



November 2011

Unemployment Insurance Changes (SB 72/PA 97-621)

Employer Tax Changes

Section 235 (820 ILCS 405/235):

- Sets the taxable wage base as follows:

<u>Calendar Year</u>	<u>Taxable Wage Base</u>
2012	\$13,560
2013	\$12,900
2014-2019	\$12,960

Section 1505 (820 ILCS 405/1505): (Adjusted State Experience Factor Calculation)

- Requires the Adjusted State Experience Factor (ASEF) to be established 5 points above the calculated ASEF for calendar years 2013 through 2015 and 6 points above the calculated ASEF for calendar years 2016 through 2018.
- For calendar years 2016 and 2018, the ASAF is to be increased and additional 19 points. (Employer speed bump)

The projected ASEF: (years 2016 and 2018 do not include speed bumps)

<u>Calendar Year</u>	<u>ASEF</u>
2012	139%
2013	135%
2014	123%
2015	131%
2016	144%
2017	143%
2018	134%
2019	128%

Section 1506.1 (820 ILCS 405/1506.1):

- Sets an employer's minimum rate at zero for calendar years 2012-2019.

Section 1506.3(820 ILCS 405/1506.3):

- Sets the fund building rate at 0.55% for each calendar year when on October 31st of the prior calendar year, there outstanding bonds under the UI Trust Fund Finance Act.

New Section 1506.6(820 ILCS 405/1506.6): Speed Bump Surcharge

- For calendar years 2016 and 2018 establishes a new surcharge on employers of 0.3%.

Bonding Provisions

Section 3 (ILCS 30 Section 440/3):

- Deletes the requirement that IDES provide a quarterly report on the bond fund to the IDES Advisory Board when there is no activity in the master bond fund for the previous four calendar quarters.

Section 4 (ILCS 30 Section 440/4):

- Extends the State's bonding authority from January 1, 2013 to January 1, 2022.
- Authorizes the Governor's Office of Management and Budget to issue bonds at the request of IDES using qualified vendors.
- Adds to the reasons for issuing the bonds that such bonding will prevent the reduction of the employer credit provided under Section 3302 of the Federal Unemployment Tax Act (FUTA) with respect to employers subject to the Unemployment Insurance Act.
- Increases the bonding authority from \$1.4 billion to \$2.4 billion.

Section 7 (ILCS 30 Section 440/7):

- Makes technical date changes to 2012 regarding State duty to not impair bond obligations.

Benefit Changes

Section 401 (820 ILCS 405/401): (benefit speed bump)

- Reduces the reimbursement rate for benefits from 47% to 42.8% in 2016 and 42.9% in 2018
- Reduces the reimbursement rate for benefits for non-working spouse and dependent from 56% to 51.8% in 2016 and 51.9% in 2018.

Section 403 (820 ILCS 405/403): (benefit speed bump)

- Reduces the maximum number of benefit weeks from 26 to 24 in 2016 and 2018.

New Section 611.1 (820 ILCS 405/611.1): (Social Security Pay Task Force)

- Creates the Social Security Retirement Task Force) composed of two members appointed by each legislative leader and the Governor. The IDES Director who acts as the Task Force Ex Officio Chairman also selects one member to represent employers and one member to represent workers. The appointments are to be made within 60 days of enactment.

The Task Force shall analyze the impact on eligibility of including as income individuals receiving primary social security old age and disability retirement benefits and make a recommendation to the General Assembly as to whether such income should be excluded. The analysis is to include, but are not limited to, the amount of benefits that would have been payable in prior years if Social Security benefits had not applied to those individuals, the potential impact on employer liabilities under the Act had additional benefits been paid, the current and projected balances in this State's account in the federal Unemployment Trust Fund and the fact that the majority of state unemployment insurance laws do not include Social Security benefits as wages.

The Task Force shall hold at least 3 public hearings and is to issue its report by December 31, 2012.

Integrity Changes

Section 900 (820 ILCS 405/900):

- Allows IDES to recoup ineligible payments made to individuals through federal income tax withholding.

Section 1801.1(820 ILCS 405/1801.1):

- Adds to the “New Hire” form the date services for remuneration were first performed by the employee.

Section 2100 (820 ILCS 405/2100):

- Directs that all administrative fees collected from individuals who were improperly paid benefits or from employing units that willfully fail to pay UI taxes be paid into the UI Trust Fund.

Section 2206.1 (820 ILCS 405/2206.1):

- Allows IDES to recover tax liabilities owed by an employing unit by accessing federal tax sources.

New Section 2405 (820 ILCS 405/2405):

- Allows IDES in the same manner as the Illinois Department of Revenue, collect any unpaid trust tax, interest, or penalties from any officer or employee of the employer who has the control, supervision, or responsibility of filing wage or contribution reports where failure to making payment or failure to file the report is willful or a willful attempt in any other manner is made to evade or defeat an unemployment insurance liability. Allows an individual to protest any obligation in the same manner as provided for contesting a determination and assessment of an employing unit found in Section 2200 of the Act.

Administrative Changes

Section 1 (ILCS 20 Section 1015/1)

- Removes the requirement that the Illinois Department of Employment Security (IDES) provide employment offices at locations provided by the Illinois Public Employment Act.

Section 702 (820 ILCS 405/702):

- Allows IDES, with consultation with the IDES Advisory Board, to by rule require employers of 50 or more or an entity representing 5 or more employing units to protest a benefit application by electronic means.

Section 804 (820 ILCS 405/804):

- Allows IDES to provide notice by electronic means if agreed to by the person or entity.

Section 1510 (820 ILCS 405/1510):

- Allows IDES to provide notice by electronic means if agreed to by the person or entity.

Section 1705 (ILCS 820 Section 405/1705)

- Removes the requirement that IDES provide employment offices at locations provided under the Illinois Public Employment Act.

Section 1900 (820 ILCS 405/1900):

- Allows IDES to provide information regarding employment of certain individuals to Illinois' Central Management Systems Agency.
- Allows exchange of unencrypted communications between IDES, individuals and entities as long as the communication does not contain the individual's or entity's name in combination with any one or more of the individual's or entity's social security number; driver's license or State identification number; account number or credit or debit card number; or any required security code, access code, or password that would permit access to further information pertaining to the individual or entity.

Section 2203 (820 ILCS 405/2203):

- Allows IDES to provide notice by electronic means if agreed to by the person or entity.

Effective date November 18,2011.