



Hutchinson Public Schools

USD 308 Administration Center
1520 North Plum
Hutchinson, KS 67501
Telephone: 620-615-4033
E-Mail: krausr@usd308.com
Web Page: www.usd308.com

RICK KRAUS
Assistant Superintendent for
Human Resources

To: Members of the Senate Commerce Committee, Proponent to SB 177
From: Rick Kraus, Ass't Supt of HR, Hutchinson Public Schools
Re: List of challenges faced as a result of the unemployment fraud crisis.
Date: February 17th, 2021

I have been an employee of USD 308 for 26 years, 31 years overall in public education. This is my 16th year of serving as the district's human resources director and 7th with the title assistant superintendent. Thank you in advance for the opportunity to share some of the challenges experienced as we try to navigate the unemployment fraud crisis. I would be happy to answer questions at any time by phone or email.

Issues:

1. The volume of fraudulent unemployment claims. My record is 24 in a single day, which is significantly lower than other districts I've spoken with. Employees report they invest as much as 5 hours of their time jumping the hoops necessary to protect themselves and their bank accounts. Personally, I spend 5-8 minutes per claim, depending on the time spent notifying employees, answering questions, offering reassurance and completing fraud reports.
2. The inconsistent notification through SIDES. I still have employees call when they received the notice of benefits from KDOL and I had no knowledge of a claim. I've also had notices through the courtesy mailing that never showed up in SIDES, either. Most recently, on Friday, Feb. 12th I received 30 of these courtesy mailings with zero of these appearing in SIDES. I would suspect this to be more of a database issue than a problem with new claims. Earlier that same week, I received 10 notices in the mail. Four of those claims had duplicates in that stack. So I received a double mailing for four employees.
3. Related to #2, one legitimate unemployment claim in recent weeks did not come to me through SIDES. I only received notice through the courtesy mailing. I was not given the opportunity to respond as the employer.
4. Related to #3, there have been legitimate unemployment claims filed for which I have not received notices of determination. Without receiving determination notices it is unclear whether employees are receiving payments as intended or if the district would have need to appeal a determination.
5. I recently received an Examiner's Determination in the mail. It was for a current employee who I filed fraud report on and reported fraud through SIDES. My concern is this claim wasn't

USD 308 does not discriminate on the basis of race, color, national origin, sex, disability, or age in its programs and activities and provides equal access to the Boy Scouts and other designated youth groups.

actually stopped as it should have been. The Determination stated the claimant is ineligible for unemployment because the claimant failed to respond with requested information.

6. I am grateful to be able to submit multiple fraud claims to KDOL at the same time. On occasion, I receive a "submission failed" message. I am unclear what causes this to occur. When I resubmit all claims again, it results in employees receiving multiple emails from KDOL with different case numbers on a single fraudulent claim. Another example. Last week I tried to submit a fraud claim four times. The first three times I received "submission failed". The fourth time was successful. Shortly afterward I received an email from the employee which asked why she received four emails from KDOL with different case numbers.
7. I have an employee on whom I submitted a fraud report on December 22nd. On January 6th she reported receiving a debit card with her benefits. It was actually sent to a non-existent mailing address. Fortunately, the post office was able to connect it to the employee, otherwise an unauthorized individual might've been able to take advantage. At KDOL's direction, the card was destroyed. I did not receive an Examiners Determination on this claim which would have allowed me an opportunity to appeal this claim and again share it was fraudulent before benefits were awarded. KDOL did not want to know the name or SSN of the employee.

Cost:

Hutchinson Public Schools is a rated employer. Therefore, adjusted rates will not be available until summer. The following is an estimate.

Fraud claims just since 12/1/20 = 265

265 claims multiplied by the average weekly benefit amount of \$419.74 since beginning of December = **\$111,231.10**. Keep in mind this estimate could be larger if any fraud claims were paid for more than a single week. This does this estimate include any of the federal Covid relief payments.

If we extrapolate this out to cover the entire pandemic, the district could have had possibly 500 fraudulent claims since the onset of the pandemic. 500 claims multiplied by the average weekly benefit amount of \$358.22 since beginning of the pandemic = **\$179,110.00**. Again, keep in mind this estimate is likely to be larger if any of these claims were paid for more than a single week of benefits.

These estimates do not include the cost of my time working fraudulent claims nor the countless hours employees have invested to respond to claims.

If I had a magic wand, here are a couple changes I would instantly make:

1. Improve the existing system to allow me to monitor progress on claims, including examiners decisions through SIDES. This would give me the ability to check progress, myself, and eliminate the uncertainty of the disposition of claims within SIDES.
2. Ensure the Legislature has the funds for a complete overhaul of the unemployment database.

USD 308 does not discriminate on the basis of race, color, national origin, sex, disability, or age in its programs and activities and provides equal access to the Boy Scouts and other designated youth groups.