

DUA ADVISORY COUNCIL MEETING May 17, 2018

MINUTES

The meeting started at 9:35 am.

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

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

I. EXECUTIVE UPDATE: Director, Rick Jeffers

- A quorum was established, Katie Holahan motioned to approve minutes from the April 19, 2018 meeting, Brenda Wornum Moore seconded and all voted in favor.
- DUA update:
 - Advisory Council Power Point deck.
 - Benefits - Total Active Claimants are down slightly from last year as well as call volume.
 - Timely First Payments are down from last year at slightly above 70%. 87% or more of first benefit payments are expected to be disbursed within 21 days.
 - Non Mon determinations timeliness, DUA needs to report to DOL on how we are doing with our separation issues and non-separation issues. We are not meeting the goal although we have been improving with single party issues. We are seeing a slow improvement and struggling and working through a bag log. We implemented overtime for adjudication.
 - Lower authority appeals, DUA is hitting the goal which the average age is 30 days or under. We are in the process of bringing on 2 review examiners. **Katie Holahan** asked if we will be fully staffed. **Director Jeffers** answered we will work in our budget. When claims are down, staffing is down. **Rich Marlin** asked if the total number of appeals are going down corresponding to the unemployment rate going down. **Director Jeffers** said it corresponds with the adjudication work. **Wendy Savary** added that because we are working overtime and issuing more adjudication level determinations that have appeal rights that would increase the number of appeals.
 - Board of Review Chairman **Paul Fitzgerald** stated they have on-boarded a new board member and will start to see its effects on the average age. **Director Jeffers** added a thank you to **Rich Marlin and Katie Holahan** for participating in that process of choosing a new board member.
 - Overpayments – Fraud vs Non Fraud Overpayments. **John Saulnier**, Director of Benefit Performance said we recently had a review by NASWA Integrity Center. There were 39 – 40 recommendations to look at. We will be implementing a few recommendations. One recommendation was to have our investigators participate in a Hearing as part of their investigative training. Also there are certain data analytic tools that would help us prevent a lot of fraud overpayments that we will look into.
 - EMAC Supplement – All regs are done, made changes to the system and we are directing the dollars that were collected. **Director Jeffers** stated the regs can be found on the Mass.gov website. **Katie Holahan** expressed her appreciation of how responsive DUA staff have been. The response has been very positive with all the challenges for her members. **Rick** thanked her.
 - 69A – Charge-off Section of 151A – at the April meeting **Katie** asked for historical information of how much was charged-off in prior years. **Martha Wishart** researched previous meeting minutes to compile a summary of charges:
 - 1997 – charge-off of \$26 million
 - 11/10/2004 - charge-off of \$82 million
 - 11/16/2005 - charge-off of \$6.5 million
 - 9/15/2006 - charge-off of \$8.5 million

- 6/18/2008 - charge-off of \$9 million
- 11/19/2009 - charge-off of \$7.5 million
- 7/18/2013 - charge-off of \$10.5 million

DUA plans to get back into the process of charging-off on a more regular basis. In order for DUA to charge-off, it requires the approval of the Advisory Council. It is the Director's intent to have this be an open and transparent experience for everyone. **Katie** asked what does the Council's vote accomplish. **Director Jeffers** answered it allows our Revenue Enforcement Dept. to have a clear picture of debt that is uncollectable. **Martha Wishart** added we have to determine which debt is uncollectable. The definition of uncollectable is it has to be older than 6 years, the employer has to have ceased operations and the owners or officers are deceased or cannot be located. We will review what is on the books, make a determination of what is uncollectable under the statute and then present it to the Advisory Council for authority to charge it off. That has been the process in the past. **Martha** added that the charge-off can still be collected, just not carrying as a liability, it is not being forgiven. **Rich Marlin** asked if a company goes out of business and then shows up later with the same employees and claim they are a new company do they get out of their debt. **Director Jeffers** answered since 2005 there is a SUTA Dumping Unit to review these types of things so employers don't shed their rate or obligations. **Paul Fitzgerald** added there is a section of the statute that talks about how to determine successorships and is used primarily so they do not escape your rate and we look to see if they acquired all of the assets from the previous company. **Katie** asked if whether it is charged back or carrying debt does it have any effect on our federal funding. **Marie-Lise Sobande** answered for accounting purposes you have to present financial statements that are accurate and if you are carrying balances that are not collectable or carrying as an asset, they are not really an asset because they are uncollectable. So to present clean financials we need to take off the uncollectables. **Director Jeffers** added it will not impact our funding from the Federal Government. **Brenda Wornum Moore** asked when we are able to collect uncollectables where does it go? **Director Jeffers** answered it goes back to the Trust Fund. **Marie-Lise** added the money we get from the Feds is for operations. The money we get to pay the claimants comes from employers.

- UI Online - Making updates to screens on UI Online SAVE Program to improve the process for non-citizens to prevent issues that aren't necessary. We will also be investing in Revenue Enforcement effort and launch a project to fix UI online to help the team with some functions that are done manual will be automated. This will start June 1, 2018. Today the UI Online application is not mobile or tablet friendly. For the second half of this calendar year we are hoping to receive funding for a project to make it mobile friendly. We are optimistic this will start in July.
- The Brockton Building Project – Continue to have positive meetings.
- We have a resource that is helping us with the user journey. Through the Eyes of a User. This will help us to identify where the bottlenecks are. Looking forward to hear what she recommends. **Ellen Wallace** asked if the users are claimants or employers. **Director Jeffers** answered we are starting with claimants.

II. UI TRUST FUND UPDATE: Rena Kottcamp

- Unemployment Rate from November 2017 through March 2018 was 3.5%.
- Preliminary April 2018 Massachusetts UI Trust Fund balance was \$1.318 billion. The preliminary private contributory account balance was \$1.202 billion and the governmental contributory account balance was \$116 million.
- Average weekly benefit amount in April 2018 was \$501.26, \$8.09 or 1.6% more than the April 2017 average amount of \$493.17.
- The 17.4 week average duration of a claim through April 2018 was the same as the average duration for the same time span last year. Average duration is computed on a twelve month moving average.
- Year- to-date preliminary benefit payments of \$557.6 million through April were \$2.0 million higher than total payments made in the first three months of 2017 but just \$8.9 million less than the latest projection.
- Through April 2018 total preliminary Employer Contributions of \$894.0 million were \$556.3 million more than last year's collections through April due to portions of collections were credited in the month of May caused by April 30, 2017 falling on a Sunday. Year-to-date preliminary contributions were \$7 million higher than expected.
- As a result of the differences between actual and projected contributions and payments, the April 2018 preliminary private contributory balance of \$1.202 billion was \$18 million higher than the latest

projection of \$1.184 billion at the end of April. The 2018 year-end private contributory account balance is now projected at \$1.084 billion.

- Rates and Jobs Numbers will be available tomorrow 5/18/18.

- Next meeting is scheduled for June 21, 2018
 - All are welcome to submit agenda items or topics you would like to discuss

Meeting adjourned at 10:20