

KS Unemployment Insurance Update: Business & Industry Perspective

KS House Commerce, Labor and Economic Development Committee

January 25, 2022

KS Senate Commerce Committee

January 26, 2022

Presented By:

Phillip M. Hayes

Vice President

The Arnold Group – A Human Resource Company (TAG)

Chairman, KS Employment Security Board of Review

Kansas Department of Labor

Employer Representative

KS Unemployment Compensation Modernization & Improvement Council



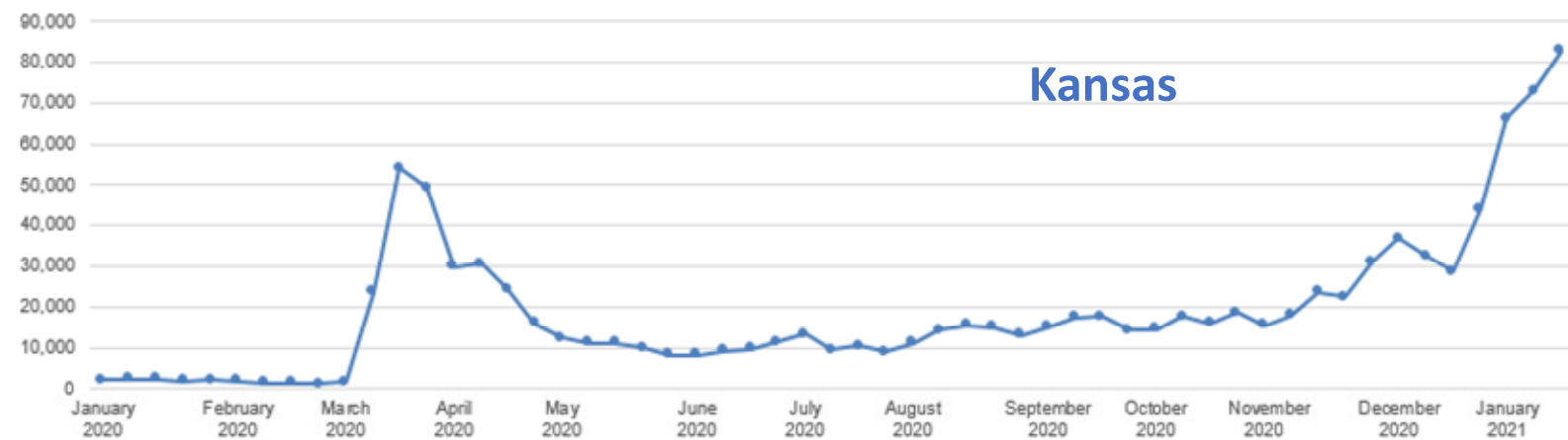
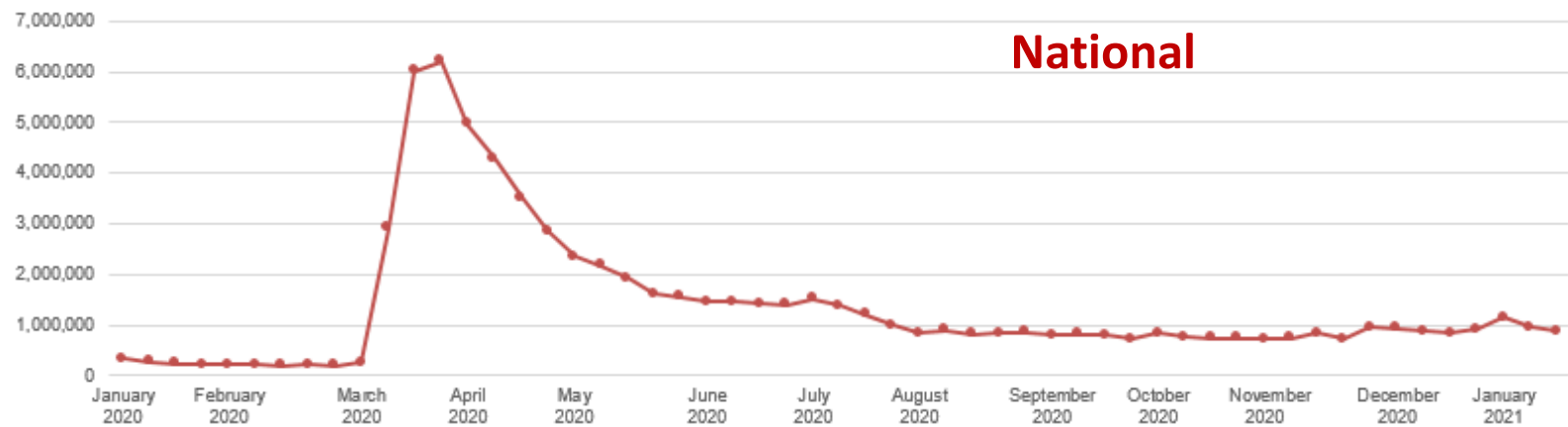
KS Unemployment Insurance Update



Navigating the COVID-19 & Post COVID-19 Kansas UI Landscape:

1. Kansas UI Fraud Aftermath & Legislative Response
2. Kansas UI Trust Fund – Impact on SUTA Tax Rates
3. 2021 Kansas Employment Security Law (UI) Reforms
4. What We're Monitoring
5. 2022 *Proposed* Kansas UI Reforms

Initial Unemployment Claims Comparison



Week Ending 01/23/21 Simple Comparative Snapshot

Top 3 States:

Filing Week: 1/23/2021 (Not Seasonally Adjusted)				
State	Population	Population %	Initial Claims	Initial Claim %
California	39,512,223	12.04%	53,299	6.10%
Kansas	2,913,314	0.89%	82,944	9.49%
Illinois	12,671,821	3.86%	108,808	12.45%
United States	328,239,523	100.00%	873,966	100.00%

Why Kansas?

- ID theft vulnerabilities within the system prior to Jan. 27, 2021
- Traditional waiting week was temporarily waived
- Kansas was/is a higher value target
 - Maximum weekly benefit amounts
 - 7/1/22 – 6/30/22: **\$540**
 - 7/1/20 – 6/30/21: **\$503 + \$600 = \$1,103 and/or +\$300 = \$988**
 - 21st highest weekly max benefit amount
 - 7/1/19 – 6/30/20: **\$488 + \$600 = \$1,088**
 - 7/1/18 – 6/30/19: **\$474**



KDOL / Kansas UI Timeline | March 2020 – January 2021

Notices, communications, and engagements with KDOL

- Business Community: **28**
- Kansas Legislature: 15
- Federal Government: 7
- Other Events: 8
- *Total Occurrences:* 58

Jan. 26, 2021 - KS SHRM & Unemployment Insurance Services Testimony

- KS Senate and KS House Commerce Committees
- Estimated \$300 – \$600M UI Fraud in Kansas

KS UI Benefits: Pre-MFA (Identity Verification) Solution

Week Ending	12/19/2020	12/26/2020	1/2/2021	1/9/2021	1/16/2021	1/23/2021	Full Totals & Averages Since WE 3/21 (45 Weeks)		Four (4) Week Average 1/2/2021 — 1/23/2021	
							Totals	Weekly Averages	4 Wk Totals	4 Wk Avg.
1 Kansas Trust Fund Balance	\$ 400,600,000	\$ 375,300,000	\$ 338,700,000	\$ 302,200,000	\$ 273,300,000	\$ 246,900,000				
2 # Weeks Trust Fund to ZERO - KS Only benefits (KS Only - UI)	13.34	12.11	9.76	7.31	6.13	7.67				
3 # Years Trust Fund to ZERO - KS Only benefits (KS Only - UI)	0.26	0.23	0.19	0.14	0.12	0.15				
4 Projected Date of KS Trust Fund Bankruptcy	3/22/2021	3/20/2021	3/11/2021	3/1/2021	2/27/2021	3/17/2021	<div style="border: 2px solid red; padding: 5px; color: red;"> USDOL Reports 82,944 Initial KS Claims for W/E 01/23/21 </div>			
5 Regular Claims										
6 Initial Claims	34,624	30,074	45,743	69,404	76,513	25,489	1,086,282	24,140	217,149	54,287
7 Call Center	788	618	1,009	1,537	1,167	620	137,048	3,046	4,333	1,083
8 Internet	33,836	29,456	44,734	67,867	75,346	24,869	949,233	21,094	212,816	53,204
9 <i>Internet %</i>	<i>97.72%</i>	<i>97.95%</i>	<i>97.79%</i>	<i>97.79%</i>	<i>98.47%</i>	<i>97.57%</i>	<i>87.38%</i>	<i>87.38%</i>	<i>98.00%</i>	<i>98.00%</i>
10 Continued Claims	83,628	85,172	92,961	103,909	102,561	75,883	3,333,059	74,068	375,314	93,829
11 Total Payments Summary	\$ 53,000,447	\$ 38,471,191	\$ 43,050,837	\$ 43,105,488	\$ 45,875,429	\$ 34,871,425	\$ 2,718,679,314	\$ 60,415,096	\$ 166,903,179	\$ 41,725,795
12 Regular Unemployment Insurance (KS Only - UI)	\$ 30,028,587	\$ 30,984,021	\$ 34,716,769	\$ 41,323,096	\$ 44,570,345	\$ 32,201,874	\$1,064,965,627	\$ 23,665,903	\$ 152,812,084	\$ 38,203,021
13 Fed Pandemic Unemployment Comp (FPUC)	\$ 1,538,982	\$ 554,292	\$ 463,431	\$ 468,465	\$ 393,411	\$ 1,842,006	\$ 1,223,599,739	\$ 30,589,993	\$ 3,167,313	\$ 791,828
14 Pandemic Unemployment Assistance (PUA)	\$ 2,823,305	\$ 1,154,186	\$ 945,198	\$ 613,613	\$ 396,788	\$ 478,256	\$ 186,754,172	\$ 5,335,833	\$ 2,433,855	\$ 608,464
15 Pandemic Emergency Unemployment Comp (PEUC)	\$ 7,059,897	\$ 5,475,620	\$ 5,065,189	\$ 522,261	\$ 355,432	\$ 260,237	\$ 113,915,565	\$ 3,350,458	\$ 6,203,119	\$ 1,550,780
16 State Extended Benefits (EB)	\$ 2,005,220	\$ 234,372	\$ 123,452	\$ 78,004	\$ 65,083	\$ 31,073	\$ 11,769,965	\$ 452,691	\$ 297,612	\$ 74,403
17 Lost Wages Assistance (LWA)	\$ 9,544,456	\$ 68,700	\$ 1,736,798	\$ 100,049	\$ 94,370	\$ 57,979	\$ 117,674,246	\$ 7,354,640	\$ 1,988,196	\$ 497,299
18 Regular Unemployment Insurance (KS Only - UI)										
19 # Weeks Compensated	72,519	73,816	81,888	96,336	103,325	74,279	2,984,184	66,315	355,828	88,957
20 Final Payments	1,187	998	980	1,119	926	776	56,482	1,255	3,801	950
21 Individuals Receiving Payments	63,256	66,142	71,525	82,089	91,377	66,883	2,588,864	57,530	311,874	77,969
22 Average Weekly Benefit Amount	\$ 414.08	\$ 419.75	\$ 423.95	\$ 428.95	\$ 431.36	\$ 433.53	\$ 16,120.12	\$ 358.22	\$ 1,717.79	\$ 429.45
23 Pandemic Unemployment Assistance (PUA)										
24 Initial Claims	5,656	3,509	2,625	6,951	7,574	5,416	206,263	7,639	22,566	5,642
25 Continued Claims	48,392	15,442	20,812	31,124	37,822	31,602	2,896,878	107,292	121,360	30,340
26 # Weeks Compensated	11,307	4,130	4,200	2,689	1,397	1,402	688,580	19,674	9,688	2,422
27 Pandemic Emergency Unemployment Comp (PEUC)										
28 Initial Claims	1,368	925	765	14	22	9	39,717	1,471	810	203
29 Continued Claims	20,341	16,168	13,874	867	766	371	316,786	11,733	15,878	3,970
30 # Weeks Compensated	21,260	16,697	14,047	1,216	995	452	328,791	12,177	16,710	4,178
31 State Extended Benefits (EB)										
32 Initial Claims	2,647	214	40	14	10	8	9,873	395	72	18
33 Continued Claims	4,808	253	158	159	158	62	24,333	973	537	134
34 # Weeks Compensated	6,572	701	270	238	199	61	39,847	1,594	768	192

Kansas to Shut down Unemployment Servers | 01/27/21

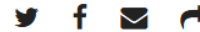
The Wichita Eagle

STATE

Kansas to shut down unemployment servers this weekend as part of fight against fraud

BY MEGAN STRINGER

JANUARY 27, 2021 05:34 PM, UPDATED JANUARY 28, 2021 01:09 PM



Kansas Governor Laura Kelly answers questions about unemployment fraud claims and security upgrades to the Department of Labor's website. (Jan. 27, 2021) BY GOVERNOR LAURA KELLY/FACEBOOK

MFA Implemented between Jan. 31 – Feb. 2, 2021



KS UI Benefits: Post-MFA (Identity Verification) Solution

Week Ending	1/30/2021	2/6/2021	2/13/2021	2/20/2021	2/27/2021	3/6/2021	Full Totals & Averages Since WE 3/21 (51 Weeks)		Four (4) Week Average 2/13/2021 — 3/6/2021	
							Totals	Weekly Averages	4 Wk Totals	4 Wk Avg.
1 Kansas Trust Fund Balance	\$ 246,900,000	\$ 265,000,000	\$ 268,800,000	\$ 272,900,000	\$ 275,200,000	\$ 264,900,000				
2 # Weeks Trust Fund to ZERO - KS Only benefits (KS Only - UI)	59.86	464.71	39.94	150.53	35.65	26.62				
3 # Years Trust Fund to ZERO - KS Only benefits (KS Only - UI)	1.15	8.94	0.77	2.89	0.69	0.51				
4 Projected Date of KS Trust Fund Bankruptcy	3/25/2022	1/2/2030	11/19/2021	1/9/2024	11/3/2021	9/8/2021				
5 Regular Claims										
6 Initial Claims	16,927	4,905	6,630	3,774	3,227	2,267	1,124,012	22,039	15,898	3,975
7 Call Center	841	390	2,761	483	600	433	142,556	2,795	4,277	1,069
8 Internet	16,116	4,515	3,869	3,291	2,627	1,834	981,485	19,245	11,621	2,905
9 <i>Internet %</i>	<i>95.21%</i>	<i>92.05%</i>	<i>58.36%</i>	<i>87.20%</i>	<i>81.41%</i>	<i>80.90%</i>	<i>87.32%</i>	<i>87.32%</i>	<i>73.10%</i>	<i>73.10%</i>
10 Continued Claims	79,792	22,058	23,219	27,960	16,898	24,463	3,527,449	69,166	92,540	23,135
11 Total Payments Summary	\$ 15,210,006	\$ 1,315,738	\$ 13,377,139	\$ 14,604,395	\$ 26,193,410	\$ 24,393,968	\$ 2,813,773,970	\$ 55,172,039	\$ 78,568,912	\$ 19,642,228
12 Regular Unemployment Insurance (KS Only - UI)	\$ 4,124,778	\$ 570,254	\$ 6,729,527	\$ 1,812,958	\$ 7,720,081	\$ 9,949,817	\$ 1,095,873,042	\$ 21,487,707	\$ 26,212,383	\$ 6,553,096
13 Fed Pandemic Unemployment Comp (FPUC)	\$ 10,762,655	\$ 523,091	\$ 5,957,046	\$ 6,416,421	\$ 12,346,592	\$ 10,560,935	\$ 1,270,166,479	\$ 27,612,315	\$ 35,280,994	\$ 8,820,249
14 Pandemic Unemployment Assistance (PUA)	\$ 286,148	\$ 194,109	\$ 215,867	\$ 906,153	\$ 680,781	\$ 991,568	\$ 190,028,798	\$ 4,634,849	\$ 2,794,369	\$ 698,592
15 Pandemic Emergency Unemployment Comp (PEUC)	\$ 18,282	\$ 9,984	\$ 399,330	\$ 5,421,986	\$ 5,355,438	\$ 2,795,415	\$ 127,916,000	\$ 3,197,900	\$ 13,972,169	\$ 3,493,042
16 State Extended Benefits (EB)	\$ 1,343	\$ -	\$ 75,369	\$ 43,577	\$ 75,818	\$ 82,433	\$ 12,048,505	\$ 376,516	\$ 277,197	\$ 69,299
17 Lost Wages Assistance (LWA)	\$ 16,800	\$ 18,300	\$ -	\$ 3,300	\$ 14,700	\$ 13,800	\$ 117,741,146	\$ 5,351,870	\$ 31,800	\$ 7,950
18 Regular Unemployment Insurance (KS Only - UI)										
19 # Weeks Compensated	14,193	1,526	17,083	4,698	18,331	25,099	3,065,114	60,100	65,211	16,303
20 Final Payments	431	26	476	98	444	860	58,817	1,153	1,878	470
21 Individuals Receiving Payments	12,265	863	10,832	2,777	13,279	13,720	2,642,600	51,816	40,608	10,152
22 Average Weekly Benefit Amount	\$ 290.62	\$ 373.69	\$ 393.93	\$ 385.90	\$ 421.15	\$ 396.42	\$ 18,381.83	\$ 360.43	\$ 1,597.40	\$ 399.35
23 Pandemic Unemployment Assistance (PUA)										
24 Initial Claims	4,142	3,574	2,411	1,304	767	522	218,983	6,636	5,004	1,251
25 Continued Claims	30,057	40,546	37,919	28,218	21,833	19,070	3,074,521	93,167	107,040	26,760
26 # Weeks Compensated	455	690	837	6,458	2,232	3,643	702,895	17,144	13,170	3,293
27 Pandemic Emergency Unemployment Comp (PEUC)										
28 Initial Claims	60	145	22	81	42	26	40,093	1,215	171	43
29 Continued Claims	501	413	472	1,330	4,583	6,934	331,019	10,031	13,319	3,330
30 # Weeks Compensated	52	25	1,231	18,532	5,908	8,612	363,151	11,005	34,283	8,571
31 State Extended Benefits (EB)										
32 Initial Claims	34	42	24	8	2	26	10,009	323	60	15
33 Continued Claims	84	70	32	19	32	23	24,593	793	106	27
34 # Weeks Compensated	19	-	272	89	178	256	40,661	1,312	795	199

KS UI Benefits: Pre- VS. Post-MFA 4 Week Comparison

01/02/2021 – 01/23/2021:

- Average Weekly Kansas Regular UI Benefits:
 - **\$38,203,021**

————— *MFA Implemented between Jan. 31 – Feb. 2, 2021* —————

02/13/21 – 03/06/2021:

- Average Weekly Kansas Regular UI Benefits:
 - **\$6,553,096**

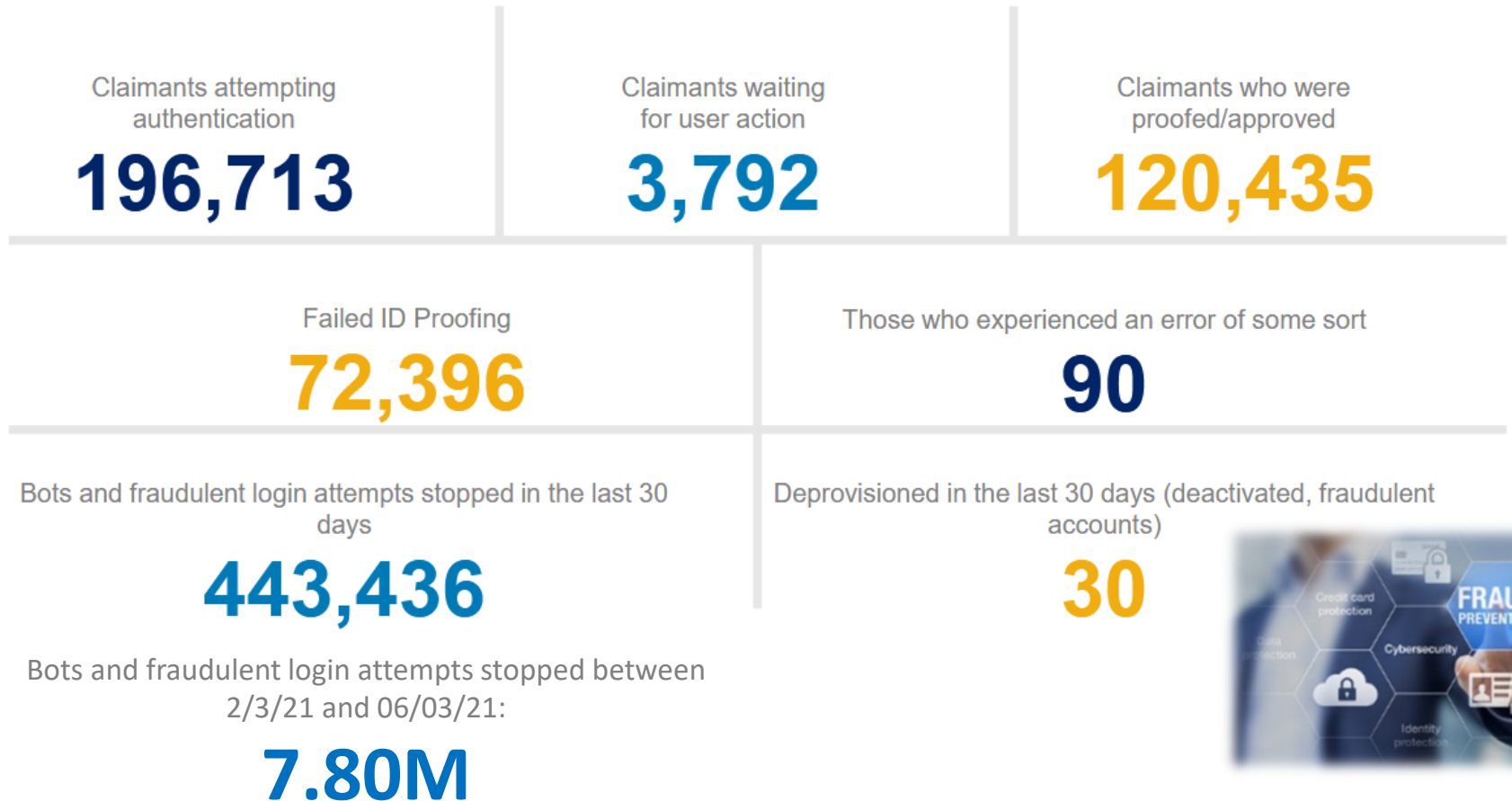
***Average Regular, Traditional KS UI Weekly Benefits
Decreased by **82.85%** with MFA***

Estimates for Unemployment Fraud in Kansas

1. KS SHRM / UIS: *Est. \$300M – \$600M (Jan. 2021)*
2. KS LPA (Part 1): *Est. \$600M (Feb. 2021)*
 - \$200M KS | \$400M U.S.
KDOL Response: \$290M
 - \$140M KS | \$150M U.S.
3. KS LPA (Part 2): *Est. \$687M (Aug. 30, 2021)*
 - \$344M KS | \$343M U.S.
KDOL Response: \$380M
 - High Confidence
4. KS UCMIC Independent Audit: **\$TBD (Final Report due Sept. 1, 2022)**
 - State of Kansas has contracted with *BKD – CPAs & Advisors*
 - Any amount for fraudulent, regular KS UI benefits >\$250M will be reimbursed to Trust Fund

KDOL: Fraud Software Security Updates | 09/13/21

Final update provided by KDOL



Source: Periodic KDOL Labor Updates - <https://www.dol.ks.gov/top-stories>

KDOL Reports 50,000 Fake UI Claims to Feds | 02/23/21

Kansas turns over 50,000 fake unemployment claims to federal investigators



by: Heidi Schmidt

Posted: Feb 23, 2021 / 05:11 PM CST / Updated: Feb 23, 2021 / 05:11 PM CST

TOPEKA, Kan. —

The Kansas Department of Labor has referred more than 50,000 cases of fraud to investigators, and stopped payments on another 500,000 cases. Those are just cases from January 1, 2020 through December 31, 2020.

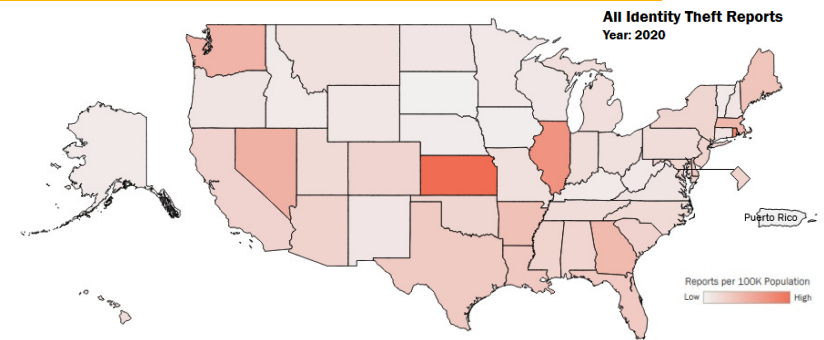
****These 50,000 cases do NOT include the avalanche of claims submitted in January of 2021.***

Source: <https://fox4kc.com/news/kansas-turns-over-50000-fake-unemployment-claims-to-federal-investigators/>

Identity Theft | Kansas was #1 in 2020 | 04/28/21

Rank	State	Identity theft reports in 2019	Identity theft reports in 2020	% increase in identity theft reports 2019-2020
1	Kansas	2,272	43,211	1801.9%
2	Rhode Island	1,145	12,621	1002.3%
3	Maine	809	7,183	787.9%
4	Washington	7,111	54,247	662.9%
5	Illinois	23,142	135,038	483.5%
6	Massachusetts	8,607	45,575	429.5%
7	Arkansas	4,524	17,470	286.2%
8	Oklahoma	3,706	13,797	272.3%
9	Montana	706	2,439	245.5%
10	Colorado	6,274	20,762	230.9%

Methodology: Federal Trade Commission data on identity theft reports from 2019 and 2020 were used to compile this report.



**All Identity Theft Reports
Kansas**

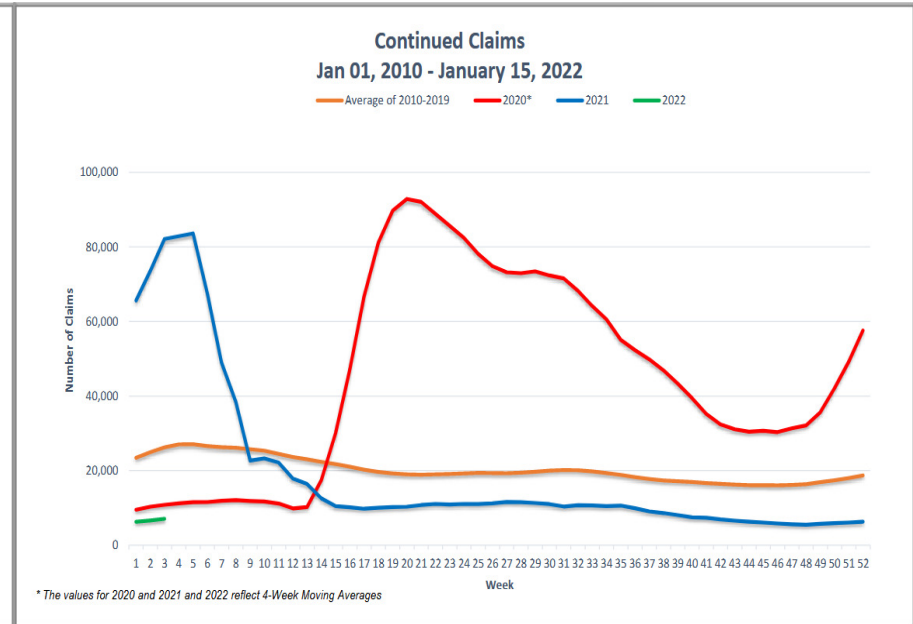
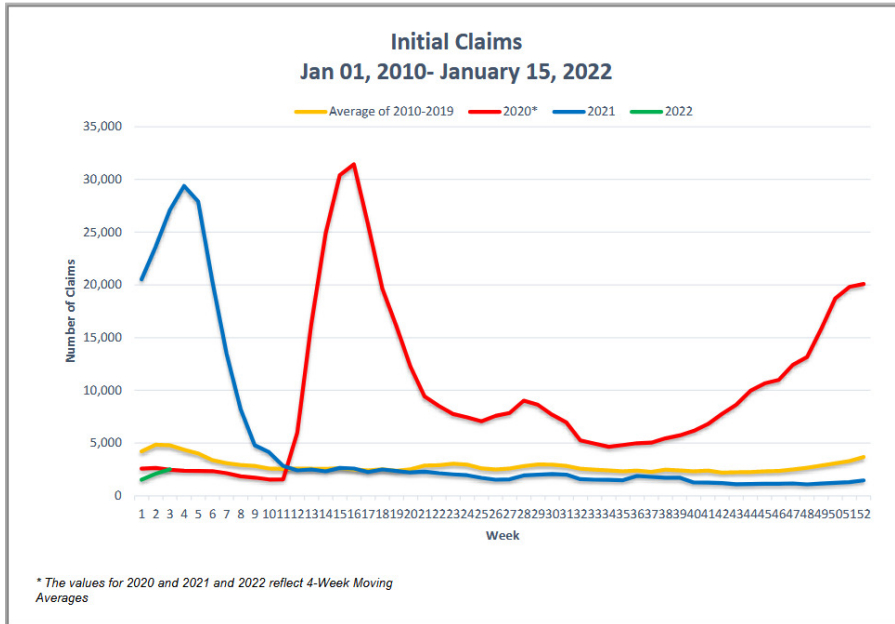
Year	Rank	Reports per 100K		# of Reports	
		#	YoY % Change	#	YoY % Change
2021 (1Q)	2	1,239	233.96%	36,096	-16.46%
2020	1	371	1852.63%	43,210	1801.85%
2019	39	19	5.56%	2,272	6.12%
2018	35	18	0.00%	2,141	2.00%
2017	34	18		2,099	

2020 Identity Theft outbreak in Kansas

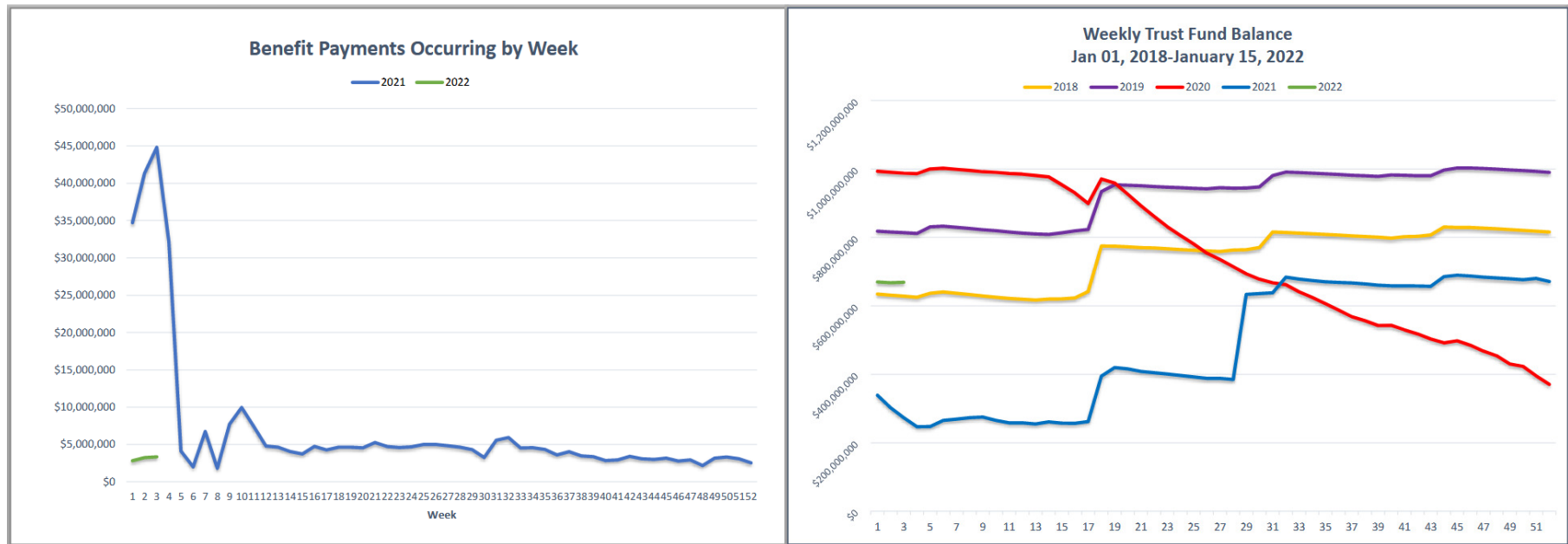
Kansas led the country in per-capita reports of identity theft, with 1,483 reports for every 100,000 residents. When metro areas across the U.S. were analyzed, four in Kansas led all others:

1. Topeka, KS: 1,925
2. Lawrence, KS: 1,717
3. Wichita, KS: 1,395
4. Manhattan, KS: 1,207
5. Tuscaloosa, AL: 1,195

Kansas UI Weekly Review | w/E 01/15/22



Kansas UI Weekly Review | w/E 01/15/22



Source: KDOL UI Weekly Review - <https://klic.dol.ks.gov/gsipub/index.asp?docid=735>

Title XII Advance Activities Schedule | 01/20/22

Interest Rate: 1.59090%

State	Outstanding Advance Balance	Advance Authorization Current Month	Gross Advance Draws Current Month	Interest Accrued for FY 2022	Interest Received for FY 2022	Net Interest Due by 9/30/2022
California	19,731,464,336.83	750,000,000.00	219,311,866.05	129,264,865.12	0.00	129,264,865.12
Colorado	1,013,089,860.58	100,000,000.00	0.00	6,705,456.62	0.00	6,705,456.62
Connecticut	579,000,083.46	100,000,000.00	30,941,178.35	3,515,456.73	0.00	3,515,456.73
Hawaii	0.00	65,000,000.00	0.00	19,584.53	19,584.53	0.00
Illinois	4,512,645,002.82	163,000,000.00	0.00	29,458,034.37	0.55	29,458,033.82
Massachusetts	2,268,015,459.63	0.00	0.00	14,997,874.53	0.00	14,997,874.53
Minnesota	1,228,458,064.12	175,000,000.00	84,831,600.00	7,339,617.31	35,056.40	7,304,560.91
New Jersey	668,145,787.54	400,000,000.00	114,532,563.00	3,285,273.92	1.17	3,285,272.75
New York*	9,483,060,064.57	800,000,000.00	148,459,687.58	60,833,015.71	0.00	64,215,110.00
Pennsylvania	856,336,342.69	275,000,000.00	78,741,500.11	5,152,976.23	0.00	5,152,976.23
Texas	0.00	0.00	0.00	19,767,040.04	4,895.40	19,762,144.64
Virgin Islands	96,446,448.99	3,000,000.00	1,154,064.00	631,403.81	235.02	631,168.79
Totals	40,436,661,451.23	2,831,000,000.00	677,972,459.09	280,970,598.92	59,773.07	284,292,920.14

10 states with outstanding balance

12 states: + \$238M interest in the last 3 months

Source: Treasury Direct - https://www.treasurydirect.gov/govt/reports/tfmp/tfmp_advactivitiesched.htm

Kansas UI Benefits Snapshot | Most Recent 4 Weeks

Week Ending	12/25/2021	1/1/2022	1/8/2022	1/15/2022	Full Pandemic Summary Since WE 03/21/20 (94 Weeks)		Current 4 Week Summ 12/25/21 — 01/15/22		Pre-COVID 4 Week Summ 02/22/20 — 03/14/20		Pre-COVID vs. Current 4 Wk Avg % Change
					Totals	Weekly Averages	Most Recent 4 Week Totals	Most Recent 4 Week Averages	Pre-Pandemic 4 Week Totals	Pre-Pandemic 4 Week Averages	
Kansas Trust Fund Balance	\$ 671,200,000	\$ 669,900,000	\$ 667,400,000	\$ 668,800,000							
# Weeks Trust Fund to ZERO - KS Only benefits (KS Only - UI)	264.61	237.97	206.10	200.29							
# Years Trust Fund to ZERO - KS Only benefits (KS Only - UI)	5.09	4.58	3.96	3.85							
Projected Date of KS Trust Fund Bankruptcy	1/20/2027	7/24/2026	12/20/2025	11/17/2025							
Regular Claims											
Initial Claims	1,500	1,802	3,636	3,139	1,204,915	12,551	10,077	2,519	6,275	1,569	37.73%
Call Center	894	892	1,071	738	177,710	1,851	3,595	899	3,888	972	-7.54%
Internet	667	910	2,744	2,401	1,027,804	10,706	6,722	1,681	2,387	597	64.49%
Internet %	44.47%	50.50%	75.47%	76.49%	85.30%	85.30%	66.71%	66.71%	38.04%	38.04%	42.97%
Continued Claims	5,852	6,738	7,580	7,980	3,935,767	40,998	28,150	7,038	44,520	11,130	-36.77%
Total UI Payments Summary (KS & Federal)	\$ 2,536,519	\$ 2,815,042	\$ 3,238,211	\$ 3,339,193	\$ 3,423,066,207	\$ 35,656,940	\$ 11,928,965	\$ 2,982,241	\$ 14,230,407	\$ 3,557,602	
Regular Unemployment Insurance (KS Only - UI)	\$ 2,536,519	\$ 2,815,042	\$ 3,238,211	\$ 3,339,193	\$ 1,276,852,242	\$ 13,300,544	\$ 11,928,965	\$ 2,982,241	\$ 14,230,407	\$ 3,557,602	-16.17%
Fed Pandemic Unemployment Comp (FPUC)					\$ 1,517,519,902	\$ 19,708,051	\$ -	#DIV/0!			
Pandemic Unemployment Assistance (PUA)					\$ 217,688,966	\$ 3,023,458	\$ -	#DIV/0!			
Pandemic Emergency Unemployment Comp (PEUC)					\$ 266,085,125	\$ 3,747,678	\$ -	#DIV/0!			
State Extended Benefits (EB)					\$ 12,805,812	\$ 203,267	\$ -	#DIV/0!			
Lost Wages Assistance (LWA)					\$ 132,114,160	\$ 2,492,720	\$ -	#DIV/0!			
Regular Unemployment Insurance (KS Only - UI)											
# Weeks Compensated	6,237	6,732	7,870	7,960	3,525,792	36,727	28,799	7,200	35,965	8,991	-19.92%
Final Payments	154	200	221	253	71,763	748	828	207	997	249	-16.95%
Individuals Receiving Payments	4,753	5,056	5,814	6,073	2,961,945	30,854	21,696	5,424	33,457	8,364	-35.15%
Average Weekly Benefit Amount	\$ 406.69	\$ 418.16	\$ 411.46	\$ 419.50	\$ 36,152.34	\$ 376.59	\$ 1,655.81	\$ 413.95	\$ 1,582.89	\$ 395.72	4.40%
Pandemic Unemployment Assistance (PUA)											
Initial Claims					225,946	3,530	-	#DIV/0!			
Continued Claims					3,282,895	51,295	-	#DIV/0!			
# Weeks Compensated					811,975	11,277	-	#DIV/0!			
Individuals Receiving Payments					23,573	1,241	-	#DIV/0!			
Pandemic Emergency Unemployment Comp (PEUC)											
Initial Claims					45,137	705	-	#DIV/0!			
Continued Claims					629,805	9,841	-	#DIV/0!			
# Weeks Compensated					746,035	11,657	-	#DIV/0!			
Individuals Receiving Payments					111,409	5,864	-	#DIV/0!			
State Extended Benefits (EB)											
Initial Claims					10,039	162	-	#DIV/0!			
Continued Claims					25,329	409	-	#DIV/0!			
# Weeks Compensated					43,254	698	-	#DIV/0!			
Individuals Receiving Payments					321	17	-	#DIV/0!			

1. Unemployment Compensation Modernization Council

- **Comprised of 13 members**
 - 3 Employer Reps | 3 Employee Reps | 6 Kansas Legislators | 1 KDOL Designee
- **Examine and recommend changes to the UI system**
- **Conduct an independent audit of the Kansas UI system**
 - Preliminary report on or before 5/1/22 | Final report on or before 9/1/22
- **In Coordination with KDOL Secretary**
 - Develop a strategic staffing plan to address substantial changes in numbers of UI claims; appropriate staffing
 - Recommend for adoption rules and regulations for creating a uniform UI complaint submission process
- **KDOL Secretary – Additional Responsibilities Related to the Modernization Council**
 - Post all materials from Council meetings on a public website maintained by the Secretary
 - Develop a written strategic staffing plan, reviewed/revised annually
 - Notify the Council Chairperson of unauthorized third-party access or acquisition of records within five days
 - Notify the Council members of any substantial disruption in the benefit application and determination process
- **KDOL Status Reports to the Modernization Council**
 - 15th AND last day of each month
 - UI IT System Upgrade: Timeline, progress, budget and overall status
 - Post UI IT System Upgrade: System performance and process updates
- **Statutory deadline for implementation**
 - Legislative Coordinating Council (LCC); and upon consultation with the KS UCMIC, deadline may be extended

2. Employment Security Review Board | Temporary Expansion

- Temporarily doubled the ESRB through June 30, 2024
- Currently composed of three members, will consist of six members
 - Boards will sit in panels of three members
 - No more than two members belonging to the same political party, for purpose of hearing and deciding cases before the Board

3. Employment Security Rate Tables

- Updated fund control table beginning in rate year 2022
- Replaced the uniform solvency rate adjustments with *solvency and credit adjustments according to the experience rating of employers*
 - **Six new solvency rate schedules**
 - **Six new credit rate schedules**
- Trust fund replenishment is more evenly spread out and avoids disproportionately penalizing employers who use the fund the least
- Provides **fair and proportional trust fund solvency/credit adjustments** for each and every rated employer

Kansas Employer UI Tax Rate Summaries

Rated Governmental Employers

Calendar Year	Rate (%)
2021	0.10%
2020	0.10%
2019	0.10%

New Employers: Construction

Calendar Year	Rate (%)
2021	6.00%
2020	6.00%
2019	6.00%

New Employers: Except Construction

Calendar Year	Rate (%)
2021	2.70%
2020	2.70%
2019	2.70%

Rated Contributing Employers

Calendar Year	Minimum Rate (%)	Maximum Rate (%)
2021	0.20%	7.60%

[Standard Rate Schedule 7 - page 60](#)
[Solvency Rates Schedules \(1-6\) - page 61](#)
[Credit Rates Schedules \(8-13\) - page 61](#)
 Ref. HB 2196

Source: KDOL Employer Tax Rates – <https://www.dol.ks.gov/employers/tax-rates>

4. UI Benefit Recipient Tax Liability Notices

- KDOL Secretary required to inform claimants of federal and state tax consequences related to UI benefits on the initial determination of benefits notice
- Required explanations:
 - KDOL income tax withholding agreement form K-BEN 233
 - Tax withholding elections
 - Tax withholding process and estimated weekly and maximum withholding amounts



5. UI Trust Fund Data Reporting on KDOL Website

- Most Recent 20 Fiscal Years:
 - Distributions of taxable wages by experience factor for each fiscal year, to include:
 - Rate group
 - Reserve ratio lower limit
 - Number of accounts
 - Taxable wages
 - Summaries of active positive eligible, active ineligible, and active negative accounts
 - Average High-Cost Benefit (AHCB) Rate Data:
 - Average high-cost benefit rate in effect, and
 - Benefit cost rate for fiscal years used for AHCB

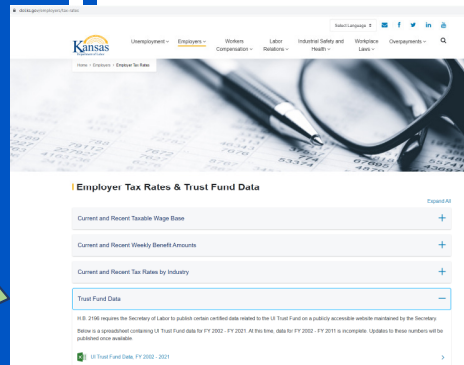
MEMO

Date: October 11, 2019
 To: Angela Bernard, Director
 Labor Service Submittals Services
 From: John Cahill, Chief Submittals Officer
 Information Technology

Subject: Distributions of Taxable Wages by Experience Factor for State Fiscal Year 2019

I hereby certify these computations are correct and the data are as reported by employers subject to the provisions of the Kansas Employment Security Law.

Rate Group	Reserve Ratio (Lower Limit)	Number of Accounts	SPFY 2019 Taxable Wages
1	0.12000	13,139	\$1,168,874,209
2	0.17875	1,748	\$138,858,150
3	0.17500	2,823	\$148,978,878
4	0.18443	2,315	\$871,181,888
5	0.17500	3,737	\$1,131,882,252
6	0.15015	2,775	\$1,106,948,259
7	0.14000	2,890	\$1,201,469,259
8	0.13183	3,129	\$1,343,779,754
9	0.12870	3,072	\$1,139,378,898
10	0.11115	1,170	\$1,141,451,825
11	0.11440	2,247	\$874,017,943
12	0.10723	2,889	\$828,328,136
13	0.10010	2,474	\$688,122,830
14	0.09295	2,016	\$488,401,817
15	0.08580	1,132	\$324,267,875
16	0.07865	1,141	\$288,468,885
17	0.07150	709	\$172,204,151
18	0.06435	709	\$184,461,572
19	0.05720	418	\$89,271,332
20	0.05005	487	\$11,868,176
21	0.04290	229	\$18,588,270
22	0.03575	198	\$48,071,413



2002 - 2003		
Average High Benefit Cost Rate Currently in Effect		1.731
Benefit Cost Rates Used to Calculate the Current AHBCR		
	Year-Qtr	BCR
Highest	1983-1	1.794
Second Highest	1983-2	1.711
Third Highest	1982-4	1.688
2010		
Average High Benefit Cost Rate Currently in Effect*		1.053
Benefit Cost Rates Used to Calculate the Current AHBCR		
	Year-Qtr	BCR
Highest	2009-2	1.142
Second Highest	2003-3	1.012
Third Highest	2003-4	1.005
2011 - 2015		
Average High Benefit Cost Rate Currently in Effect		1.532
Benefit Cost Rates Used to Calculate the Current AHBCR		
	Year-Qtr	BCR
Highest	2010-1	1.590
Second Highest	2009-4	1.572
Third Highest	2010-2	1.434
2016 - 2021		
Average High Benefit Cost Rate Currently in Effect		1.180
Benefit Cost Rates Used to Calculate the Current AHBCR		
	Fiscal Year	BCR
Highest	2010	1.434
Second Highest	2009	1.142
Third Highest	2003	0.964
2022 -		
Average High Benefit Cost Rate Currently in Effect		1.224
Benefit Cost Rates Used to Calculate the Current AHBCR		
	Fiscal Year	BCR
Highest	2010	1.434
Second Highest	2009	1.142
Third Highest	2021	1.096

Note: There was no change in KS law to use Fiscal Year VS. Year-Qtr

6. My Re-Employment Plan

- KDOL & Commerce to jointly establish and implement programs providing **reemployment and work skills training** services to UI benefit recipients
- Claimants receiving benefits for three continuous weeks, will be required to provide:
 - Resume
 - Work history
 - Skills list
 - Job Search Plan
- KDOL & Commerce to jointly implement a work skills training or retraining program in collaboration w/ KANSASWORKS system
- KDOL Secretary to report annually on status and progress of the reemployment services and work skills training programs to the House & Senate Commerce Committees during first month of each Legislative Session
- Additional information can be found on the Commerce website at: <https://www.kansascommerce.gov/program/workforce-services/my-reemployment/>

KANSASWORKS
My Reemployment Plan Kansas Page 1 of 2

WHO:
Claimant Name: _____ SSN: _____
Are you a member of a union hiring hall? If YES, JUST PROVIDE your Union Hiring Hall #, sign and return. If _____
Are you on a temporary layoff? If YES and your return date is within 4 weeks, JUST PROVIDE the date, sign and return. _____

WHY:
Studies show that workers who transition from layoff to their next job the fastest understand the importance of making themselves a good match for their next employer. Being a good match means understanding the interests, skills and values that you possess that will get you hired.

STOP FAILURE to return this form in seven (7) days will result in a DENIAL of BENEFITS and possible overpayment of benefits.

HOW:
 Online at: https://careeronestop.org/Tools/Skills/skills_matcher.aspx
 In person at the Workforce Center. Find your local office by calling (877) 508-6757 or go to www.kansasworks.com.

WHEN:
I will set aside 30 minutes in the next week to complete my skills assessment on:

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
a.m.	p.m.	a.m.	p.m.	a.m.	p.m.	a.m.
p.m.	a.m.	p.m.	a.m.	p.m.	a.m.	p.m.

RESULTS:
I completed My Suitability Future Assessment on (m/d/yyyy): _____
My top three skills are: 1. _____ 2. _____ 3. _____
My top three jobs are: 1. _____ 2. _____ 3. _____

To avoid interruption of unemployment benefits, return this form within seven (7) days. Both sides must be completed and returned.

MAIL: Unemployment Contact Center
P.O. Box 3539
Topeka, KS 66601-3539
FAX: (785) 296-3249

I certify that I have completed the self-assessment either online or at a Workforce Center and that failing this form can lead to substantial penalties.
Signature: _____ Date: _____

Keep a copy of your self-assessment. You will find it helpful in looking for work. You are now ready to make a Job Search Plan on page two.

7. Work Refusal Provisions

- Required KDOL Secretary to develop procedures enabling employers to notify KDOL when a UI claimant **refuses to return to work** OR **refuses an offer of employment**
 - Upon notification, KDOL required to determine if the offered employment is suitable
- Requires KDOL, within **10 business days** of receiving work refusal notification from an employer, to notify claimant who refused work information:
 - A summary of the claimant's duties to accept suitable work;
 - A statement that claimant has been or may be disqualified from receiving benefits;
 - An explanation of what constitutes suitable work; and
 - Instructions for contesting a denial of claim based upon a report by an employer that the claimant has refused an offer of suitable work

8. State Unemployment Rate sets Maximum Benefit Weeks

- Set minimum threshold for receiving a max of 20 weeks of UI benefits to a 3-month seasonally adjusted average unemployment rate of 5.0%
- Kansas UI Rate Summary:
 - Dec. 2020: **4.7%**
 - Jan. 2021: **3.4%**
 - Feb. 2021: **3.8%**
 - Mar. 2021: **3.7%**;
 - Apr. 2021: **3.5%**
 - May 2021: **3.5%**
 - Jun. 2021: **3.7%**
 - Jul. 2021: **3.8%**
 - Aug. 2021: **3.8%**
 - Sep. 2021: **3.9%**
 - Oct. 2021: **3.9%**
 - Nov. 2021: **3.6%**
 - Dec. 2021: **3.3%**

Previous:

- **<4.5%:** 16 weeks
- **4.5% to <6.0%:** 20 weeks
- **=>6.0%:** 26 weeks

Current:

- **<5.0%:** 16 weeks
- **5.0% to <6.0%:** 20 weeks
- **=>6.0%:** 26 weeks

9. Disqualification for Fraudulent/Misleading Statements

- Benefit Disqualifications:
 - First occurrence shortened from five years to **ONE year disqualification**
 - Second and future occurrences lead to a **FIVE year disqualification**
 - *Disqualification periods do not start until full collection of overpayment, 25% penalty and interest*
- Established a new crime classified as a severity **Level 5 Non-Person Felony** for any individual who makes fraudulent or misleading statements to obtain UI benefits meeting the following criteria:
 - Made such fraudulent or misleading statements while purporting to be another individual without their consent
 - Communicated or caused to be communicated false statements or representations on 3 or more occasions during a 30-day period while purporting to be another individual without that individual's consent

DISQUALIFIED



10. Employer Account Protections & Payment Certification

- Employers held harmless and do not owe any amount to the State for:
 - Any paid claim reported as fraudulent to Sec. of Labor, unless claim determined to be legitimate
 - Any claim that has been improperly paid, as would be defined by the bill
- Required KDOL to make immediate restitution to employers, without requiring a hearing or a request from the employer, as follows:
 - Credit account of any contributing, governmental rated, or reimbursing employer for any paid benefits determined to be due to fraudulent or improper between 3/15/20 – 12/31/22;
 - Look Back Provision: After reviewing all reimbursing employer accounts, apply credits for any unrecovered charges for fraudulent or erroneously paid claims
 - Forward Facing Provision: Refund “reimbursing employers,” who re-pay State for claims paid on their behalf, for any claim paid after 3/15/20, that is or is reported to be fraudulent by employer, unless determined to be otherwise by the Secretary
- For purposes of both restitution and indemnification:
 - Any determination w/ respect to legitimacy of a claim is subject to appeal
 - No time limit to dispute a fraudulent claim or related appeals for benefits paid between 3/15/20 and 12/31/22
 - “Improper payments” defined as any payment that, according to legally applicable requirements, should not have been made or was in the incorrect amount





11. Federal Relief Aid Transfers

- Provided for lesser of an aggregate of **\$500M** or max amount available, as determined by the Director of the Budget, to be transferred from special revenue funds to the Employment Security Fund during
 - **\$250M FY 2021: Statute: 07/15/21**
 - **Deposited on 07/11/21**
 - **\$250M FY 2022: Statute: 07/15/22**
 - **Final \$TBD by Ind. Audit (09/01/22)**
 - Total amount will include:
 - Fraud/Improper payments identified by the KS UIMIC – BKD Audit
 - Timeframe: 03/15/20 – 03/31/22
 - Additional Fraud/Improper payments for balance of 2022
 - Timeframe: 04/01/22 – 12/31/22

12. Annual KS UI Trust Fund Projections Report



- **KDOL --> KS House & Senate Commerce Committees**
 - Three Years of Reporting
 - Calendar Years 2022 – 2024
 - Reporting Requirements:
 - Actual & Projected Amount of UI Claims
 - Actual & Projected Employer Contributions
 - Actual & Projected UI Trust Fund Balance

13. Shared Work Program Modifications

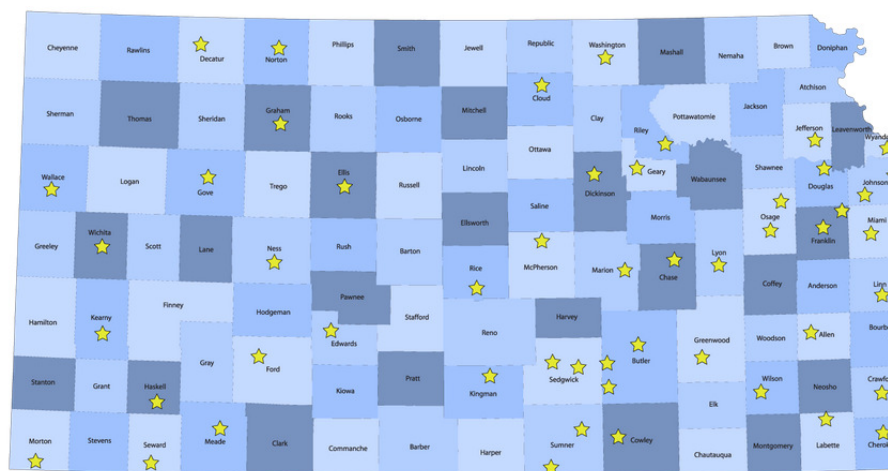


- Requires KDOL to **create/manage a promotional campaign** for Shared Work Program
 - Educational communications with other state agencies and stakeholders, including Governor's office, legislators, workforce investment boards, labor unions, and local, regional, or state chambers of commerce
- Eligibility of employees to participate in the program
 - Hours of work reduced by **10 to 50%** of normal weekly hours
- **Negative account employers (N1-N11) approved for Shared Work Program**
 - If most recent calculated reserve ratio improved from the previous year

14. KDOL / KS Law Enforcement Partnership



- Required the KDOL to develop a form for claimants to establish their identity before a Kansas law enforcement officer
 - Form limited to one page in length and the KDOL shall use forms of identification as found on the Form I-9 list.
 - Completion of the form and submission by the law enforcement agency require KDOL to presume the claimant's identity has been confirmed for purposes of UI law.
 - Law enforcement officers, agencies, & the state or any political subdivision of the state receive immunity from civil or criminal liability related to the use of the form if the officer acts in good faith and exercises due care



Source: <https://www.dol.ks.gov/web/quest/law-enforcement-identity-verification>

Additional Provisions in HB 2196

15. Specified that any federal UI program established in response to a pandemic is not to be continued using state contributions after the federal program ends
16. Clarified that individuals of identity theft are not liable for fraudulent UI claims made using their stolen identity
17. Amended a provision of the law pertaining to PEO quarterly reporting of tax and wage data
18. Revised the law by excluding from the definition of “employment” contractual services performed by a petroleum landman
19. Required KDOL and DCF to enter into a MOU; upon notification that a UI claimant has become employed, KDOL shall notify DCF to determine the UI claimant’s eligibility for state or federal benefits provided or facilitated by DCF

KDOL UCMIC Reporting Metrics | 01/15/22

My Re-Employment Plan (Cumulative Totals):

Enrolled	In Compliance	Noncompliant**	Reinstated***	Active Claimants Enrolled*
30,124	20,482	8,411	6,258	5,188

Shared Work:

Total Plans in Effect	Total Employers Enrolled*	Total Employees**
165	126	4,633

Job Refusal Determinations:

2022 Totals

Total Determinations	Total Claimants Denied Benefits as Result of Determination	Total Claimants Found to Have Good Cause for Job Refusal
2	2	0

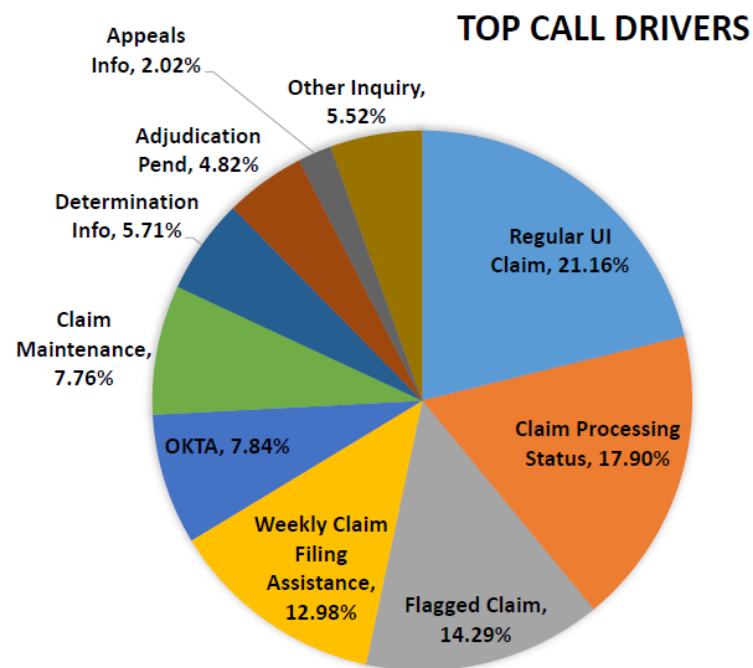
2021 Totals

Total Determinations	Total Claimants Denied Benefits as Result of Determination	Total Claimants Found to Have Good Cause for Job Refusal
531	411	90

Fraud Case Status:

Under Investigation*	Closed	Received
2,890	1,929	108

Status breakdown from fraud cases received from Sept. 1, 2021 to Jan. 12, 2022.



What We're Monitoring

U.S. Jobless Claims Rise to 3-Month High | Week Endings 01/08/22 & 01/15/22

1. Week ending Jan. 15:
 - **Initial claims** increased by 127%: 225,000 --> 286,000
2. Week ending Jan. 8:
 - **Continued claims** increased by 4.6%: 1.635M vs. 1.563M expected
 - 1.551M during prior week

Kansas Jobless Claims Spiking | Week Endings 01/08/22 & 01/15/22

1. Week ending Jan. 15:
 - **Initial claims** decreased by 13%: 3,636 --> 3,139 (still elevated)
 - **Continued claims** decreased 12%: 6,738 --> 7,580
 - **Internet claims** increased 105%: 7,580 --> 7,980
 - Accounted for 76.49% | Highest percentage of claims since 04/03/21
2. Week ending Jan. 8:
 - **Initial claims** increased by 202%: 1,802 --> 3,636
 - **Continued claims** increased 113%: 6,738 --> 7,580
 - **Internet claims** increased 302%: 910 --> 2,744
 - Accounted for 75.47% | Average for previous 6 months = 46.09%

Kansas Unemployment Insurance Fraud Continues...

1. Beginning the week of Jan. 10, 2022
 - **Public school districts**
 - **Governmental entities**
 - **Private business**



2. Business Response

2. Friday, Jan. 21, 2022

- KDOL call with KS SHRM & KS Chamber
- KS SHRM UI Fraud 5 Question Survey
- <https://www.surveymonkey.com/r/2022UIFeedback>
Kansas SHRM UI Fraud Feedback



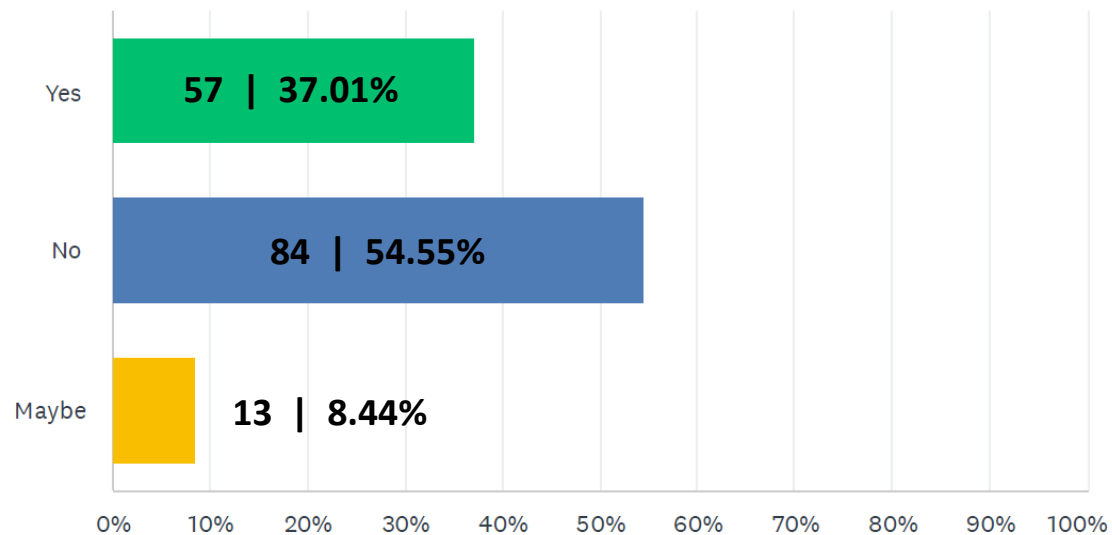
There is some suspicion that UI fraud might be increasing again. In order to better understand the potential of this issue, we are asking you for a few minutes to take a survey. The information provided will be critical for us to inform KDOL and elected officials with information Kansas Employers are experiencing so they can make the best decisions on how to address any fraud issues.

If you have any questions or additional concerns, please email them to office@ksshrm.com.

**Unofficial 2022 KS UI Fraud Survey Results*

Q1 Are you seeing an unexpected increase in unemployment claims for your organization?

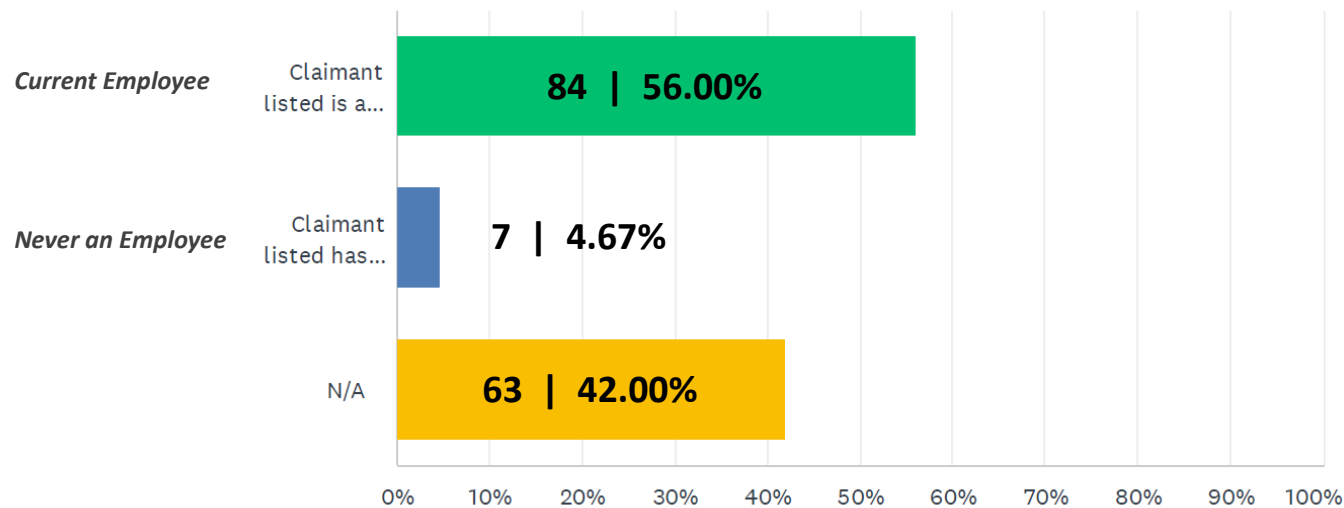
Answered: 154 Skipped: 1



*Unofficial 2022 KS UI Fraud Survey Results

Q2 Of recent claims reported to your organization, do you suspect any of the claims to be fraudulent based on the claimant listed is a current employee, or the claimant listed has never been an employee of your organization?

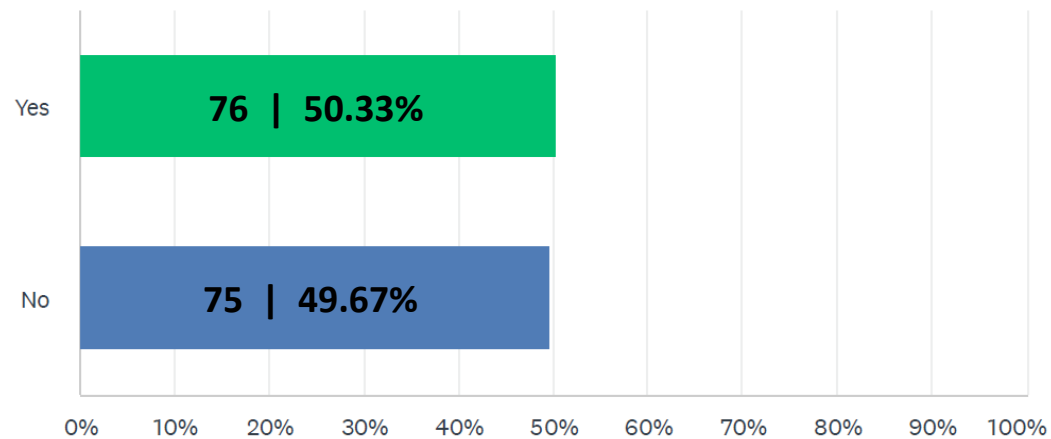
Answered: 150 Skipped: 5



**Unofficial 2022 KS UI Fraud Survey Results*

Q3 Have you reported any suspected fraudulent unemployment claims to the Kansas Department of Labor within the last two months?

Answered: 151 Skipped: 4



*Unofficial 2022 KS UI Fraud Survey Results

Q4 If you suspect fraudulent claims, note the date you believe they began and the number of fraudulent claims identified to date.

Answered: 83 Skipped: 72

ANSWER CHOICES	RESPONSES
Approximate date fraud began	98.80% 82

77 out of 83 reported new fraud claims occurring between 12/01/21 – 01/19/22

Industries Reporting:

Hospitality | Restaurants | Law Enforcement | Manufacturing | Welding & Fabrication | Municipality | Healthcare | Government | Food Service | Business Services | Finance/Banking | Non-Profit | Legal | Social Services | Public Accounting | Education | Insurance | Long-Term Care | Telecommunications | Ag Technology | Construction | Professional Member Association | Credit Union | Behavioral Health | Utilities | Wireless | Library | Hospital | Higher Education | Aircraft | Church | PEO | Recreation | Distribution | Trade School | Wholesale & Retail | Engineering

2022 *Proposed* Kansas UI Reforms

KS Dept. of Labor, KS Dept. of Commerce, KS SHRM and KS Chamber:



1. Technical clean up language
 - A. Fund Control Table B
 - Add 20 minus signs/negative ("-") that were inadvertently left off from HB 2196
 - Reduce and truncate the AHCM threshold and solvency/credit adjustment multiplier decimal places from five (5) to three (3) decimals
2. My Reemployment Plan 2.0
 - A. Increase & Redefine Work Search Activities
 - A. Resume integrity, job interview ghosting, etc.
 - B. KDOL & KDOC: Efficiency enhancements and better alignment
3. U.S. DOL conformity concerns with language for Reimbursing Employers
 - A. Changing two occurrences of the word "this" to "a"

Questions / Comments



Phillip M. Hayes

316.619.7864

phayes@the-arnold-group.com

www.the-arnold-group.com