

February 16, 2021

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2195 by House Committee on K-12 Education Budget

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2195 is respectfully submitted to your committee.

HB 2195 would hold employers harmless for fraudulent claims of unemployment benefits. Additionally, employers would not be charged for any benefits paid beginning March 12, 2020, through December 31, 2021. Employers would not be required to reimburse the state for claims identified as fraudulent by the employer. The time limitation on disputed claims or appeals in current law would not apply to cases of fraud or benefits paid from March 15, 2020 through December 31, 2022. The Department of Labor would be required to immediately and fully credit an employer's account for any benefits that were determined to be fraudulent or provided in error. The Department of Labor would be required to review all reimbursing employer accounts for the 20 years preceding July 1, 2021 and credit any employer for benefits paid by fraud or in error that were charged to the employer's account and not recovered through normal recovery efforts.

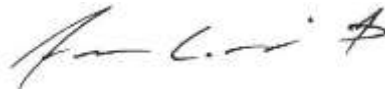
The bill would require the Department of Labor to review all available information regarding improper unemployment benefit payments for the state for the time period of March 15, 2020, through December 31, 2022. Within 60 days of the information becoming available, the Department of Labor would be required to certify to the Department of Administration any amounts for improper payments. The bill would require the Department of Administration to transfer amounts identified in the certification from the State General Fund to the Unemployment Trust Fund. The bill would authorize the Governor to transfer the certified amounts from a fund other than the State General Fund, if approved by the State Finance Council.

The Kansas Department of Labor is currently unable to estimate the total amount of fraudulent or improper unemployment payments in the state. As a result, the amount from State

General Fund or other funds that would be transferred to the Unemployment Trust Fund because of fraudulent or improper payments is unknown. The Department anticipates having a working figure in the coming weeks. A revised fiscal note will be issued once the information is available. The agency notes that, according to the U.S. Department of Labor's Office of Inspector General, the national total of fraudulent unemployment payments could be \$36.0 billion or more. The Kansas Department of Labor estimates the fiscal effect on the State General Fund could be sizeable.

The Kansas Department of Labor estimates the bill would require additional expenditures of \$499,650 from federal funds and 7.00 FTE positions to conduct research on fraud. The amount includes \$356,650 for salaries and wages and \$143,000 for other operating expenditures. Any fiscal effect associated with HB 2195 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Dawn Palmberg, Department of Labor