

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 9, 2007 in Room 123-S of the Capitol.

All members were present except:
Susan Wagle- excused

Committee staff present:
Norm Furse, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:
Joe Lawhon, Post Audit
Secretary Garner, Department of Labor

Others attending:
See attached list.

Chairperson Brownlee called the Committee's attention to two confirmations on reappointments to K DFA regarding Tim Schaller and Brett Reber.

Senator Jordan made a motion to reappoint Tim Schaller to K DFA. Senator Teichman seconded. Motion carried.

Senator Emler made a motion to reappoint Brett Reber to K DFA. Senator Teichman seconded. Motion carried.

Senator Jordan made a motion to approve the Senate Commerce Committee minutes for January 23rd, January 24th, and January 30th. Senator Teichman seconded. Motion carried.

Chairperson Brownlee announced to the Committee that starting next week, the Senate Commerce Committee will be asking for an electronic copy of testimony along with paper copies.

Chairperson Brownlee introduced Joe Lawhon, Post Audit to review the "Error Rates for Unemployment Benefit Payments". (On file) Mr. Lawhon reviewed the report for the Committee. Mr. Lawhon stated the Kansas Governmental Operations Accountability Law (KGOAL) requires Legislative Post Audit to conduct a performance audit of specified state agencies each year. Legislative Post Audit chose to audit the Department of Labor on its high error rates for unemployment benefit payments. The performance audit answers the following questions:

- What factors have contributed to the high overpayment rate for Kansas unemployment benefits reported by the U.S. Department of Labor?
- What actions has the Kansas Department of Labor taken to reduce the overpayment rates and have those steps been effective?
- What steps have states with low overpayment rates taken to keep their overpayment rates low and could Kansas use some of those methods to reduce its overpayment rates?

Post Audit made the following recommendations to help reduce the number of overpayment errors caused by unemployed workers failing to register for job services, ensure that unemployed workers continue to take advantage of the benefits they receive from registering for job services, and keep Kansas' requirements in line with what other states are doing.

- The Department of Labor should revoke administrative regulation 50-3-2a, and require all unemployed workers , except those exempt by regulation 50-3-2, register for job services.
- The Department of Labor should establish and enforce a registration deadline.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 9, 2007 in Room 123-S of the Capitol.

- The Department of Labor should work toward implementing a computerized system that automatically registers unemployed workers for job services when they apply for unemployment benefits.
- The Department of Labor should require more supervisory spot checks on data entered into the database.

Questions followed Mr. Lawhon's review.

Chairperson Brownlee introduced Secretary Garner, Department of Labor to respond to the Post Audit Report, "Error Rates for Unemployment Benefit Payments". Secretary Garner called the Committee's attention to "Unemployment Benefits: Eligibility and the Registration Requirement" dated February 9, 2007, (Attachment 1); "Kansas Department of Labor", (Attachment 2); and "Reply To This Address", (Attachment 3). Secretary Garner reviewed the "Unemployment Benefits: Eligibility and the Registration Requirement". He stated there are two types of errors: fraudulent and technical. The claimants with technical errors in the audit did not register with the Public Workforce Centers, but they met all other federal eligibility requirements. Claimants must look for work while on unemployment. The work search requirement is separate from the Workforce Center registration requirement. Every month, a form is mailed to all claimants asking for records of their work search. Benefits are stopped if claimants don't provide appropriate documentation of their work search. The Department of Labor is preparing to look into developing a way to automatically register claimants but this will take time and resources.

Questions followed. Chairperson Brownlee asked Secretary Garner what he needed to move forward on the automation of the unemployment process. The Secretary did not have those figures but stated he could present them in about a month.

Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next meeting scheduled for February 12th, at 8:30 a.m. in room 123 S.

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Unemployment Benefits: Eligibility and the Registration Requirement

February 9, 2007

*Senate Commerce
Feb. 9, 2007
Attachment 1*

Attachment

1-1

Senate Commerce Committee
February 9, 2007

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Overview

- Unemployment System
- Technical Errors
- Review some requirements for UI eligibility
- Fraud rates in Kansas UI program
- Questions

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Unemployment System

- When I joined KDOL, I walked into 1976.
- The technical system that supports our operations is antiquated.
- Extended Benefits in 2003

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Technical Errors

- The issue in this audit is about technical errors in the Kansas unemployment program.
- Technical errors are one category of errors and overpayments tracked by the U.S. Department of Labor.
- These are technical errors because the claimants meet all the federal eligibility requirements for unemployment.



Technical Errors Continued

- Kansas law required all unemployment claimants were required to register with the public Workforce Centers.
- Kansas laws says the Secretary of Labor can exempt workers from this requirement.
 - Workers on temporary layoff were exempted under K.A.R. 50-3-2(e).



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Unemployment Eligibility

- The claimants with technical errors in the audit did not register with the Public Workforce Centers, but they met all other federal eligibility requirements.
- There are numerous requirements that unemployed workers must satisfy to be eligible for unemployment benefits.
- Some current requirements are:
 - Separated from a job by no fault of their own
 - File a weekly claim for benefits
 - Able and available for work
 - Searching for work
 - Register with a Workforce Center, if profiled as likely to exhaust benefits



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Work Search

- Claimants must look for work while on unemployment.
- The work search requirement is separate from the Workforce Center registration requirement.
- Claimants must report each week that they have searched for work.
- Every month, a form is mailed to all claimants asking for records of their work search.
- Benefits are stopped if claimants don't provide appropriate documentation of their work search.

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History of Workforce Center Registration

- This requirement was written in law in 1937. Much has changed since 1937.
- Today:
 - Claimants profiled as likely to exhaust unemployment benefits and selected for re-employment services must register with a public Workforce Center.
 - In person or on the Internet
- These claimants are scheduled for appointments at the Workforce Center.
- All claimants, including those profiled and selected for re-employment services, must continue to meet all federal eligibility requirements for UI.



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Unemployment Fraud

- Kansas operational statistics
 - Kansas operational rate: 3.62%
 - National operational rate: 5.31%
- What is the operational rate?
- Kansas does well at preventing and detecting fraud, ranking 16th best in the country.
- We are implementing new tools to improve fraud prevention and detection.
 - National Directory of New Hires cross match
 - Vital Statistics cross match

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New Regulation

- The regulation was reviewed and approved by:
 - Kansas Attorney General
 - Joint Legislative Committee on Rules and Regulations
 - U.S. Department of Labor
 - Other KDOL Stakeholders
- Presented in agency update to House and Senate Committees.



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Automatic Registration

- KDOL is preparing to look into developing a way to automatically register claimants.
- Pursuing automatic registration will take time and additional resources.

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Questions?



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SSN:
BYB: 1-07-2007
MAILED: 2-08-2007
DOT: 00000000

YOU WERE NOTIFIED TO REPORT TO

KS CITY WORKFORCE CENTER
552 STATE AVENUE
KANSAS CITY, KS.
66101-2464

ON DATE FEB 05, 2007

TIME 10:00-AM

YOU WERE SCHEDULED TO REPORT FOR SPECIAL EMPLOYMENT ASSISTANCE AS SHOWN. YOU HAVE FAILED TO KEEP THIS APPOINTMENT OR NOTIFY THE OFFICE OF YOUR REASON FOR NOT APPEARING.

THE KANSAS EMPLOYMENT SECURITY LAW REQUIRES THAT YOU APPEAR IN PERSON FOR SPECIAL EMPLOYMENT ASSISTANCE AS SCHEDULED BY THIS AGENCY.

BEFORE WE CAN DETERMINE IF YOU CONTINUE TO BE ELIGIBLE FOR BENEFITS, IT IS NECESSARY THAT YOU ADVISE US, ON THE REVERSE SIDE OF THIS FORM, YOUR REASON FOR FAILING TO REPORT AS SCHEDULED. IF IT IS DETERMINED THAT YOU HAD GOOD CAUSE FOR YOUR FAILURE TO REPORT, YOU WILL BE RESCHEDULED FOR THESE SERVICES.

FAILURE TO ANSWER WITHIN FIVE DAYS FROM THE DATE OF THIS NOTICE MAY RESULT IN DENIAL OF BENEFITS AND MAY CREATE AN OVERPAYMENT.

MAIL YOUR REPLY TO:

U. I. CALL CENTER
P O BOX 2098
KANSAS CITY KS
66110-0098
913-596-3500
1-800-292-6333

Senate Commerce Committee
February 9, 2007
Attachment 2-1

PLEASE MAIL TO THIS ADDRESS
KANSAS DEPARTMENT OF LABOR
401 SW TOPEKA BOULEVARD
TOPEKA KS 66603-3182

OFFICE NUMBER: 710
SSN:
BYB: 7-18-2004
MAILED: 8-19-2004

PLEASE REPORT TO

WORKFORCE DEVELOPMENT CENTER
105 W EUCLID
PITTSBURG KS 66762-5115
REPORT DATE: SEP 01, 2004
TIME: 09:00 AM
TELEPHONE: (620) 231-4250

YOU HAVE BEEN SELECTED TO RECEIVE SPECIAL EMPLOYMENT ASSISTANCE THROUGH THE WORKER RE-EMPLOYMENT SERVICES PROGRAM. THIS PROGRAM IS DESIGNED TO PROVIDE UNEMPLOYMENT INSURANCE CLAIMANTS ASSISTANCE IN MAKING A SUCCESSFUL TRANSITION TO NEW EMPLOYMENT. TO RECEIVE ASSISTANCE AND TO MEET ELIGIBILITY REQUIREMENTS FOR CONTINUED BENEFITS, PLEASE VISIT THE OFFICE SHOWN ABOVE OR YOUR NEAREST WORKFORCE DEVELOPMENT CENTER ON THE DATE SHOWN ABOVE. WORKFORCE DEVELOPMENT CENTER STAFF WILL PROVIDE ASSISTANCE WITH YOUR RE-EMPLOYMENT NEEDS AND DETERMINE IF YOU ARE ELIGIBLE FOR RE-TRAINING ASSISTANCE DURING YOUR INTERVIEW. PLEASE BRING THIS LETTER WITH YOU.

PLEASE BRING ANY INFORMATION YOU MAY HAVE REGARDING EMPLOYMENT ASSISTANCE OR TRAINING YOU ARE CURRENTLY PARTICIPATING IN OR HAVE RECENTLY COMPLETED.

IF YOU FAIL TO REPORT AS SCHEDULED, YOUR UNEMPLOYMENT BENEFITS WILL STOP. IN ADDITION, A FAILURE TO REPORT COULD RESULT IN AN OVERPAYMENT OF BENEFITS PREVIOUSLY RECEIVED.

IF YOU HAVE RETURNED TO FULL-TIME WORK, COMPLETE THE EMPLOYER INFORMATION BELOW AND RETURN THIS FORM TO THE WORKFORCE DEVELOPMENT CENTER SHOWN ABOVE.

IF YOU ARE WORKING "PART TIME", YOU MUST STILL REPORT TO THE WORKFORCE DEVELOPMENT CENTER AT THE DATE AND TIME SHOWN ABOVE.

EMPLOYER NAME: _____ DATE RETURNED TO WORK _____
ADDRESS: _____
CITY/STATE: _____ ZIP CODE: _____
IS THIS JOB: _____ FULL TIME _____ PART TIME

SIGNED (CLAIMANT) _____ DATE: _____

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