

UNEMPLOYMENT INSURANCE BOARD
MEETING JUNE 19, 2013
INDIANA GOVERNMENT CENTER SOUTH
10 N. SENATE AVENUE
INDIANAPOLIS, IN 46204

Members present were Paula Presnoples, President; Kevin Tully, Vice President; Pete Bitar; Dave Collins; Joe Evans; Stephen Gootee; Randy Maxwell; Otto Prow; and Kent Tolliver. Also in attendance from the Indiana Department of Workforce Development were Scott Sanders, Commissioner; Randy Gillespie, Chief Financial Officer; Jeff Gill, General Counsel; Joshua Richardson, Deputy Commissioner; and Michelle Marshel, Deputy Commissioner.

Ms. Presnoples welcomed guests; Jennifer Bozek from Vincennes University; Lisa Vitaniemi from Associated Builders and Contractors; Dave Tucker from Vincennes University and Teresa Hess from Ivy Tech Community College.

Ms. Presnoples called the meeting to order at 10:00 am and recognized a quorum was present.

COMMISSIONER'S REPORT

Commissioner Sanders opened with a brief update on JAG (Jobs for America's Graduates), which is a program that is geared towards at risk individuals in high schools. It is a national program and Indiana is 1 of 32 states that fund this program with \$6M for the next 2 years. It is currently in 56 schools and will go to a total of 103. There are 5 targets; 1 of graduation rate at 90%, the JAG kids had 91% graduation rate this year. The 2nd target is 80% positive outcome when they graduate. We had 81% as a state. Placement target is 60% and we got 55% and other 2 categories deal with positive outcomes and we exceeded both of those. We had 4 regions pass all 5 of the 5 goals, 13 schools for 100% graduation rates.

Stephen Gootee asked how we select the schools. Commissioner Sanders said we tried to get schools to participate, but then we took it to each region and they reached out to the local schools in their areas and it filled up immediately.

Commissioner Sanders moved on to next slide regarding the WorkINdiana program which offers short-term occupational training to adult education students resulting in industry-recognized certifications. To date this program has reached 805 students at an average cost of \$1,200 per student. Once they receive their GED we match them up with a certification program.

Ms. Presnoples asked if we know of the percentage of students enrolled, what percentage are representative of program or would they just walk into a WorkOne. Commissioner Sanders said he would look into this. Ms. Presnoples would like to know if this is driving people into the WorkOne locations. Commissioner Sanders added we are going to try and have an adult education program with WorkOne programs. In the most recent stats, 55% had high school diploma, the rest did not. The next slide shows adults 18-64 without a GED are more than half a million Hoosiers that do not have this credential. If we get all through the system, we will train 9,000 students.

Commissioner Sanders also informed the board the GED test is in the RFP process now for a new provider. The board will be updated once this process has been completed.

Commissioner Sanders reviewed the HIRE program of last year placed 618 individuals across the state that are exoffenders. 86% are still in their jobs and they are earning an average wage of \$10.31. The employers involved with this program like that the worker shows up for work, are on time and are staying off drugs. The next slide shows the Community Economic Impact of this program. The net positive cash flow to Indiana's economy is \$8.2M. We are going to look for more ways to partner this program in the community.

At this time Commissioner Sanders opened the floor for questions and there were none.

OPERATIONAL UPDATE

Mr. Richardson began the update by reviewing the slide on the "unemployment rate by state" showing the national rate at 7.5% and Indiana at 8.5%. He noted this is the April rate and the new rate comes out this Friday.

Mr. Richardson reviewed the "initial unemployment claims by week" and noted they continue to be lower than 2007. The current dip should continue through July and August. The next chart discussed is "claims paid" and we continue to be right at or a little above the timeliness average, claims paid within 14 days. We are now at the point where we are doing first in first out. We are at 76-78% timeliness. Regarding "premiums vs. benefits" we have seen a 17% reduction in state claims paid out year over year. On the "claims past timeliness and processing timeliness" we are on track with forecast provided. Regarding "UI appeals volume and timeliness" we have started working on the backlog, we shifted work over to appeals. The June number is incomplete, but we have seen this take off. Our actual June reporting is expected to be closer to 55 or 60% and we think we can make the target in July. Mr. Richardson opened the floor to questions and there were none.

Mr. Gillespie reviewed the "unemployment insurance trust fund indebtedness" chart and noted that Florida has repaid their federal loan. Indiana still maintains position in 5th spot but we are down to \$1.37M today. Many states bonded out and are taking the cash flow loan from federal government. They are getting \$523M they will have to pay back. I have had state counterparts contacting me. On July 1 Indiana has an application due to Department of Labor for 5 year basic credit reduction of 1.2% for 2013. The federal recommendations if you do not have your loan paid back by then, would be further reduced. We have made sure that we will keep our statute in line to qualify for the 5 year waiver. The Department of Labor agrees preliminarily with this. Governor Pence will sign our request for waiver and we will apply for it by July 1. Ms. Presnoples asked what would happen if we did not receive this waiver. Mr. Gillespie explained that when an employer filed at the beginning of the year then their taxes would go up, some discussion ensued. Mr. Gillespie said you will see the trust fund loan balance continue to fluctuate. Every day we borrow new dollars to pay benefits and then we pay back. The loan balance will fluctuate but we do not expect to get above \$1.5B again. Mr. Gillespie opened the floor to questions and there were none.

OLD BUSINESS

Ms. Presnoples asked if members had reviewed the minutes from the April meeting. Mr. Collins made motion to approve and Mr. Gootee seconded the motion, motion approved.

Ms. Presnoples noted at the last meeting they had discussed the annual report and had asked for changes to be made. She opened the floor for discussion. Mr. Gillespie directed members to the last 2 pages of the annual report for the changes. The board asked for more detailed recommendations to be added and we have asked the Governor to allow the enacted solvency solutions from HEA1450 and to support the legislative proposals going forward to improve the integrity of the fund. There was further discussion among the board members regarding the provision of training funds through a competitive grant process resulting in a performance based funding program using P&I funds. Mr. Gillespie passed out a copy of IC 22-4-25-1, a copy of which is attached. Highlighted on the back are sections that expired 2012 which include Hometown Plans. There was some discussion and Commissioner Sanders let the members know he has met with Dave Tucker, JR Gaylord and Pete Rimsans, regarding funding their programs with funds from another program that were not being used. Commissioner Sanders explained he has communicated with them and has worked with the Governor's office to be able to give them funds. Commissioner Sanders said when we open up the statute with legislators the goal we would like to see is to take a certain dollar amount and make it a competitive bid process for the funds to be awarded with performance metrics. We want to give the board the prevue on this. Mr. Collins noted a lot of the board members do not have an understanding of the funding we have been given and it would behoove the board to give all members the information on all this type of funding. There was additional discussion. Ms. Presnoples proposes that at the next meeting the agency give them some suggestions of what metrics have worked in the past. Then in October the board could have folks in. Commissioner Sanders agreed to keep the line of communication open between the board and the legislators. Ms. Presnoples asked before the next meeting for information to be sent out for their review and then to get them on the agenda. Prior to the August agenda get information sent out and have on October agenda to discuss whether a subcommittee needs to be formed or whether entire board will discuss.

Ms. Presnoples asked if there were any other questions or comments about the Annual Report. Mr. Evans made a motion to approve the 2012 Annual Report, seconded by Mr. Bitar, motion approved.

NEW BUSINESS

Ms. Presnoples opened the floor to Dave Tucker, Vice President of Workforce Development and Community Services, at Vincennes University. Mr. Tucker said Vincennes University has partnered with the Associated Builders and Contractors of Indiana on their portion of the apprenticeship grant. Construction apprentices are working people who had no possibility of being college attendees or graduates. They find themselves hired by a union hall and get put in apprenticeship programs and by working and going to class, after 4 years come out with a degree and journeyman card. There are also people in the program to receive a journeyman upgrade. Mr. Tucker reviewed a handout with the board of the types of training offered in this program and a budget report showing the grant income as \$1.25M listing budgeting program expenses as

\$1.6M with a net expense for Vincennes University and Associated Builders and Contractors of \$379,572. A copy of said handout is attached. There was some discussion regarding this material. Mr. Tucker assured the board they would do more work to show a return on their investment in the grant program going forward if said grant is awarded to them.

Ms. Presnoples gave the floor over to Teresa Hess of Ivy Tech Community College for her yearend report to the board. Ms. Hess explained their program works with several different trades. The first year they started with 93-94 with 4 pilot programs. Measured outcomes are degree awarded certifications and number of certifications, our associate's degree was reviewed this year and we updated the technology. We have awarded over 805 and will have more. Our programs are 4 and 5 year programs. Ms. Hess passed out a handout listing their programs and the number of participants along with their yearend report showing their grant amount of \$4.25M with charges against the grant of \$4.249M, copies of which are attached. Also handed out and attached hereto are listings of all programs, locations, and costs with their outcomes. There was some discussion regarding this material. Ms. Hess assured the board Ivy Tech would supply whatever numbers and information regarding this grant the board would like to see.

Mr. Evans made a motion to allow funding as set forth in statute to Ivy Tech Community College and Vincennes University, Mr. Collins seconded said motion, motion approved.

PRIVILEGE OF THE FLOOR

The next meeting is August 21, 2013.

ADJOURNMENT

Meeting adjourned at 11:55 am.