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Jamie Link
SECRETARY

December 1, 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

Re: Unemployment Insurance Report-Third Quarter of 2022

Dear Representative Petrie:

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 remained 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 Trust Fund

The Kentucky Unemployment Insurance Trust Fund ended the third quarter of 2022 with a balance of \$736,658,248. 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, returned the Trust Fund back to pre-COVID funding levels. The current Trust Fund balance is expected to sustain the unemployment system throughout the remainder of the 2022 calendar year and the near future, barring any significant economic downturn. In addition, per KRS 341.270(3), the trust fund balance as of September 30 of the preceding year determines the employer contribution rate schedule for the following year. Based upon the end of quarter balance, employer rates will remain on the lowest rate schedule (A) for 2023. Kentucky employers will begin receiving their annual contribution rate notices in early December 2022.

C. Surcharge

No surcharge assessment was due because there was no outstanding federal advance. A surcharge was last assessed to Kentucky employers during the 2nd quarter of 2016.

D. Cap Efforts

During 2021, Kentucky employers were not assessed any Federal Unemployment Tax Act (FUTA) credit reductions on their IRS form 940. 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