



EDUCATION AND LABOR CABINET

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Jamie Link
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July 26, 2022

Via Electronic Mail

Hon. Jason Petrie, Chair
House Appropriations and Revenue Committee
Legislature Research Commission
Room 300, Capitol
Frankfort, Kentucky 40601

Courtesy of
Jennifer Hays
Jennifer.Hays@lrc.ky.gov

Dear Representative Petrie

Re: Unemployment Insurance Report-1st Quarter of 2022

The following quarterly Unemployment Insurance report is submitted in accordance with KRS 341.240(3)(d).

A. Financing

The Kentucky Unemployment Insurance Trust Fund has been solvent since July 22, 2021, when the Title XII advances in the amount of \$505,731,673.91 were paid off, utilizing funds set aside in Kentucky House Bill 382 passed during the 2021 legislative session. No federal advances are projected to be needed during the remainder of calendar year 2022.

B. Status of Unemployment Insurance Fund

The Kentucky unemployment insurance trust fund ended the first quarter of 2022 with a balance of \$310,771,771. Quarterly employer contribution payments made during calendar year 2022, in addition to the \$242 million set aside in Kentucky House Bill 144 during the 2022 legislative session will return the trust fund back to pre-COVID funding levels. The current trust fund balance is expected to sustain the unemployment system throughout the remaining of the 2022 calendar year.

C. Surcharge

As a result of legislation enacted by the Kentucky General Assembly in 2022 House Bill. 144, the surcharge assessment under KRS 341.614 was suspended for calendar year 2022. Surcharge was last assessed to Kentucky employers during the 2nd quarter of 2016.

D. Cap Efforts

Kentucky employers were not assessed any federal unemployment tax act (“FUTA”) credit reductions on their IRS form 940, during 2021. Since there are no current federal Title XII advances, no credit reductions will occur during calendar year 2022. If eligible under federal law, KRS 341.595(2) requires an application to obtain a cap on the federal unemployment tax credit reduction. No application for cap efforts is needed at this time.

Respectfully,

/s/ Jamie Link

Jamie Link, Secretary
Kentucky Education and Labor Cabinet