we can allow a late hearing for good cause. The request for hearing has to be filed within 10 days and that's in the EMAC statute as well. What we did is we adopted the structure from the hearings side regulations to where an employer is late between 11 and 30 days we can allow a hearing for good cause. If they file a late request for a hearing beyond 30 days, there is very limited justifications on which we can still grant late hearing. That is the change we made to make it parallel to what we do on the benefit side. **Katie Holahan** asked if it more than 30 days, is there no option? If they received a determination beyond the 30 days and promptly make request for a hearing or they never received the determination and when they find out a determination has been made, they promptly make a request. Those are grounds they would be able to get a hearing beyond the 30 day good cause. Rick said he can send Katie the part of the regulations that cover this. **Katie** also stated some of her members are curious where the EMAC Supplement information will be available. **Rick** answered that there will be outreach things this moment we are not quite ready to share a visual. Katie offered any help she can be. She has an EMAC distribution list. **Marie-Lise** added we plan on sending out notification to employers and TPA's as soon as next week.

### IV. SECTION 30

Since the last Advisory Council Meeting we have had focus and task group meetings around Section 30. We have a few more scheduled and continue to work on it. A timeline was requested at previous council meetings. It is difficult to say when it will get down, but we are making good progress. **Martha Wishart** added that once the regulations are drafted, the process to have them become effective generally takes about four months. **Director Jeffers** commented to Rich Marlin that this is something that everybody wants done.

- Next meeting is scheduled for March 15, 2018
  - Proposed topics include:
    - Board of Review Candidate
    - Employment Services
    - All are welcome to submit agenda items or topics you would like to discuss

Meeting adjourned at 10:40