

**Employment Security Advisory Board Meeting
Connecticut Department of Labor
December 9, 2016
Minutes**

Members Present: Mark Sullivan, Shawn Coyne, Sue Garten, Dave Bosco, Robert Niedermeier, Eric Gjede, John Toomey

Absent: John Olsen

Agency Staff: Commissioner Scott Jackson, Deputy Commissioner Kurt Westby, Marisa Morello, Lynne Knox, Nancy Steffens, Carl Guzzardi, Daryle Dudzinski, Bruce Berman, John Matteis, Ram Aberasturia, Mike Lucente, Anne Rugens, Heidi Lane, Steve Lattanzio, Maria Hagen, Susan DeVito.

Observers: George Wentworth (NELP), Sara Parker-McKernan, Legal Services

Introductions

Mark Sullivan called the meeting to order at approximately 10:45 a.m.

Approval of Minutes

The minutes of the June 24, 2016 meeting were approved. Sue Garten requested that Board member comments be reflected in the minutes, when possible.

Unemployment Insurance (UI) Benefit Program Update

Daryle Dudzinski provided a UI Benefit Program Update. Daryle noted that the new “CT Direct Benefits” web-based system was rolled out in June and that, as of December 1, 2016, ninety percent of the claims have been filed online. Daryle discussed some of the Department’s “green” initiatives. The Benefits Rights Booklet is now electronic and at this point it has saved the Department over \$200,000. A hard copy can be obtained if a claimant asks for one. The UC1099 forms are also generally available only online – which has provided a savings to the Agency of over \$85,000. The Reemployment Services and Eligibility Assessments (RESEA) program has received favorable reviews from customers. Daryle provided an update on the State Information Data Exchange System (SIDES) Initiative, and noted that contingency plans for the upcoming shutdown period have been put in place. The American Job Centers will have UI experts to help file claims during the peak shutdown periods.

UI Trust Fund and Tax Update

Carl Guzzardi provided a UI Trust Fund Update. Carl shared that the Department no longer has any outstanding federal loans and will no longer be collecting the special assessments. Carl also

shared that the Federal Unemployment Tax Act (FUTA) tax will be dropping from 2.7% for 2015 to 0.6% for 2016 which will result in a decrease of approximately \$147 per person.

Carl emphasized that Trust Fund Reform remains of utmost importance, as Connecticut will in no way be prepared for the next recession. Commissioner Jackson and Deputy Commissioner Westby referenced the importance of working towards comprehensive reform, which will require concessions from business and labor representatives. Carl presented a Power Point on the Department's proposed comprehensive reform. Carl noted that the Trust Fund is in worse shape now than it was in 2008 – when the Department had to borrow \$1 Billion from the federal government. Robert Niedermeier requested clarification on the current balance of tax statements issued with revenue coming into the Department. Shawn Coyne questioned, in regards to page 11 of the Power Point, whether it would be possible to move the maximum tax rate while maintaining the minimum? Commissioner Jackson noted the importance of indexing, and that the cost of “doing nothing” was too great. Shawn Coyne noted that indexing makes people nervous and Eric Gjede noted the relevance of continuing to engage in conversations, but that he does not foresee CBIA signing onto indexing. Robert Niedermeier indicated that Business found the indexing concept to be “scary.” Sue Garten expressed that indexing was really smart and that she was concerned that the Fund would not reach solvency in five years. John Toomey noted that all states that have utilized indexing did better through the great recession. Heidi Lane questioned whether a sunset pertaining to indexing should be explored. Sue Garten suggested that indexing could perhaps be disengaged when the Average High Cost Multiple (AHCM) referenced in the statute is reached. Daryle referenced the Department's Modernization efforts and that the Department is looking to what is offered in the new system. In response to the Department's joining the consortium, Carl noted that it was hoped that progress would be made by the end of 2017. In response to Shawn Coyne's question on the numbers referenced in the Power Point regarding severance, Maria Hagen explained the thorough and extended exercise Program Policy and Ken Petow, Director of UI Field Services & Adjudications, engaged in to obtain realistic numbers. Sue Garten expressed disappointment in the proposal's variation from the Advisory Board's consensus proposal and noted that repeal of the dependency allowance would be a “big deal.” Shawn Coyne and Eric Gjede agreed with Sue Garten that the numbers associated with dependency allowance are minimal and that repeal of the dependency allowance need not be in a proposal. Shawn noted that he was still looking for a waiting week. Sue Garten noted that the proposals were going backwards, and that she was looking for benefit increases. Dave Bosco noted that “lines in the sand” for him were waiting week and dependency allowance. Multiple Board members agreed that the Trust Fund is not prepared for a recession.

Future Agenda Items

The meeting was adjourned at 12:35 p.m. Future Advisory Board meeting dates will be established in the New Year.