

Governor's Workforce Board RI
Rhode Island Employment Security Advisory Council (ESAC)
January 19, 2010

Meeting Minutes

Committee Members present: Roland Benjamin, William McGowan, Sandra Powell, Nancy Roderick, Paul MacDonald

Committee Members absent: The Honorable Paul W. Fogarty, The Honorable Arthur J. Corvese, J. Michael Saul

Others Present: Phil D'Ambra, Raymond Filippone, Robert Langlais, Janet Raymond, Paul Harden, Michael Hayes, Diane Gagne, David Tremblay, Neil Downing, Barbara D'Amore, Lori Norris, Stephanie Perreault, Valentino Lombardi, John O'Hare, Rose Lemoine, Donna Murray, Maureen Mooney

Call to Order

Chair McGowan called the meeting to order at 8:40 a.m. and welcomed everyone to the meeting. He explained that the ESAC is an advisory council and its role is to make recommendations to the Director of the RI Department of Labor and Training (RIDLT) on Unemployment Insurance issues. He noted that the Director is responsible for presenting these recommendations to the RI General Assembly and the Governor's Office. Chair McGowan indicated his willingness to testify on any of the recommendations of the committee.

Minutes of ESAC meeting

Chair McGowan asked for a review of the meeting minutes of the 12/9/09 ESAC. He asked for a motion to approve the meeting minutes.

Vote: S. Powell motioned to approve the minutes of the 12/9/09 ESAC meeting as presented. R. Benjamin seconded the motion. The vote was unanimous; the motion passed.

Unemployment Insurance (UI) Modernization Options

Chair McGowan noted that a review of the UI modernization options has been on the ESAC agenda for the last few meetings and indicated that a vote will be taken today. He referred to the handout on the UI Modernization Options authored by Robert Langlais which provides an explanation of the qualifications required for RI to receive \$15,640,385 in UI modernization funds. He pointed out that RI already qualifies for \$7,820,193 based on the alternative base period provision in its UI law. Chair McGowan explained that in order to qualify for the funds RI must have two of the four qualifying provisions outlined in its laws.

Chair McGowan asked Ray Filippone and Robert Langlais to review the four options, which are outlined in a 3 page handout and are part of the meeting packet. He noted that each option has a section detailing the pros and cons. It was explained that receipt of modernization funds will reduce the amount of borrowing from the Federal government that the state must incur in order to maintain the payment of benefits to UI claimants. R. Langlais noted that the addition of this \$15.6 million to the RI Employment Security fund will save the State of RI an estimated \$725,000 per year in interest payments through reducing the amount of the federal loans.

There was a general discussion and question and answer period for each option. Chair McGowan presented each option individually to the committee.

Chair McGowan asked if there was a motion for **Option 1**: Allow part-time workers to qualify for UI benefits when searching for part-time work when unemployed. (Currently, all must look for full-time work even if they formerly worked part-time).

There was no motion offered by committee members.

Chair McGowan asked if there was a motion for **Option 2**: Provide for a minimum dependent's allowance of \$15 per dependent. States are permitted to cap the maximum dependents allowance at \$50 or 50% of the individual's weekly benefit rate, whichever is less.

He noted **Option 2a**: States are allowed to reduce the total dependent's allowance for those collecting partial unemployment benefits by the same percentage that their weekly benefit was reduced.

Vote: P. MacDonald motioned to approve **Option 2** as presented. N. Roderick seconded the motion. Director Powell abstained from the vote. The motion passed.

N. Roderick motioned to approve **Option 2a**. Chair McGowan asked V. Lombardi, Esq. and RIDLT Legal Counsel, for a legal opinion on this motion. V. Lombardi indicated that a motion to approve Option 2a changes the original motion noting that Option 2a states that those collecting partial unemployment benefits would have their total dependent's allowance prorated.

Vote: N. Roderick motioned to amend the motion just passed with **Option 2a**. R. Benjamin seconded the motion. P. MacDonald opposed. Director Powell abstained. The motion passed.

Chair McGowan asked if there was a motion for **Option 3**: Do not disqualify individuals who leave work for compelling family reasons from eligibility for UI benefits if they are able and available for work. Compelling family reasons include: (a) victims of domestic violence, (b) caring for an immediate family member due to illness or disability, and (c) leaving a job to accompany a spouse whose location of employment has changed to a place where it is impractical to commute to the former job.

Vote: P. MacDonald motioned to approve **Option 3** as presented. N. Roderick seconded the motion. Director Powell abstained. The motion passed.

Chair McGowan asked if there was a motion for **Option 4**: Provide UI benefits for up to 26 additional weeks to individuals who have exhausted their regular benefits but are enrolled in a state-approved training program or in job training authorized under the Workforce Investment Act.

Vote: P. MacDonald motioned to approved **Option 4** as presented. There was not a second. Motion did not pass.

Chair McGowan commented that the ESAC has made its recommendations and approved 2 of the 4 provisions for the UI Modernization Options which will qualify the State of RI for \$15,640,385 added to the RI Employment Security fund. He noted that if approved the by RI General Assembly this would save the State an estimated \$725,000 per year in interest payments. He thanked committee members for their work on this issue.

Interest Payment Options

Chair McGowan asked R. Langlais to provide further information on options available for the payment of interest on Federal Title XII Loans. A handout describing these options and a handout detailing monthly employment security activity from October 2008 – December 2011 was given to meeting attendees. R. Langlais provided a review of each.

Regarding the payment of interest on federal loans, R. Langlais mentioned possible options for the repayment of the loans which included state general revenue, state revenue bonds, and a separate employer or employee tax. He noted that the federal government suspended the interest assessments on Title XII loans through December 31, 2010 and that states will be assessed interest on outstanding loans beginning on January 1, 2011. RI's first interest payment of an estimated \$9-\$10 million is due by September 30, 2011.

Chair McGowan asked if committee members would support sending a letter from the ESAC to the RI Congressional delegation asking them to support legislation waiving interest payments on the federal loans. R. Benjamin suggested that the language should include asking them for additional recommendations to ensure that the trust fund is solvent.

Chair McGowan asked for a motion to approve sending a request to the RI Congressional delegation to support legislation to waive interest payments on the Federal Title XII Loans.

Vote: N. Roderick moved to approve. S. Powell seconded the motion.
The motion passed.

Other Business

Chair McGowan indicated that additional meetings for ESAC would be scheduled.

Adjournment

With no further business Chair McGowan asked for a motion to adjourn the meeting.

VOTE: N. Roderick moved to approve. R. Benjamin seconded the motion.
The motion passed.

The meeting was adjourned at 9:50 a.m.

Respectfully submitted,

Maureen Mooney