

Office of the Secretary
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Amber Shultz, Acting Secretary

Laura Kelly, Governor

February 10, 2021

Representative Sean E. Tarwater Sr.
State Capitol
800 SW Jackson, Suite 151-S
Topeka, KS 66612

Chairman Tarwater,

Thank you for the opportunity to share information about KDOL and the progress we have made over the past several months. We are diligently working to stabilize the agency as we prepare for modernization and serve the unprecedented number of Kansans in need.

Below, you will find responses to the questions from our recent testimony in your committee.

1. Chairman Tarwater asked if the agency could produce projections on UI trust fund borrowing and the impact it could have on employers.

There would be no immediate impact on employers since contribution rates are already set for calendar year 2021.

- The rate schedule for 2022 will be determined based on the average high cost multiple (AHCM) as of July 31, 2021.
- Any funds borrowed from USDOL will have to be repaid, the same as replenishing the Trust Fund if no money is borrowed. It will just take longer to replenish the Trust Fund, and employers will have to pay from higher rate tables because the AHCM will be lower.
 - The repayment of the fund and any potential loan will also be impacted by the speed of the economic recovery. If the current trends continue, the draw on the Trust Fund will require borrowing as the draw on the Trust Fund outpaces contributions. If the current trends reverse and payment levels begin to fall, it will lessen the need to borrow, but the balance will remain low, likely resulting in upward solvency adjustments for contribution rates in 2022.

House Commerce, Labor and
Economic Development Committee

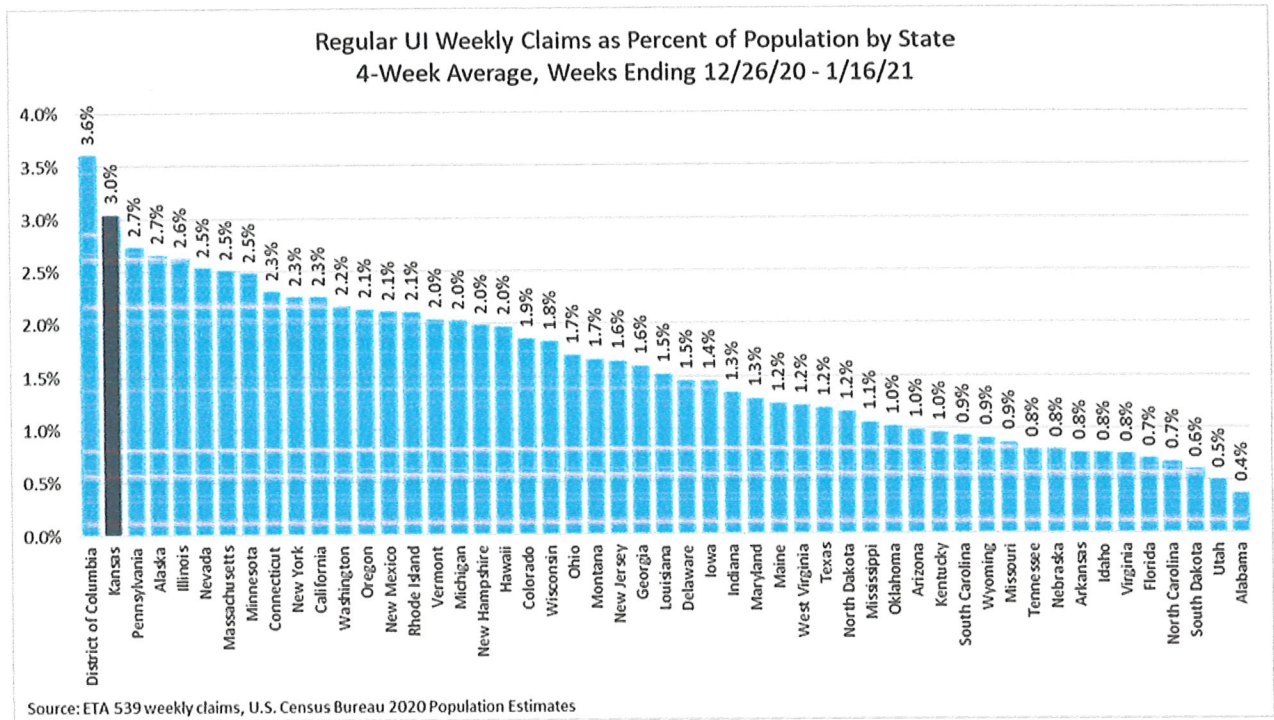
Date: February 10, 2021
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2. Percentage of claims based upon population-how does Kansas compare to other states?

The following chart looks at the average weekly continued claims for the past four weeks as a percentage of total population. The claims data is from the ETA539 report that all states submit to USDOL on a weekly basis. The average is based on claims for the Regular UI program. The population data is 2020 estimates from the U.S. Census Bureau's Population Estimates Program.



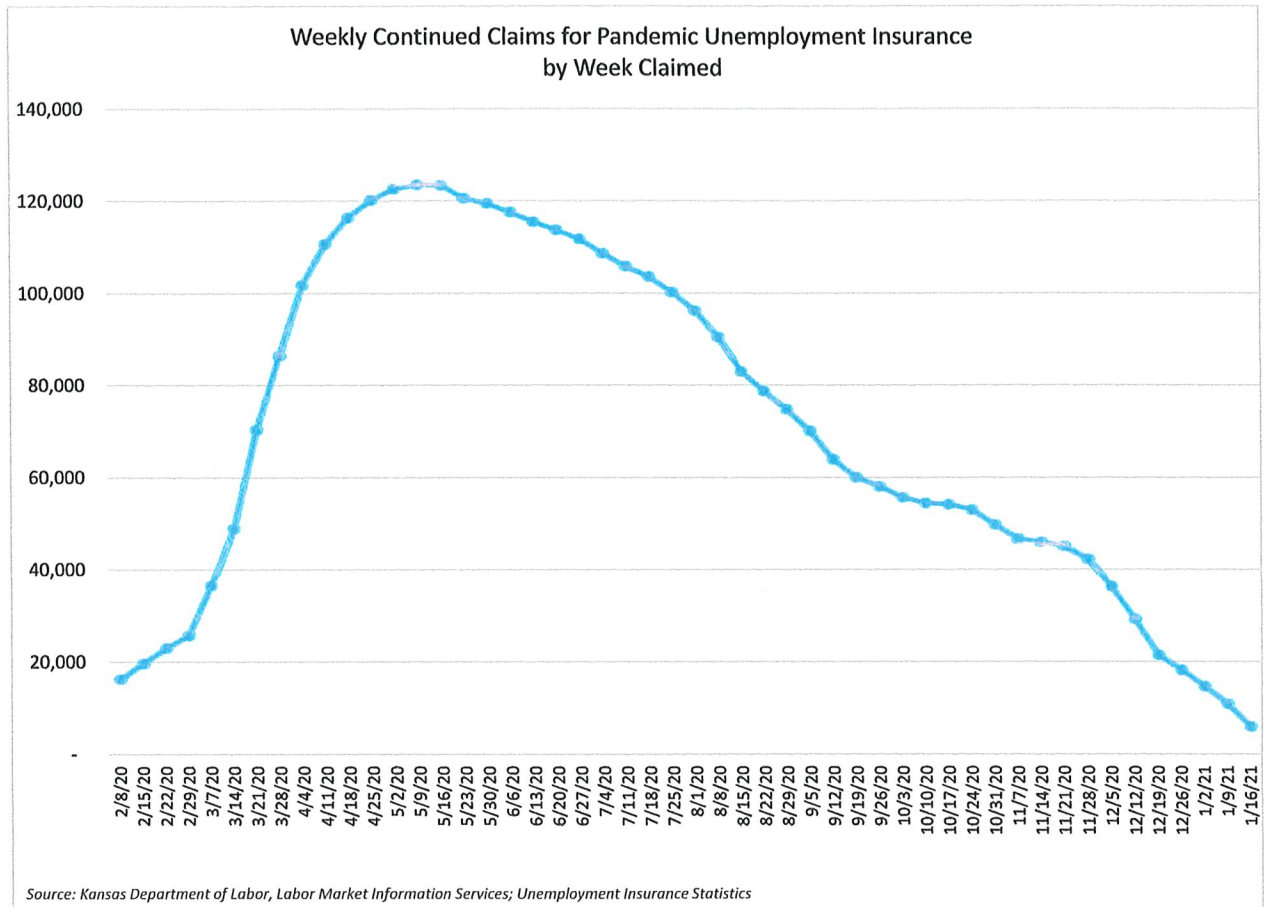
3. Amount of money paid into the UI trust fund by employers in previous years?

All Kansas employers determined liable under the "contributing" provision of the Kansas Employment Security Act pay into the Unemployment Trust Fund maintained to distribute unemployment insurance benefits to qualified unemployed workers. The taxable payroll is based on the first \$14,000 in wages earned by each employee during a calendar year.

Taxable Wage Base History:	
Year	Taxable Wage Base
2016 - 2020	\$14,000
2015	\$12,000
1984-2014	\$8,000
1983	\$7,000

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5. Total initial claims and total claims actually paid. Chairman Tarwater indicated that Kansas has processed 958,000 initial claims in 2020. He said this number came from USDOL, can you track it down and provide an explanation for that figure?

This is similar to the total from the ETA5159 report, which is submitted to USDOL monthly. This report is used in budgetary and administrative planning, so it includes all claims filed, whether the claimant is eligible for payments or not.

A better measure for current economic trends in unemployment claims is the weekly ETA539 report. The data included in this report has been adjusted to better reflect current economic conditions. This report adjusts for claims filed by individuals not entitled to benefits (such as self-employed workers who must receive a denial from regular UI before applying to PUA) as well as claims that have already exhausted benefits. Based on this report, there were 551,616 initial claims in 2020 and 2,585,442 continued claims. Note that additional eligibility issues could be



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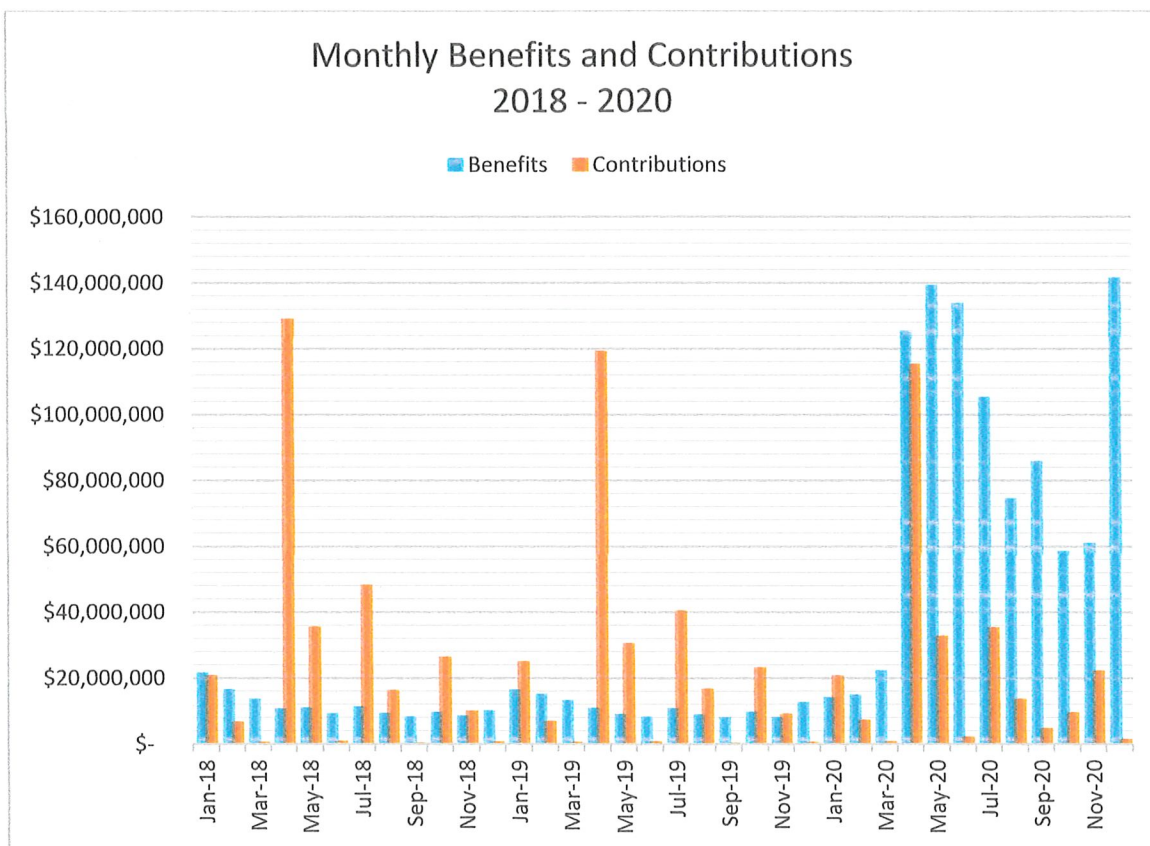
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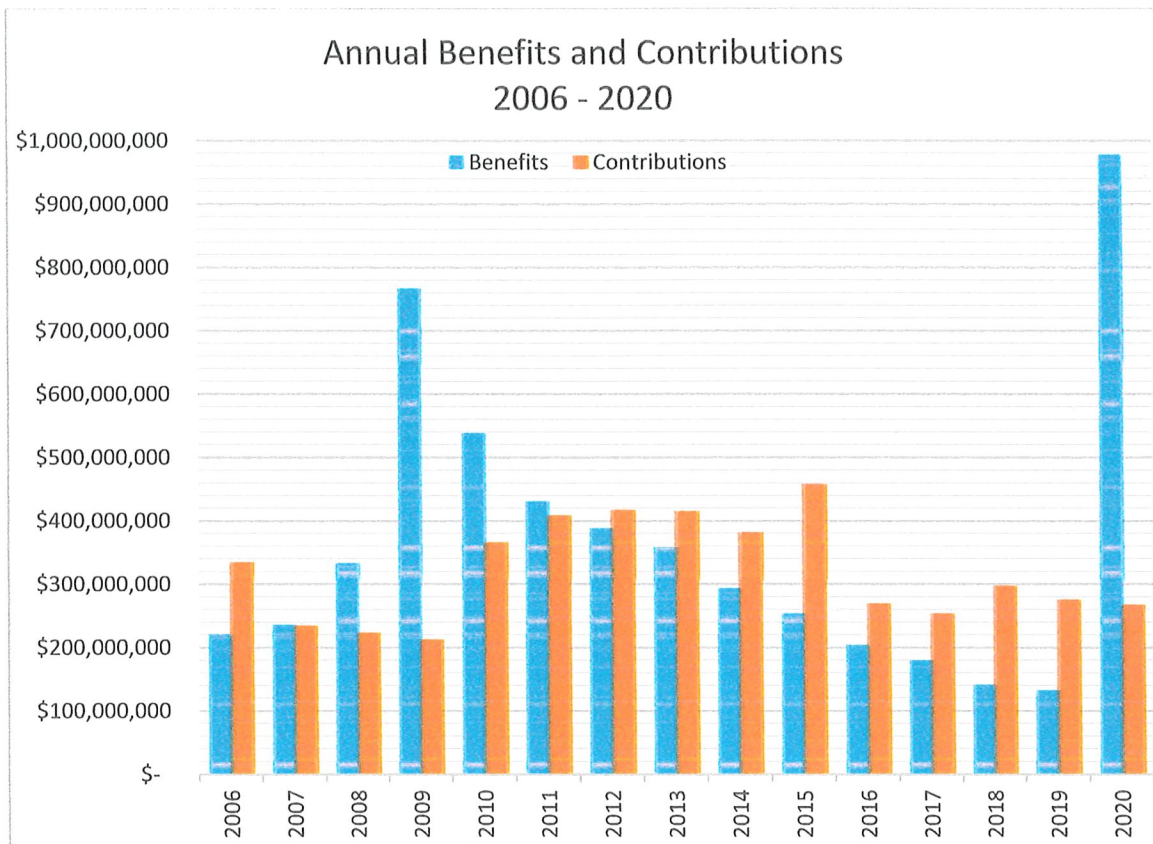
identified after the claim is initially processed, so not all of these claims will result in benefit payment.

6. The committee wanted a snapshot of contributions to the UI trust fund and claims paid out of the UI trust fund for the calendar year 2020.



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7. The committee wants the number of fraud claims that we have paid, the number of unique individuals who have contacted the fraud hotline and fraud website, the number of unique individuals that have police report numbers.

KDOL is working diligently to produce an estimate of fraudulent claims that have been paid during the pandemic and hopes to have that estimate to the committee in the coming weeks.

As of January 31, 2021, we have had 67,066 reports of fraud via the hotline and website. Of those, 56,968 reports were identified as identity theft and issued police report numbers.

8. Please provide more information on reimbursing employers and how they are being charged for fraudulent claims.

Prior to running statements for reimbursing employers, we run a scan to identify whether any fraudulent charges have been filed against their account and then remove those