

# Unemployment Update

**Ryan Wright**  
**Acting Secretary of Labor**

**2020 Special Committee  
on Economic Recovery**

**December 7, 2020**



# Unemployment Overview

2020 Special Committee  
on Economic Recovery

December 7, 2020

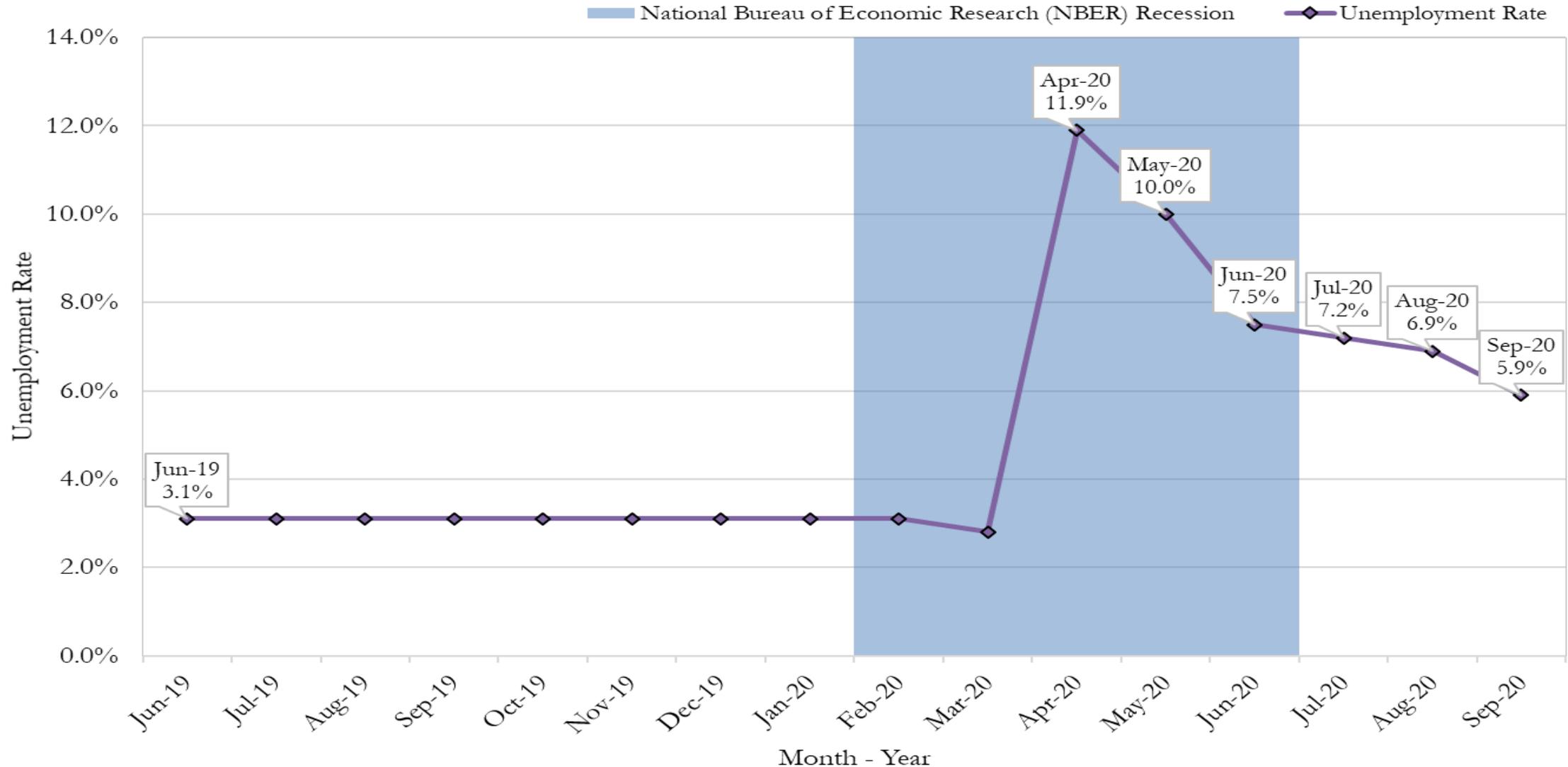


# KDOL Overview

**Since March 15, KDOL has paid out over 3.2 million weekly claims totaling over \$2.3 billion between regular unemployment, and the federal pandemic programs.**

In the span of one month, Kansas went from the lowest unemployment rate in history to the highest.

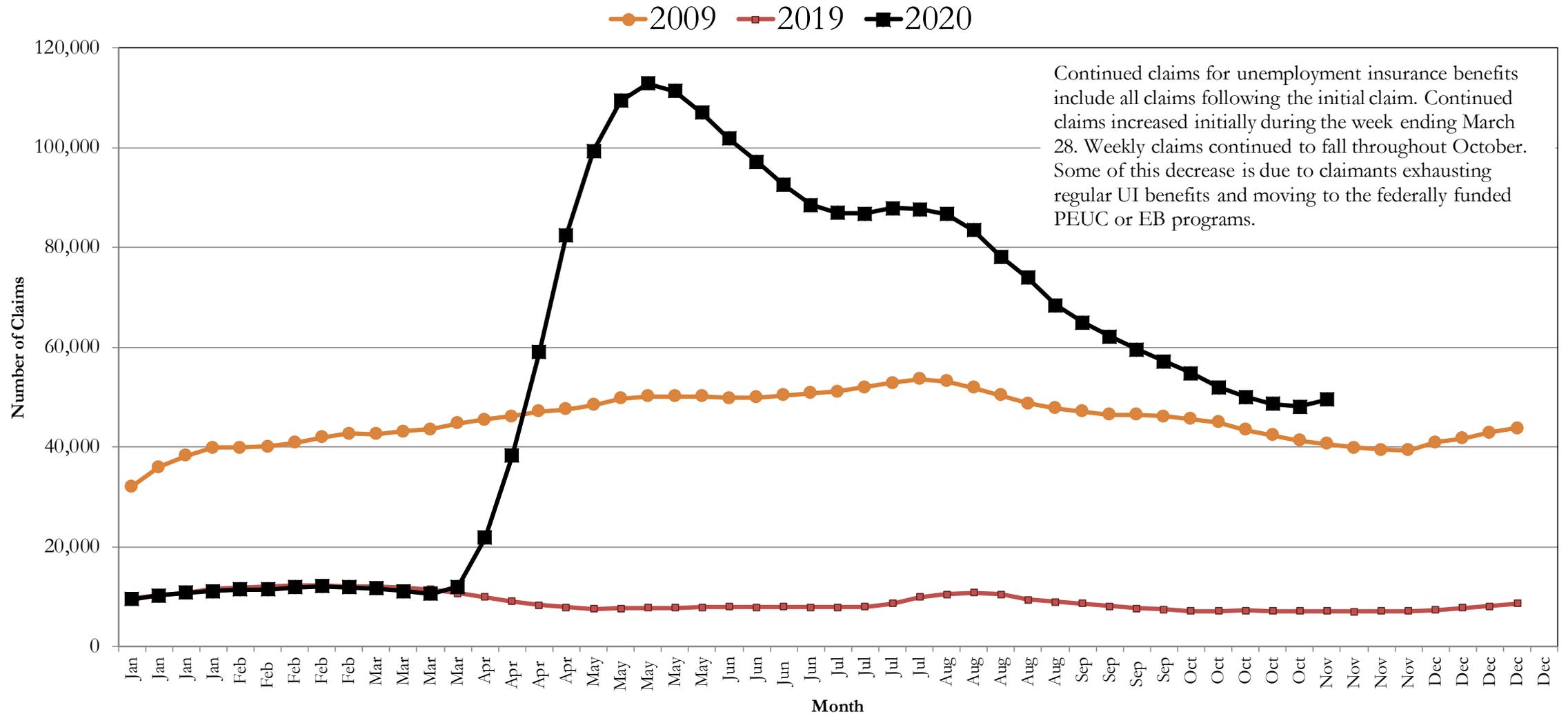
## Unemployment Rate Kansas June 2019 to September 2020



Source: Kansas Department of Labor, Labor Market Information Services and the Bureau of Labor Statistics; Local Area Unemployment Statistics (LAUS)

## Weekly Continued Claims for Regular Unemployment Insurance (4-Week Moving Average)

### Kansas 2009, 2019, 2020



Source: Kansas Department of Labor, Labor Market Information Services; Unemployment Insurance Statistics

Each data point represents an average of initial claims for the current week and three preceding weeks. Note: This chart shows continued claims for Regular UI. PEUC, PUA, and EB claims are not included.

# KDOL Overview



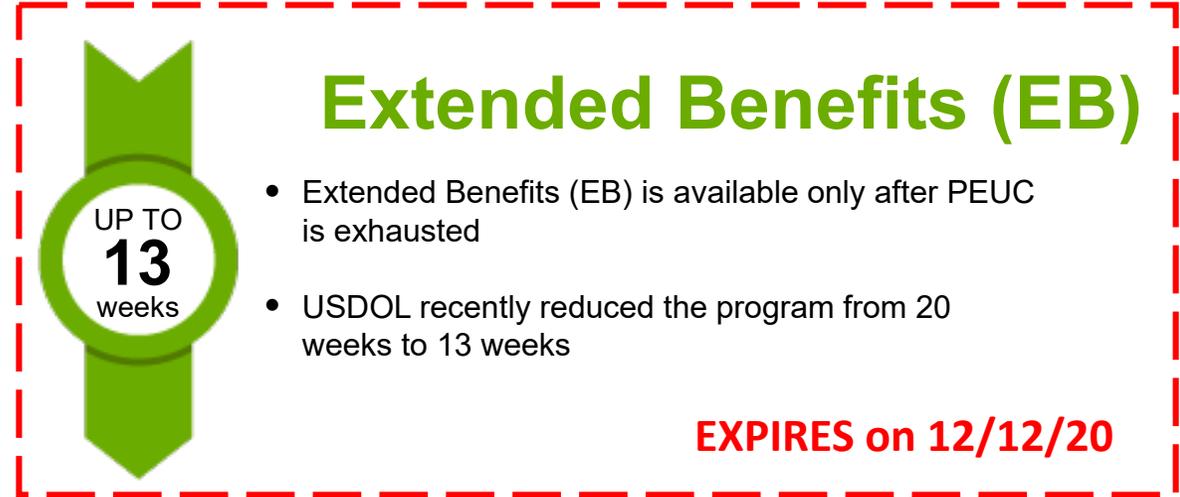
## Regular UI

- Filing for Unemployment Insurance (UI) is the first step for affected workers
- Available for up to 26 weeks



## PEUC

- Pandemic Emergency Unemployment Compensation (PEUC) is federal extension of benefits of 13 weeks for those who have exhausted UI
- Available through Dec. 26, 2020



## Extended Benefits (EB)

- Extended Benefits (EB) is available only after PEUC is exhausted
- USDOL recently reduced the program from 20 weeks to 13 weeks

**EXPIRES on 12/12/20**



## PUA

- Pandemic Unemployment Assistance (PUA) expands access to unemployment by including those who are affected by COVID-19 and not eligible for UI, PEUC, or EB
- USDOL recently reduced the program from 46 weeks to 39 weeks

# KDOL Overview



## LWA

- Lost Wages Assistance (LWA) is funded by FEMA to provide \$300 per week to supplement unemployment benefits to eligible claimants
- Available for any claims for the weeks ending Aug. 1, 2020 through Sept. 5, 2020; payments will be retroactive
- To be eligible, claimants must self-certify that they were unemployed or partially unemployed because their work was directly impacted by the COVID-19 pandemic, and must have a weekly benefit amount of at least \$100



## FPUC

- Federal Pandemic Unemployment Compensation (FPUC) was available March 29, 2020 through July 25, 2020
- FPUC sent out weekly payments of \$600 to eligible claimants receiving benefits from UI, Shared Work, TRA, Disaster Unemployment Assistance, PUA, or PEUC

# Fraud Overview

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# KDOL Fraud Overview

## What We Know . . .

- KDOL's systems have not been breached.
- **Identity Theft is on the rise** nationwide, not just in Kansas.
- KDOL is seeing a **large increase in identity theft and high-level schemes**, especially in PUA program.
- According to the **U.S. Department of Labor's Office of Inspector General**, UI fraud is costing taxpayers between **\$8-26 Billion**.

# KDOL Fraud Overview

## Large Data Breaches

- Adobe (2013) 153 Million User Records
- eBay (2014) 145 Million User Records
- Equifax (2017) 148 Million Consumer Records
- Heartland Payment Systems (2008) 134 Million Credit Cards
- LinkedIn Corporation (2012 & 2016) 165 Million User Accounts
  
- US Office of Personnel Management (2015) 22.1 Million Gov't. Employees

Source: CSO "The 15 Biggest Data Breaches of the 21<sup>st</sup> Century" April 17, 2020

# National Response: Integrity Data Hub



## A United Front Against UI Fraud

Designed by the Integrity Center's leading unemployment insurance (UI) experts, the **NASWA Integrity Data Hub** provides **critical cross-matching functionality** to combat the challenges and urgencies of UI fraud.

The more states actively engaging with the Integrity Data Hub, the greater the results for identifying interstate fraudulent activity.

# KDOL Fraud Overview

- **Coordinating IT resources** with other agencies to improve overall security effort and environment
- More than **tripled** the size of the KDOL Fraud & Special Investigation Unit
- Put in place a **72-hour hold** on all **new** PUA applications to allow for a validity check to be completed
- KDOL Legal is conducting **review of existing laws** in order to improve mitigation efforts
- Deployed **specialized technologies** to target and block abusive internet activity
- Working with federal and state partners on emerging trends and best practices
- Working with federal and state partners to **prosecute fraudulent activity**
- **SSN Verification**, including citizenship verification.
- Launched [www.ReportFraud.ks.gov](http://www.ReportFraud.ks.gov)
- Developed a **messaging campaign** for the general public and businesses about identity theft and unemployment insurance fraud

# KDOL Fraud Overview

[www.ReportFraud.ks.gov](http://www.ReportFraud.ks.gov)

- ✓ The website provides a one-stop shop for victims of identity theft and their employers.
- ✓ The Victims receive police report number.
- ✓ System provides tips to protect identity and mitigate potential damage from theft.
- ✓ System automatically flags suspected claim as fraud so KDOL can stop payment.
- ✓ Alternative to website: **Fraud Hotline 785-291-6059**

# KDOL Fraud Overview

## COVID-Related Tax Implications

- KDOL has been a national leader in addressing the impending tax issues pertaining to fraud and 1099s. We are working with KDOR and several national partners, including NASWA, USDOL and the IRS.
- KDOL is advocating for a decision to be made in December so we will have enough time to implement a revised 1099 process.
- KDOL preparing to open a specialized Call Center to answer tax-related questions and issues that claimants, employers or identity theft victims may have pertaining to COVID.

# Employer Support & Overview

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# KDOL Employer Support

[www.ReportFraud.ks.gov](http://www.ReportFraud.ks.gov)

- ✓ The site now allows employers to report fraud on the fraud page.
- ✓ Implementing new **Employer Help Desk System** to assist employers with fraud and other tax, Shared Work, unemployment and labor related issues.
- ✓ Businesses will not be charged for fraudulent claims.

# **KDOL Employer Support**

## **KDOL Improving & Expanding Shared Work Program**

- ✓ **Automation Assessment & Review**
- ✓ **Front & Back Office Surge Support**
- ✓ **Content Development for Business Communication**
- ✓ **Virtual Agent Implementation**

# KDOL Employer Support

## COVID & Fraud Related Claims

- **Contributing Employers** comprise the vast majority of businesses in the state, 71,768.
  - They should not be charged for any new COVID related claims or fraudulent claims.
  - When they receive their annual statement of Notice of Benefit Charges in the coming weeks, they should protest any claims that are COVID or fraud related.
- **Rated Governmental Employers** are 2.7 percent of the employers or 1,982 entities.
  - They should not be charged for any new COVID related claims or fraudulent claims.
  - They receive quarterly notices of charges, with rate notices mailed in June, and should protest any claims that are COVID or fraud related.
- **Reimbursing Employers** comprise just under one percent of the employers or 715 businesses.
  - They are billed 100% for their claims, but that the CARES Act offered 50% relief of charges.
  - They receive quarterly statements of charges, and this is likely the group of employers that will see the most dramatic change to their charges.
  - Like the other groups, they should not be charged for fraud related claims.

**We are encouraging all employers to carefully check their NBC statements for fraudulent or COVID related claims. If found, employers should protest these charges so KDOL can remove them.**

# KDOL Work Refusal

## Can a person refuse work and still receive unemployment benefits?

*Decisions about whether or not someone is disqualified for unemployment insurance benefits due to failing to return to work will be decided on a case-by-case basis. KDOL only knows of refusals if employers notify us.*

- **If the work offered was not suitable**, the claimant will not be disqualified for benefits due to a job refusal.
- **If the work offered was suitable**, KDOL must determine whether the claimant had good cause to refuse suitable work and whether the employer is taking appropriate safety measures to protect employees.
- **If the claimant had good cause for refusing an offer of suitable work**, the claimant will not be disqualified for benefits due to a job refusal.
- **If the claimant did not have good cause for refusing an offer of suitable work**, the claimant will be disqualified for unemployment insurance benefits.

**After all relevant factors are considered,  
a Notice of Determination will be mailed to both parties.**

# Accenture Overview

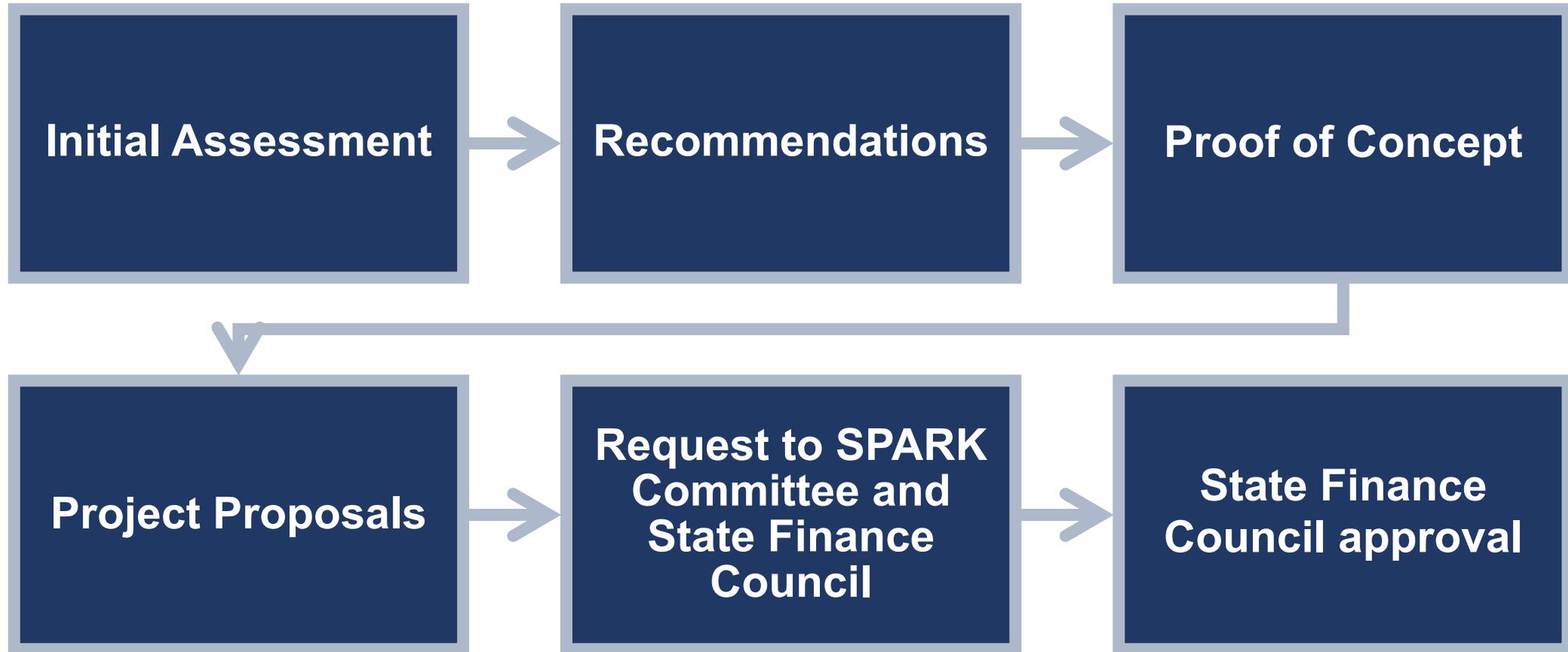
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# KDOL-Accenture Overview

## Accenture Process:



# KDOL-Accenture Overview

## INITIAL FOCUS AREAS

IT Systems & Infrastructure

Claims & Call Center Operations

Customer Service & Stakeholder Communications

## ONGOING FOCUS AREAS

SURGE SUPPORT  
77%

IT STABILIZATION  
8%

AGENCY STABILIZATION & OPTIMIZATION  
15%

# KDOL-Accenture Overview

## INITIAL FOCUS AREAS

IT Systems &  
Infrastructure

Claims & Call Center  
Operations

Customer Service &  
Stakeholder  
Communications

## Accenture's Initial Findings:

- **System architecture** prevents quick delivery of new requirements and programs.
- Existing **processes need to be more effective and efficient**, while also taking advantage of current system functionality.
- Call and claims volumes are **overwhelming current staffing levels**.

# KDOL-Accenture Overview

## SURGE SUPPORT

ADJUDICATIONS  
SUPPORT

BUSINESS HELP  
DESK

CALL CENTER  
OPERATIONS

FRAUD TEAM  
SUPPORT

PUA OPERATIONS

## IT STABILIZATION

CAPICITY BUILDING &  
SKILLS ASSESSMENT

INCIDENT RESPONSE  
&SUPPORT

PUA BUILDOUT

SYSTEM  
STABILIZATION

WEBSITE REDESIGN

## AGENCY STABILIZATION & OPTIMIZATION

ACCOUNTING  
SUPPORT

CORRESPONDENCE  
REVIEW

SHARED WORK  
STABILIZATION &  
EXPANSION

YEAR-END TAX  
PROJECT

# KDOL-Accenture Staffing: Regular UI

<b>Unemployment Insurance Staffing</b>	<b>Pre-COVID Staffing Levels</b>	<b>Current Staffing Levels</b>	<b>Surge Staffing Levels <i>(Temporary Staff)</i></b>	<b>Total</b>
<b>Intake</b>	25	56	150	<b>206</b>
<b>Adjudications</b>	20	19	38	<b>57</b>
<b>Appeals</b>	26	25	N/A	<b>25</b>
<b>Fraud</b>	4	14	37	<b>51</b>
<b>Total</b>	<b>75</b>	<b>114</b>	<b>225</b>	<b>339</b>

# KDOL-Accenture Staffing: PUA

<b>PUA Staffing</b>	<b>Pre-COVID Staffing Levels</b>	<b>Current Staffing Levels</b>	<b>Surge Staffing Levels <i>(Temporary Staff)</i></b>	<b>Total</b>
PUA Intake	n/a	8	65	73
PUA Adjudications	n/a	9	20	29
PUA Appeals	n/a	5 (TBD)	N/A	5 (TBD)
PUA Other	n/a	3	10	13
<b>Total</b>	<b>n/a</b>	<b>25</b>	<b>95</b>	<b>120</b>

# **KDOL UI Modernization: Historic Overview**

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# UI Modernization: Historic Overview

## Timeline Overview: Funding

Previous KDOL UI modernization efforts were funded by federal Reed Act funds.

- 2002** Initial distribution to Kansas of federal **Reed Act funds** made by the federal government.
- 2005** Governor Sebelius & Legislature authorize **\$21 million in bonds** to fund rewrite of benefits system.
- 2007** Additional allocation of **\$26 million in Reed Act funds** made to Kansas to complete modernization.
- 2011** KDOL Secretary Karin Brownlee **ends modernization efforts**.

The Business Process Reengineering Phase .....	\$ 3,819,045
The Detailed Design and Requirements Planning Phase .....	\$24,223,209
Total Available for the Build and Deploy Phase .....	\$18,957,746
Subproject I .....	\$2,864,768
Subproject II .....	\$1,039,994
Subproject III .....	\$5,764,350
Amount remaining for the rest of the project.....	\$9,288,624

*A total of **\$47 million** was allocated for KDOL's modernization efforts. Despite completing several key subprojects prior to 2011, no additional modernization work was completed after that time.*

# UI Modernization: Historic Overview

## Timeline Overview: Project Completion

- 2007** **Consolidated Call Center.** KDOL consolidated three separate call center locations into one Contact Center.
- 2008** **Use of Vmware.** KDOL successfully moved servers to the VMware virtual server environment. We now have 15 servers operating and supporting systems that previously needed 150 servers to operate.  
**Fax Server.** KDOL implemented the use of a fax server to convert incoming faxes directly to e-documents.  
**Replaced Paper Warrants with Debit Cards.** KDOL paying benefits with paper checks.
- 2009** **Records Management Unit Created.**  
**Automatic Registration.** KDOL worked with Commerce to launch a new service that automatically registers all claimants for unemployment benefits with the KANSASWORKS.com job postings and reemployment services.  
**Installing Oracle Public Sector** for our Case Management system making this the main tool employees use to do their daily work, replacing the old mainframe “green screens” and moved us to a modern database & web platform.
- 2010** **New KDOL Website Launched.**  
**Moved Employer Data to Siebel.** The first release moved 16 quarters of 72,000 employers’ wage data off the mainframe and onto the new Siebel system and re-engineered the processes of doing adjustments and excess wages. Subsequent releases included migrating the employer account information into Siebel so that employer accounts are established, assigned a contribution rate, updated and maintained within Siebel.  
**Updating the Web Portal.** KDOL upgraded the Web portal that employers, claimants and accountants use to file claims, share data and file reports with KDOL.

# UI Modernization: Historic Overview

## 2010 cont.

**Developed New Quarterly Wage Report.** The online quarterly wage report added features to improve the process of filing quarterly reports and to make filing online reports easier, faster and more accurate.

**Internal Google Online Resource Tool.** KDOL launched Google Einstein that contains all the information from our UI Business Operations Manual, in an easy to use searchable format.

**Oracle Policy Automation (OPA) Rules Engine.** This program is the heart of the new system's ability to apply the policy rules governing the UI program and provides the flexibility to adapt to policy changes.

**Dynamic Fact Finding.** KDOL added additional questions to the online initial claim application, creating a dynamic fact-finding process.

**Digitized Appeals.** UI Appeals judges now use digital recorders to record appeals hearings, and files are then digitally uploaded to a server for easy access to those who need to review the recordings.

**New phone system—Interactive Voice Response.** KDOL debuted the first phase of our new contact center interactive voice response (IVR) system.

**Quarterly Wage Report “How-to” Webinars.** KDOL launched a series of free webinars to help employers, accountants and third-party administrators understand how to file their quarterly wage reports online.

**Genesys Phone Support System.** With our new Genesys phone system, callers hear professionally recorded voices and, using voice recognition, are asked a modernized flow of questions.

**Implemented FileNet.** FileNet used for the Document Management solution to streamline KDOL record storage unit and allowed for individuals' data to be instantly stored after submission. This reduced, and in some cases eliminated, the time our employees previously spent manually entering data.

# UI Modernization: Historic Overview

- 2011** **Moving all Intake Initial and Continued Claims Data into OPA Rules Engine.** The move started shifting data from mainframe and into the new system.  
**Moved More Benefit Data into Siebel.** KDOL moved more benefits data off the mainframe and into Siebel for use by Contact Center and UI Benefits staff.

**Brownback Administration Ends KDOL Modernization Effort.**

## KDOL MODERNIZATION UPDATE

- 2019** **Governor Kelly Orders KDOL Secretary Garcia to Begin Drafting New Modernization Plan.** Agency completes state site visits and begins drafting plan.
- 2020** **Modernization Plan Stalls** Due to COVID-19 Pandemic.
- Acting Secretary Wright Creates Specialized Team, Under Direction of Deputy Secretary Flachsbarth, to Complete Modernization Plan.** The plan has been completed and submitted to ITEC for review/approval.

# Trust Fund Overview

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# UI Trust Fund Update

**On December 1, KDOL made our annual certification of the solvency and adequacy of the State of Kansas' account in the Federal Employment Security Trust Fund. *KSA 44-710a(f)***

- On July 31, 2020, the balance in the State of Kansas account in the Federal Employment Security Trust Fund was **\$670,229,626**.
- During state fiscal year 2020 a total of **\$509,580,976** in benefits was paid to Kansas UI claimants, a monthly average of **\$42,465,081**.
- The amount of total wages for contributing employers for state fiscal year 2020 was **\$52,828,083,425**.
- The balance from item one of **\$670,229,626** to total wages of **\$52,828,083,425** equaled a reserve fund ratio of **1.269** as of **July 31, 2020**.

# UI Trust Fund Update

*“The amount credited to the State of Kansas account in the Federal Unemployment Security Trust Fund as of July 31, 2020 was \$670,229,626. In accordance with relevant provisions of the Kansas Employment Security Law, I hereby certify the Kansas account in the Federal Employment Security Trust Fund is solvent and the amount credited is considered adequate to pay benefits through State Fiscal Year 2021, based on data provided through July 31, 2020.”*

- The **economy is rebounding faster than expected** and there are generally stronger economic conditions throughout the state today than there were just a few months ago.
- Kansans who remain unemployed due to COVID-19 are **increasingly transitioning from state-based unemployment programs to federally-backed unemployment programs**.
- A number of provisions were included in the CARES Act that **shifted the financial liability from states and businesses to the federal government**. For example, the CARES Act transfers 100 percent of the financial liability for the Extended Benefits and Shared Work programs to the federal government.

# UI Trust Fund Update



**\$534.6**

Current Trust Fund  
Balance (in millions)

## TRUST FUND BALANCE (IN MILLIONS)



Balance of week ending November 7, 2020.

# Questions?

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