

Substitute for HOUSE BILL No. 2196

By Committee on Commerce, Labor and Economic Development

3-2

1 AN ACT concerning employment security; creating the unemployment
2 compensation modernization and improvement council; providing for
3 an audit to be conducted by the council; providing for development of a
4 new unemployment insurance information technology system; claimant
5 tax information; website publication of trust fund data; maximum
6 benefit period; charging of employer accounts for benefits paid;
7 employment security board of review and emergency expansion
8 thereof; employer contribution rate determination and schedules;
9 ~~abolishing the employment security interest assessment fund~~; crediting
10 employer accounts for fraudulent or erroneous payments; transferring
11 moneys from the state general fund to the unemployment insurance
12 trust fund for improper benefit payments; services performed by
13 petroleum landmen; lessor employment unit employee leasing
14 restrictions; shared work compensation program; establishing the my
15 reemployment plan; providing job search and job matching assistance
16 to claimants and employers; providing for workforce training program
17 availability for claimants; making and concerning appropriations for
18 ~~the fiscal years ending June 30, 2021, and June 30, 2022~~ **{2021**
19 **through 2028}**; **{changing the benefit disqualification period for**
20 **fraud}**; amending K.S.A. 44-758 and K.S.A. 2020 Supp. 44-703, 44-
21 704, **{44-706,}** 44-705, 44-709, 44-710, 44-710a, 44-710b and 44-757
22 and repealing the existing sections.

23
24 *Be it enacted by the Legislature of the State of Kansas:*

25 New Section 1. (a) (1) There is hereby created the unemployment
26 compensation modernization and improvement council. The council shall
27 consist of ~~11~~ **{13}** members appointed as follows:

28 (A) ~~Two~~**{Three}** members who, on account of their vocation,
29 employment or affiliations, may be classed as representative of employers,
30 ~~to~~ **{one of whom shall}** be selected by the ~~workers compensation and~~
31 ~~employment security boards nominating committee established under~~
32 ~~K.S.A. 44-551, and amendments thereto, and appointed by the governor~~,
33 **one by the speaker of the house of representatives and one by the**
34 **president of the senate}**;

35 (B) ~~two~~**{three}** members who, on account of their vocation,
36 employment or affiliation, may be classed as representative of employees,

Proposed Amendments for Sub HB 2196 HCOW

Senate Committee on Commerce

March 23, 2021

Proposed Amendment #2

IT Components & Clean Up

Prepared by Charles Reimer

Office of Revisor of Statutes

1 maintained by the secretary.

2 (o) The council may suggest rules and regulations for adoption by the
3 secretary as necessary to implement the provisions of this section.

4 (p) This section shall be a part of and supplemental to the
5 employment security law.

6 New Sec. 2. (a) It is the intent of the legislature that, in order to
7 accomplish the mission of collecting state employment security taxes,
8 processing unemployment insurance benefit claims and paying benefits,
9 the department of labor's information technology system shall be
10 continually developed, customized, enhanced and upgraded. The purpose
11 of this section is to ensure the state's unemployment insurance program is
12 utilizing current technology and features to protect the sensitive data
13 required in the unemployment insurance benefit and tax systems relating
14 to program integrity, system efficiency and customer service experience.

15 (b) The legislature finds that, as a result of the vulnerabilities exposed
16 in the legacy unemployment insurance system by the COVID-19 pandemic
17 unemployment insurance crisis, a new system shall be fully designed,
18 implemented and administered by the department of labor not later than
19 December 31, 2022.

20 (c) The information technology system, technology and platform
21 shall include, but not be limited to, ~~the following~~ components, as defined
22 by the unemployment compensation modernization and improvement
23 council established by section 1, and amendments thereto, in consultation
24 with the secretary:

- 25 ~~(1) Component-centric architecture;~~
- 26 ~~(2) configurability;~~
- 27 ~~(3) results-driven customer empowerment;~~
- 28 ~~(4) extensibility;~~
- 29 ~~(5) reporting;~~
- 30 ~~(6) adaptable and scalable platform;~~
- 31 ~~(7) enterprise service bus;~~
- 32 ~~(8) version control;~~
- 33 ~~(9) change control;~~
- 34 ~~(10) multi-speed information technology;~~
- 35 ~~(11) data migration or data architecture; and~~
- 36 ~~(12) legacy integration.~~

37 (d) The new system shall include, but not be limited to, ~~the following~~
38 features and benefits, as defined by the unemployment compensation
39 modernization and improvement council established by section 1, and
40 amendments thereto, in consultation with the secretary:

- 41 ~~(1) Benefit claims and payment management, including:~~
- 42 ~~(A) Claims management;~~
- 43 ~~(B) eligibility and payment processes;~~

any

as specified and

any

as specified and

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- 1 ~~(C) monetary and non-monetary determinations;~~
- 2 ~~(D) overpayment and collections management;~~
- 3 ~~(E) fraud prevention; and~~
- 4 ~~(F) accounting and auditing;~~
- 5 ~~(2) integrated tax management functionality, including:~~
- 6 ~~(A) Account registration;~~
- 7 ~~(B) tax and wage reports;~~
- 8 ~~(C) adjustments and payments;~~
- 9 ~~(D) delinquencies and collections; and~~
- 10 ~~(E) tax audit assignments; and~~
- 11 ~~(3) tax performance systems, including:~~
- 12 ~~(A) Comprehensive appeals filing and tracking;~~
- 13 ~~(B) appeal filing and management;~~
- 14 ~~(C) hearings and decisions;~~
- 15 ~~(D) correspondence and notices;~~
- 16 ~~(E) integrated workflow;~~
- 17 ~~(F) self-service features; {and}~~
- 18 ~~(G) federal reporting; and~~
- 19 ~~(H){(4)} automated work opportunity tax credit eligibility~~
- 20 ~~determination.~~

21 ~~(e) The secretary shall implement and utilize all program integrity~~
 22 ~~elements and guidance issued by the United States department of labor and~~
 23 ~~the national association of state workforce agencies, including the integrity~~
 24 ~~data hub, within 60 days of the issuance of such guidance. The secretary~~
 25 ~~shall implement and utilize the following specific program integrity~~
 26 ~~elements, including, but not limited to:~~

- 27 (1) Social security administration cross-matching for the purpose of
- 28 validating social security numbers supplied by a claimant;
- 29 (2) checking of new hire records against the national directorate of
- 30 new hires to verify eligibility;
- 31 (3) verification of immigration status or citizenship and confirmation
- 32 of benefit applicant information through the systematic alien verification
- 33 for entitlement program;
- 34 (4) comparison of applicant information to local, state and federal
- 35 prison databases through incarceration cross-matches;
- 36 (5) detection of duplicate claims by applicants filed in other states or
- 37 other unemployment insurance programs through utilization of the
- 38 interstate connection network, interstate benefits cross-match, the state
- 39 identification inquiry state claims and overpayment file and the interstate
- 40 benefits 8606 application for overpayment recoveries for Kansas claims
- 41 filed from a state other than Kansas;
- 42 (6) identification of internet protocol addresses linked to multiple
- 43 claims or to claims filed outside of the United States; and

(e) The secretary shall implement and utilize all program integrity elements, as specified and defined by the unemployment compensation modernization and improvement council established by section 1, and amendments thereto, in consultation with the secretary including, but not limited to:

1 (7) use of data mining and data analytics to detect and prevent fraud
2 when a claim is filed, and on an ongoing basis throughout the lifecycle of a
3 claim, by using current and future functionalities to include suspicious
4 actor repository, suspicious email domains, foreign internet protocol
5 addresses, multi-state cross-match, identity verification, fraud alert
6 systems and other assets provided by the unemployment insurance
7 integrity center.

8 (f) The secretary, on a scheduled basis, shall cross check new and
9 active unemployment insurance claims against the cross-check programs
10 described in subsection (e). If the secretary receives information
11 concerning an individual approved for benefits that indicates a change in
12 circumstances that may affect eligibility, the secretary shall review the
13 individual's case and act in accordance with the law.

14 (g) The department of labor shall have the authority to execute a
15 memorandum of understanding with any department, agency or agency
16 division for information required to be shared between agencies pursuant
17 to the provisions of this section. ~~Such rules and regulations shall be
18 adopted within 12 months of the effective date of this act.~~

19 (h) The secretary of labor shall adopt rules and regulations necessary
20 for the purposes of carrying out this section. Such rules and regulations
21 shall be adopted within 12 months of the effective date of this act.

22 (i) The secretary of labor shall provide an annual status update and
23 progress report regarding the requirements of this section to the
24 unemployment compensation modernization and improvement council and
25 the legislative coordinating council.

26 (j) This section shall be a part of and supplemental to the employment
27 security law.

28 New Sec. 3. (a) The secretary of labor shall include information on an
29 unemployment insurance benefit claimant's initial notice of determination
30 that informs the claimant of the federal and state tax consequences of any
31 unemployment compensation benefits that the claimant may receive. This
32 information shall include an explanation regarding the department of labor
33 income tax withholding agreement form designated as K-BEN 233 or a
34 successor form, tax withholding elections and the tax withholding process
35 and estimated weekly and maximum claim year federal and state tax
36 withholding amounts.

37 (b) This section shall be a part of and supplemental to the
38 employment security law.

39 New Sec. 4. (a) The secretary of labor shall post trust fund
40 computations and data as required by subsection (b) on a publicly
41 accessible website maintained by the secretary as follows:

42 (1) The secretary shall post and maintain the computations and data
43 for each of the most recent 20 fiscal years within 120 days of the effective

(f) If the unemployment compensation modernization and improvement council becomes inactive or is dissolved, the secretary shall implement and utilize all new program integrity elements and guidance issued by the United States department of labor and the national association of state workforce agencies, including the integrity data hub, within 60 days of the issuance of any such guidance.