



**Unemployment Insurance  
Trust Fund Status & Duration  
Report**

**CY 2023**

**KRS 341.127**

**Kentucky Education & Labor Cabinet**

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# Kentucky Unemployment Insurance Trust Fund

## Annual Assessment 2023\*

### Introduction

The Unemployment Insurance (UI) Trust Fund report is submitted in accordance with KRS 341.127 to the Governor and the Interim Joint Committee on Economic Development and Workforce Investment. The report provides a detailed account of the status of the Unemployment Insurance Trust Fund, the average claim duration for individuals receiving unemployment benefits, and the average weekly wage for individuals receiving unemployment benefits. The UI Trust Fund report is available for public viewing through the Kentucky Career Center's website at [KCC.KY.GOV](https://kcc.ky.gov). \*Unless otherwise noted, all references to years are specific to calendar years rather than fiscal years.

### Kentucky's UI Trust Fund 2023 Overview

In the 2023 calendar year, the UI Trust Fund received \$212.5 million in contributions from employers. After paying \$163.3 million in benefits to unemployed workers, the UI Trust Fund had a surplus of \$49.2 million. The UI Trust Fund balance was \$827.2 million at the close of the fourth quarter and the federal loan balance was \$0. Kentucky employers continued to be taxed based on Schedule A.

### Unemployment Insurance Service Capacity Upgrade Fund (SCUF)

The Service Capacity Upgrade Fund (SCUF) allows for .075% of employer contributions to be diverted into a fund designated for application and system updates to the UI system. SCUF was enacted by the General Assembly in 2018. The current goal for the SCUF is \$68 million, as provided for in the 2024-26 Executive branch budget bill. So far, \$30 million has been moved into the capital project fund and \$27.02 million is ready to transfer into the capital project fund.

### 2023 Unemployment Program Highlights

#### Legislative Changes

During the 2022 regular legislative session, the Kentucky General Assembly enacted changes to the state's unemployment insurance program that took effect on January 1, 2023. House Bill 4 increased the UI work search requirements from one (1) job contact per week to five (5) work search activities per week. As of that date, claimants must engage in at least five (5) verifiable work search activities each week that he or she claims eligibility. At least three (3) of these activities must consist of formally submitting an application for employment or interviewing for employment. Other work search activities include job shadowing, attending a job fair or networking event, participating in a job search skill workshop, or participating in Kentucky Career Center or partner program training related to employment.

House Bill 4 also updated the state's definition of suitable work to include employment offered to a claimant who has received at least six (6) weeks of benefits during the present period of unemployment so

long as the claimant will be paid one hundred twenty percent (120%) of their weekly benefit amount. The work must be located within a distance of thirty (30) miles of the claimant's residence, or the work must be completed remotely on a permanent basis. Additionally, the claimant must be able and qualified to perform the work, regardless of whether or not they have related experience or training.

The claimant is responsible for retaining verifiable documentation to support their work search activities. These activities are subject to Work Search Audit measures. If a week is selected for the Work Search Audit and the claimant is unable to provide supporting documentation, then he or she will be ineligible for the week in question and may be overpaid if benefits were received.

The passing of House Bill 4 lowered the duration of a regular UI claim from 26 maximum weeks of benefits to 12 weeks. The maximum number of available weeks is determined by the State Average Unemployment Rate. For claims filed on or after January 1, 2023, the available number of benefit weeks was twelve (12) based on the State Average Unemployment Rate of 4.5% for the previous six-month period. House Bill 4 allows for up to five (5) additional weeks of UI benefits for claimants who are in an approved school or training program. These approved school or training programs are vocational in nature and provide the claimant with additional skills that will allow them to gain and maintain new employment in a desirable industry.

On March 23, 2023, Governor Andy Beshear signed HB 146 into law. This bill increased the number of maximum UI benefit weeks from 12 to 16 for new claims filed on or after July 1, 2023. Claimants in an approved training program continue to be eligible for up to five (5) additional weeks of benefits.

### **Disaster Unemployment Assistance**

Disaster Unemployment Assistance (DUA) is a program intended to assist individuals who are unemployed as a direct result of a major disaster and who are not otherwise eligible for unemployment compensation, including regular UI benefits. A major disaster is any natural catastrophe that results in a Presidential declaration of a disaster. Claimants who wish to receive DUA benefits must first apply for a regular unemployment claim. If the claimant does not meet the eligibility requirements for the UI claim but meets the requirements of the DUA program, they will be eligible to receive DUA benefits. The DUA program is administered by UI staff.

On April 10, 2023, a disaster was declared for the incident period of March 3-4, 2023 (DR-4702-KY). During that period Kentucky experienced severe storms, straight-line winds, tornadoes, flooding, landslides, and mudslides. According to the Federal Emergency Management Agency (FEMA), 88 counties across Kentucky were impacted by the disaster.

On May 9, 2023, a disaster was declared for the incident period of February 15-20, 2023 (DR-4711-KY). The incident consisted of severe storms, straight-line winds, flooding, landslides, and mudslides. The disaster area included twenty-two (22) counties in Kentucky. Twenty (20) of those counties were located in the eastern portion of the state. The remaining locations included Caldwell and Hart counties.

## **Workshare Program**

Kentucky's Workshare Program was established on January 1, 2023, as a measure to provide additional support to employers and workers during periods of financial downturn. Businesses can utilize the Workshare Program to avoid layoffs by using unemployment benefits to temporarily supplement workers' pay when their hours have been reduced by 10 to 40 percent. This program offers many benefits to employers as well as their workers.

Employers who elect to participate in the Workshare Program can reduce or eliminate layoffs, keep skilled employees, recover more quickly, lessen the impact on their employee reserve account, and save the expense of hiring and training new workers. Workers are able to retain their job benefits, receive supplemental unemployment benefits during reduced work periods, avoid financial hardship, and reduce the stress caused by layoffs and new job searches.

In order to qualify for participation in the Workshare Program, the employer must submit a written shared work plan for approval and meet specific requirements set forth in KRS 341.4161. In the 2023 calendar year, 13 employer Workshare applications were approved and 15 were denied. Those who were denied did not meet the requirements or did not provide complete information in the application. In all, 1,465 workers received supplemental unemployment benefits through the Workshare Program. The number of employees per employer ranged from four workers to 781 workers.

## Unemployment Insurance Key Metrics 2023

**Table 1**

Tax Revenue	Calendar Year 2023			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
State revenue past 12 months	\$593,642	\$282,045	\$252,610	\$221,629
Average tax rate on total wages	0.28%	0.24%	0.22%	0.20%
Average tax rate on taxable wages	1.12%	0.99%	0.91%	0.83%
Taxable wage base	\$11,100	\$11,100	\$11,100	\$11,100
Employer Contributions (Average Per Covered Employee)	\$116			
Statutory Tax Rate (Minimum/Maximum) %	.030 (\$33) / 9.00 (\$999)			
<b>Benefits</b>				
Total Benefits Paid (thousands)	\$58,268	\$34,299	\$34,476	\$36,260
Initial claims	48,989	22,996	21,448	32,281
Number of people receiving benefits (first payments in CY 2023)	7,706	5,952	6,714	5,943
Exhaustion rate past 12 months	20.0%	24.8%	29.7%	32.6%
Average weekly benefit (max WBA is \$665 per week)	\$444.08	\$445.16	\$453.04	\$478.25
Average duration (in weeks)	15.9	15.1	14.2	13.7
Insured unemployment rate (IUR)	0.6%	0.4%	0.4%	0.4%
<b>Labor Force</b>	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Subject employers (000)	109	110	111	112
Insured unemployed - all programs (thousands)	12.02	7.62	7.31	7.79
Civilian labor force(thousands)	2,025	2,031	2,028	2,022
Covered employment (thousands)	1,911	1,937	1,915	1,963
Total unemployed (thousands)	91	83	86	78
Total unemployment rate (TUR)	4.5%	4.1%	4.2%	3.9%
<b>Wage Data</b>	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Total wages (000)	\$28,082,936	\$27,480,836	\$26,974,806	\$29,005,913
Taxable Wages (000)	\$13,161,876	\$3,623,743	\$2,358,281	\$2,122,525
Average Weekly Wage	\$1,089	\$1,097	\$1,100	\$1,110
<b>Trust Fund</b>	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Trust Fund Balance (000)	\$742,074	\$834,961	\$846,192	\$827,231
Trust Fund as % of Total Wages	0.85%	0.95%	0.95%	0.92%
Interest Earned (000)	\$3,330	\$3,930	\$5,535	\$5,513
High-Cost Multiple	0.33	0.37	0.37	0.35
Average High-Cost Multiple	0.42	0.47	0.47	0.46
<b>Loan Data</b>	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Title XII Loan Balance (000)	\$0	\$0	\$0	\$0
Non-Title XII Loan Balance (000)	\$0	\$0	\$0	\$0

Sources: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#); US DOL Tax Measures Report 2022; ETA 2112, UI Financial Transaction Summary Unemployment Fund. Excludes Reimbursable Employers.

**Table 2**

2023 UI Financial Trust Fund Activity (ETA 2112)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Deposits</b>				
Total Deposits - Net Totals	\$152,403,648.50	\$284,172,326.28	\$116,261,500.07	\$93,011,347.74
Total Deposits - Clearing Account	\$45,658,947.73	\$122,566,635.32	\$37,916,429.53	\$31,985,590.37
Total Deposits - UI Trust Fund Account	\$46,803,691.77	\$126,331,149.96	\$44,148,881.54	\$21,451,441.48
Total Deposits - Benefit Payment Account	\$59,941,009.00	\$35,274,541.00	\$34,196,189.00	\$39,574,315.89
Net UI Contributions - Net Totals/Clearing Account	\$41,062,672	\$120,646,008.00	\$36,413,306.33	\$14,374,663.58
<b>Disbursements</b>				
Total Disbursements - Net Totals	\$156,879,577.92	\$188,522,292.71	\$103,808,303.20	\$108,277,174.67
Total Disbursements - Clearing Accounts	\$40,416,269.40	\$119,995,141.98	\$37,073,318.04	\$29,558,447.54
Total Disbursements - UI Trust Fund Account	\$56,144,802.41	\$33,444,051.35	\$32,917,953.75	\$40,412,525.82
Total Disbursements - Benefit Payment Account	\$60,318,506.11	\$35,083,099.38	\$33,817,031.41	\$38,306,201.31
Net UI Benefits - Net Total	\$54,398,577.62	\$30,857,546.84	\$30,437,711.20	\$36,562,742.89
UCX (Military Employee) Net Payments	\$304,968.39	\$315,512.74	\$173,157.22	\$179,860.67
UCFE (Federal Employee) Net Payments	\$208,825.48	\$165,964.33	\$143,003.32	\$129,451.00
Extended Benefits (EB) State Share	\$0.00	\$0.00	\$0.00	\$0.00
Extended Benefits (EB) Federal Share	-\$16,059.09	\$1,786.48	-\$2,665.62	\$2,755.55
Pandemic Emergency Unemployment Compensation (PEUC)	-\$1,344.86	\$93,998.94	-\$15,432.94	-\$167,817.76
Federal Pandemic Unemployment Compensation (FPUC)	\$3,054,985.00	\$2,041,093.00	\$1,037,164.00	\$652,943.00
Pandemic Unemployment Assistance (PUA)	\$1,705,395.38	\$1,291,730.47	\$627,439.51	\$377,018.41

Sources: US Department of Labor ETA 2112, UI Financial Transaction Summary Unemployment Fund. Excludes Reimbursable Employers.

## Recent Unemployment Insurance Trust Fund History

Tables 3a and 3b consist of the principal components of the state UI Trust Fund. These components determine the tax rate schedule for each calendar year. All figures represent millions.

**Table 3a**

Component	2019	2020	2021	2022	2023
Contributions	\$342,503	\$328,412	\$1,089,635	\$583,565	\$212,497
Interest Earned	\$14,512	\$5,248	\$2,562	\$9,390	\$18,308
Benefits Paid	\$286,401	\$1,530,203	\$317,955	\$198,935	\$163,303
Fund Balance	\$618,704	\$26,358	\$338,210	\$751,415	\$827,231
Total Wages	\$88,146	\$88,535	\$95,615	\$104,511	\$111,544
Federal Loan Balance	\$0	(\$505,746)	\$0	\$0	\$0

Sources: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#) and ETA 2112, UI Financial Transaction Summary Unemployment Fund. All numbers represent thousands.

**Table 3b**

Component 2023	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Contributions	\$41,063	\$120,646	\$36,413	\$14,375
Interest Earned	\$3,330	\$3,930	\$5,535	\$5,513
Benefits Paid	\$58,268	\$34,299	\$34,476	\$36,260
Fund Balance	\$742,074	\$834,961	\$846,192	\$827,231
Total Wages	\$28,082,936	\$27,480,836	\$26,974,806	\$29,005,913
Federal Loan Balance	\$0	\$0	\$0	\$0

Sources: Sources: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#) and ETA 2112, UI Financial Transaction Summary Unemployment Fund. All numbers represent thousands.

### Component Definitions:

- Contributions: Contributions received from employers as of December 31 of each year.
- Interest Earned: Quarterly Federal Treasury interest posted to each state's trust fund account.
- Benefits Paid: State-funded benefit payments less benefit overpayment recoveries.
- Fund Balance: Adjusted trust fund balance.
- Total Wages: Total covered payroll wages reported by all covered employers for the period of January 1 and December 31.
- Federal Loan Balance: Amount borrowed from the Federal Unemployment Account to help pay state unemployment benefits, reflects the balance as of December 31 of each year.



## Unemployment Insurance Trust Fund Outlook

The financial condition of the UI Trust Fund is dependent upon state benefit payments, taxable wages, contributions, and interest revenues.

**Table 4**

State UI Contributions and Benefits (millions)			
Year	Employer Contributions	State Benefit Payments	+ Surplus/ - Deficit
2019	\$342.50	\$286.40	\$56.10
2020	\$328.41	\$1,530.20	(\$1,201.79)
2021	\$1,089.64	\$317.96	\$771.68
2022	\$583.57	\$198.93	\$384.64
2023	\$212.50	\$163.30	\$49.20

Sources: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#) and ETA 2112, UI Financial Transaction Summary Unemployment Fund.

**Table 5**

Taxable Wages (000)					
Quarter Ending	2019	2020	2021	2022	2023
31-March	\$10,896,017	\$11,266,566	\$11,110,178	\$12,057,865	\$13,161,876
30-June	\$3,480,097	\$2,937,091	\$3,704,126	\$3,808,332	\$3,623,743
30-Sept.	\$2,152,049	\$2,030,588	\$2,415,945	\$2,558,848	\$2,358,281
31-Dec.	\$1,937,531	\$2,073,866	\$2,354,604	\$2,281,225	\$2,122,525
Total	\$18,465,694	\$18,308,111	\$19,584,853	\$20,706,270	\$21,266,425

Sources: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#). There is a six-month lag in wages. Example: Sept. 30 and Dec. 31 taxable wages for CY2023 will be reported in the second and third quarters of CY2024 respectively.

## Unemployment Insurance Tax Rates in Kentucky

In 2023, Kentucky employers were taxed at rates set by Schedule A of Table A as set forth by KRS 341.270(4).

**Table 6**

Tax Rate Schedules						
Reserve Ratio	Trust Fund Adequacy Rate	A	B	C	D	E
8.0% and over	0.000%	0.30%	0.40%	0.50%	0.60%	1.00%
7.0% but under 8.0%	0.000%	0.40%	0.50%	0.60%	0.80%	1.05%
6.0% but under 7.0%	0.008%	0.50%	0.60%	0.70%	0.90%	1.10%
5.0% but under 6.0%	0.208%	0.70%	0.80%	1.00%	1.20%	1.40%
4.6% but under 5.0%	0.508%	1.00%	1.20%	1.40%	1.60%	1.80%
4.2% but under 4.6%	0.808%	1.30%	1.50%	1.80%	2.10%	2.30%
3.9% but under 4.2%	1.008%	1.50%	1.70%	2.20%	2.40%	2.70%
3.6% but under 3.9%	1.308%	1.80%	1.80%	2.40%	2.60%	3.00%
3.2% but under 3.6%	1.508%	2.00%	2.10%	2.50%	2.70%	3.10%
2.7% but under 3.2%	1.608%	2.10%	2.30%	2.60%	2.80%	3.20%
2.0% but under 2.7%	1.708%	2.20%	2.50%	2.70%	2.90%	3.30%
1.3% but under 2.0%	1.808%	2.30%	2.60%	2.80%	3.00%	3.40%
0.0% but under 1.3%	1.908%	2.40%	2.70%	2.90%	3.10%	3.50%
-0.5% but under 0.0%	6.500%	6.50%	6.75%	7.00%	7.25%	7.50%
-1.0% but under -0.5%	6.750%	6.75%	7.00%	7.25%	7.50%	7.75%
-1.5% but under -1.0%	7.000%	7.00%	7.25%	7.50%	7.75%	8.00%
-2.0% but under -1.5%	7.250%	7.25%	7.50%	7.75%	8.00%	8.25%
-3.0% but under -2.0%	7.500%	7.50%	7.75%	8.00%	8.25%	8.50%
-4.0% but under -3.0%	7.750%	7.75%	8.00%	8.25%	8.50%	8.75%
-6.0% but under -4.0%	8.250%	8.25%	8.50%	8.75%	9.00%	9.25%
-8.0% but under -6.0%	8.500%	8.50%	8.75%	9.00%	9.25%	9.50%
Less than -8.0%	9.000%	9.00%	9.25%	9.50%	9.75%	10.00%

Source: Kentucky Revised Statute 341.270. <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=54208>

**Table 7**

Comparison with Surrounding States (CY 2023)			
State	Minimum Tax Rate	Maximum Tax Rate	Taxable Wage Base
Kentucky	0.30	9.00	\$11,100
Illinois	0.30	8.10	\$13,271
Indiana	0.50	7.40	\$9,500
Missouri	0.00	5.40	\$10,500
Ohio	0.30	9.80	\$9,000
Tennessee	0.01	10.00	\$7,000
Virginia	0.10	6.20	\$8,000
West Virginia	1.50	7.50	\$9,000

Source: US Department of Labor, Division of Fiscal and Actuarial Services, Unemployment Insurance Data Summary and CY 2023 [Tax Measures Report](#).

## Comparison of Revenue Sources and Expenditures

The tables below provide a comparison between Kentucky's key UI variables and those of surrounding states.

**Table 8**

Comparison of Revenue Sources and Expenditures 2023 Q4						
State	Taxable Wage Base	Average Tax Rate on Taxable Wages (%)	Average Tax Rate on Total Wages (%)	Total Wages Taxable Employers (000)	Total Unemployment Rate (%)	Average Weekly Benefit
Kentucky	\$ 11,100	0.83	0.20	\$23,440,247	3.9	\$ 478.25
Illinois	\$ 13,271	2.77	0.58	\$94,124,295	4.3	\$ 503.13
Indiana	\$ 9,500	1.31	0.27	\$39,204,462	3.1	\$ 324.18
Missouri	\$ 10,500	1.18	0.25	\$36,326,708	2.9	\$ 294.65
Ohio	\$ 9,000	2.35	0.42	\$70,142,777	3.1	\$ 474.44
Tennessee	\$ 7,000	0.89	0.13	\$45,075,651	3.2	\$ 258.36
Virginia	\$ 8,000	0.65	0.09	\$61,892,144	2.8	\$ 352.94
West Virginia	\$ 9,000	2.44	0.51	\$6,902,137	3.8	\$ 418.52

Source: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#). Summary report include wages and covered employment lagged by 6 months.

**Table 9**

Gross Revenues (State Revenue Past 12 Months)(000)				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Kentucky	\$ 593,642	\$ 282,045	\$ 252,610	\$ 221,629
Illinois	\$ 1,780,917	\$ 2,011,670	\$ 2,184,849	\$ 2,190,867
Indiana	\$ 388,276	\$ 396,504	\$ 392,682	\$ 386,900
Missouri	\$ 360,303	\$ 384,156	\$ 378,398	\$ 371,140
Ohio	\$ 1,156,973	\$ 1,174,880	\$ 1,165,879	\$ 1,128,001
Tennessee	\$ 253,693	\$ 225,925	\$ 220,283	\$ 216,190
Virginia	\$ 377,855	\$ 297,463	\$ 273,174	\$ 261,697
West Virginia	\$ 148,234	\$ 147,080	\$ 144,570	\$ 144,854

Source: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#). \*State revenues are funds deposited in state accounts in the Trust Fund. This revenue is used to pay state UI Benefits and the state share of extended benefits (EB).

## Employer Protests (Disputed Claim Investigations)

In 2023, a total of 79,972 Monetary Determinations were issued in Kentucky. That is number is down slightly from 2022 when 80,427 were issued. Of the Monetary Determinations in 2023, a total of 70,583 met monetary eligibility requirements. In order for a claim to be considered monetarily eligible, the claimant must have earned sufficient wages in covered employment during their base period.

A total of 30,927 determinations were issued regarding the claimant's separation from employment. This means that the claimant was separated for reasons other than lay-off or lack of work. The approval rate for separation determinations was 46% (14,103 determinations) and the denial rate was 54% (16,824).

**Table 10**

Kentucky Unemployment Claim Data					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2023 Total
Total Monetary Determinations	19,574	18,877	17,470	24,051	79,972
Monetarily Eligible Claims Established	17,027	16,576	15,431	21,549	70,583
Monetarily Ineligible Claims Filed	2,547	2,301	2,039	2,502	9,389
Determinations Involving Separation Issues	5,924	8,349	10,711	5,943	30,927
State UI	5,903	8,307	10,674	5,909	30,793
UCFE	21	42	37	34	134
Denied Benefits (54%)	3,738	4,516	5,534	3,036	16,824
State UI	3,725	4,494	5,511	3,021	16,751
UCFE	13	22	23	15	73
Benefits Approved (46%)	2,186	3,833	5,177	2,907	14,103

Source: ETA 207- Nonmonetary Determinations Activity; ETA 218- Benefits Rights and Experience

A total of 50,673 determinations were issued in regard to non-separation eligibility. Of these determinations, approximately 75% were denied (38,101 determinations) and 25% were approved (12,572).

**Table 11**

Benefits Approved or Denied (Non-Monetary Determinations)					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2023 Total
<b>Valid Claims Established</b>	17,027	16,576	15,431	21,549	70,583
<b>Total Separation Determinations</b>	5,924	8,349	10,711	5,943	30,927
Sep Denied Benefits (54%)	3,738	4,516	5,534	3,036	16,824
Sep Benefits Approved (46%)	2,186	3,833	5,177	2,907	14,103
<b>Total Non-Sep Determinations</b>	16,550	11,918	9,451	12,754	50,673
Non-Sep Denied Benefits (75%)	15,249	9,710	6,757	6,385	38,101
Non-Sep Benefits Approved (25%)	1,301	2,208	2,694	6,369	12,572
All Non-Monetary Determinations	22,474	20,267	20,162	18,697	81,600

Source: ETA 207- Nonmonetary Determinations Activity; ETA 218- Benefits Rights and Experience

## Appeals Data

### Lower Authority Appeals Branch

In 2023, the UI Appeals Branch received 15,993 appeals and released 17,464 Referee Decisions. Of the 81,600 total nonmonetary determinations issued, 19.5% were appealed to the lower authority.

**Table 12**

Lower Authority Appeals Data									
	Reportable Appeals Released	Filed During Month	Average Case Age (Days)	Employers			Claimants		
				Protested by Employers	Decisions in Favor of Employers	% Reversed	Protested by Claimants	Decisions in Favor of Claimants	% Reversed
Jan	1336	1105	177.7	110	19	17.27%	1226	246	20.07%
Feb	1379	984	184.5	113	26	23.01%	1266	252	19.91%
March	2021	1203	186.8	193	43	22.28%	1828	426	23.30%
April	1081	1279	191.3	136	28	20.59%	945	171	18.10%
May	1511	1852	183.6	199	43	21.61%	1312	263	20.05%
June	1493	1433	189.8	120	23	19.17%	1373	230	16.75%
July	1205	1302	191.8	81	20	24.69%	1124	215	19.13%
Aug	1205	1302	182.4	81	20	24.69%	1124	215	19.13%
Sept	1777	1928	187.1	105	28	26.67%	1672	302	18.06%
Oct	1803	1304	194.4	249	83	33.33%	1554	357	22.97%
Nov	1425	1301	199.0	156	48	30.77%	1269	249	19.62%
Dec	1228	1000	215.2	133	33	24.81%	1095	202	18.45%
<b>Totals</b>	<b>17,464</b>	<b>15,993</b>	<b>190.3</b>	<b>1,676</b>	<b>414</b>	<b>24.70%</b>	<b>15,788</b>	<b>3,128</b>	<b>19.81%</b>

Source: ETA 5130 Benefit Appeals Report; ETA 9055L Lower Authority Appeals Case Aging

## Higher Authority Appeals

In 2023, the UI Commission received 2,492 appeals and released 2,956 Commission Orders (decisions). Of the 17,464 lower authority Referee Decisions released, 16.9% were appealed to the higher authority.

**Table 13**

Higher Authority Appeals Data (UI)									
	Decisions During the Month	Filed During Month	Average Case Age (Days)	Employers			Claimants		
				Protested by Employers	Decisions in Favor of Employers	% Reversed	Protested by Claimants	Decisions in Favor of Claimants	% Reversed
Jan	233	251	33.4	25	3	12.00%	208	25	12.02%
Feb	264	197	28.3	26	5	19.23%	238	32	13.45%
Mar	326	270	25.3	25	4	14.95%	301	45	16.00%
April	242	196	28.8	11	0	0.00%	231	37	16.02%
May	258	241	28.8	42	4	9.52%	216	36	16.67%
June	233	235	27.9	34	3	8.82%	199	33	16.58%
July	234	197	29.2	26	7	26.92%	208	55	26.44%
Aug	234	197	33.2	55	7	12.73%	208	26	12.50%
Sept	289	212	38.4	20	1	5.00%	269	19	7.06%
Oct	319	184	27.8	26	3	11.54%	293	30	10.24%
Nov	216	157	28.7	23	3	13.04%	193	11	5.70%
Dec	108	155	37.4	18	2	11.11%	137	17	12.41%
<b>Total</b>	<b>2,956</b>	<b>2,492</b>	<b>30.6</b>	<b>331</b>	<b>42</b>	<b>13.67%</b>	<b>2701</b>	<b>366</b>	<b>13.40%</b>

Source: ETA 5130 Benefit Appeals Report; ETA 9055H Higher Authority Appeals Case Aging

## Overpayments and Recovery

### UI Program Integrity, Improper Payments, and Recovery Efforts

Benefit overpayments are divided by fraudulent and non-fraudulent causes. Fraud overpayments are the result of the claimant knowingly misrepresenting the facts of their claim or providing false information in order to receive benefits to which they are not entitled. The UI Integrity Branch processed 9,467 fraud overpayment cases in the first three quarters of 2023, with fraud overpayment amounts totaling \$8,324,375.00 for those three quarters. Fraud overpayments already incur an additional monetary penalty. The 2023 fraud penalty amount was \$455,783.00 for the first three quarters. The UI Integrity Branch continues to utilize identity verification and specialized software to combat benefit fraud and protect the UI Trust Fund. The addition of ID.me, identity verification, has reduced the number of fraudulently filed claims to under 1%. OUI also continues to use the National Association of State Workforce Associations (NASWA) Integrity Data Hub to identify fraud markers through a suspicious actor repository.

The UI Integrity Branch also processed 17,554 non-fraud overpayment cases with an amount totaling \$13,628,961.00.

### Recovery Efforts

Over \$5,676,534 was recovered in the first three quarters of 2023. This money was recovered through payments made by claimants, payments received through other states, and through write-offs of overpayments after a specified period of time has elapsed.

### Overpayment Waivers

Pursuant to KRS 341.413 claimants with an office error overpayment created between January 27, 2020, and September 6, 2021, are potentially eligible for a waiver. For 2023, waivers totaled \$24,466,090.00

**Table 14**

UI	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
<b>Overpayment Causes</b>								
Fraud Total	3,161	\$ 2,784,249	3,203	\$ 2,903,655	3,054	\$ 2,510,942	3,478	\$ 3,512,424
Nonfraud Total	5,955	\$ 8,156,668	5,864	\$ 3,477,255	5,627	\$ 1,793,542	6,666	\$ 2,318,797
Reversals	0	\$ -	148	\$ 62,465	28	\$ 14,479	16	\$ 21,454
State Agency Errors	2576	\$ 4,027,804	1,132	\$ 1,478,505	1579	\$ 616,877	882	\$ 646,531
Employer Errors	0	\$ -	-	\$ -	3	\$ 15,844	1	\$ 14,066
Claimant Errors	3,376	\$ 4,127,693	4,584	\$ 1,936,285	4,014	\$ 1,140,371	5,765	\$ 1,636,283
Other Errors	3	\$ 1,171	-	\$ -	3	\$ 5,971	2	\$ 463
Penalty		\$ 175,539		\$ 171,070		\$ 106,855		\$ 79,808
Total Overpayments	9,116	\$ 11,116,456	9,067	\$ 6,551,980	8,681	\$ 4,411,339	10,144	\$ 5,911,029
<b>Recovery/Reconciliation</b>	Fraud	Nonfraud	Fraud	Nonfraud	Fraud	Nonfraud	Fraud	Nonfraud
Outstanding at Beginning of Period	\$ 63,757,629	\$ 89,898,266	\$ 65,205,696	\$ 96,201,301	\$ 66,987,977	\$ 98,227,020	\$ 68,389,917	\$ 98,745,312
Recovered Total	\$ 971,688	\$ 1,355,465	\$ 740,233	\$ 918,551	\$ 665,199	\$ 823,254	\$ 502,938	\$ 746,603
Written-Off	\$ 36,299	\$ 31,722	\$ 19,808	\$ 20,942	\$ 51,192	\$ 61,306	\$ -	\$ 7,024
Receivables Removed at End of Period	\$ 327,695	\$ 334,002	\$ 361,075	\$ 376,083	\$ 392,511	\$ 497,505	\$ 405,885	\$ 528,909
Outstanding at End of Period	\$ 65,205,696	\$ 96,201,301	\$ 66,987,977	\$ 98,227,020	\$ 68,389,917	\$ 98,745,312	\$ 70,993,518	\$ 93,600,478
Recovered for Other States	\$ 129	\$ 852	\$ -	\$ -	\$ -	\$ -	\$ 2,660	\$ -
<b>UI Total Accounts Receivable</b>	\$ 161,406,997		\$ 165,214,997		\$ 167,135,229		\$ 164,593,996	
<b>UCFE/UCX</b>	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
<b>Overpayment Causes</b>	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Fraud Total	36	\$ 102,067	6	\$ 6,786	7	\$ 16,674	-	\$ -
Nonfraud Total	39	\$ 82,400	41	\$ 109,003	28	\$ 10,093	16	\$ 23,645
Reversals	2	\$ 20,774	-	\$ -	0	\$ -	-	\$ -
State Agency Errors	26	\$ 53,918	25	\$ 101,984	17	\$ 4,110	14	\$ 22,982
Employer Errors	0	\$ -	-	\$ -	-	\$ -	-	\$ -
Claimant Errors	11	\$ 7,708	16	\$ 7,019	11	\$ 5,983	2	\$ 663
Other Errors	0	\$ -	-	\$ -	-	\$ -	-	\$ -
Penalty		\$ 256		\$ -		\$ 2,063		\$ -
Total Overpayments	75	\$ 184,723	47	\$ 115,789	35	\$ 28,830	16	\$ 23,645
<b>Recovery/Reconciliation</b>	Fraud	Nonfraud	Fraud	Nonfraud	Fraud	Nonfraud	Fraud	Nonfraud
Outstanding at Beginning of Period	\$ 6,381,910	\$ 2,632,682	\$ 6,449,637	\$ 2,655,095	\$ 6,407,666	\$ 2,707,807	\$ 6,350,716	\$ 2,661,865
Recovered Total	\$ 14,350	\$ 50,696	\$ 13,927	\$ 46,737	\$ 26,676	\$ 44,962	\$ 17,915	\$ 24,542
Written-Off	\$ -	\$ 224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables Removed at End of Period	\$ 19,990	\$ 9,254	\$ 34,830	\$ 9,554	\$ 46,948	\$ 13,136	\$ 49,688	\$ 14,059
Outstanding at End of Period	\$ 6,449,637	\$ 2,655,095	\$ 6,407,666	\$ 2,707,807	\$ 6,350,716	\$ 2,661,865	\$ 6,283,113	\$ 2,646,909
Recovered for Other States	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>UCFE Total Accounts Receivable</b>	\$ 9,104,732		\$ 9,115,473		\$ 9,012,581		\$ 8,930,022	
<b>EB</b>	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
<b>Overpayment Causes</b>	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Fraud Total	0	\$ -	-	\$ -	0	\$ -	-	\$ -
Nonfraud Total	0	\$ -	-	\$ -	0	\$ -	-	\$ -
Reversals	0	\$ -	-	\$ -	0	\$ -	-	\$ -
State Agency Errors	0	\$ -	-	\$ -	0	\$ -	-	\$ -
Employer Errors	0	\$ -	-	\$ -	0	\$ -	-	\$ -
Claimant Errors	0	\$ -	-	\$ -	0	\$ -	-	\$ -
Other Errors	0	\$ -	-	\$ -	0	\$ -	-	\$ -
Penalty		\$ -	-	\$ -		\$ -	-	\$ -
Total Overpayments		\$ -	-	\$ -	0	\$ -	-	\$ -
<b>Recovery/Reconciliation</b>	Fraud	Nonfraud	Fraud	Nonfraud	Fraud	Nonfraud	Fraud	Nonfraud
Outstanding at Beginning of Period	\$ 288,764	\$ 368,929	\$ 282,768	\$ 363,428	\$ 278,558	\$ 357,780	\$ 273,897	\$ 351,394
Recovered Total	\$ 2,746	\$ 150	\$ 750	\$ 100	\$ 1,000	\$ 50	\$ 55	\$ 100
Written-Off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables Removed at End of Period	\$ 3,250	\$ 5,351	\$ 3,460	\$ 5,548	\$ 3,661	\$ 6,336	\$ 3,677	\$ 6,903
Outstanding at End of Period	\$ 282,768	\$ 363,428	\$ 278,558	\$ 363,428	\$ 278,558	\$ 351,394	\$ 270,165	\$ 344,391
Recovered for Other States	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EB Total Accounts Receivable</b>	\$ 646,196		\$ 636,338		\$ 625,291		\$ 614,556	

Source: ETA 227 Overpayment Detection and Recovery.



## Glossary

**Average Duration**

The number of weeks compensated for the year divided by the number of first payments. (ETA 5159)

**Average High-Cost Rate**

The average of the three highest calendar year benefit cost rates in the last 20 years (or a period including three recessions, if longer). Benefit cost rates are benefits paid (including the state's share of extended benefits but excluding reimbursable benefits) as a percent of total wages in taxable employment.

**Average High-Cost Multiple**

Calendar year reserve ratio (or "TF as % of total wages") divided by the average high-cost rate.

**Average Tax Rate (Taxable Wages)**

Total employer contributions for a 12-month period divided by the total taxable wages for the same period.

(ES 202)

**Average Weekly Benefit Amount**

Benefits paid for total unemployment divided by weeks compensated for total unemployment. (ETA 5159)

**Average Weekly Wage**

Total wages for the four quarters ending with the report quarter divided by covered employment for the same period, divided by 52 weeks (QCEW). (US DOL UI Data Summary)

**Benefits Paid**

The unemployment benefits paid to individuals under a state program, usually the first 26 weeks of benefits, for all weeks compensated including partial payments.

**Calendar Year (CY)**

The Calendar Year covers a one-year period beginning January 1<sup>st</sup> and ending December 31<sup>st</sup>.

**Covered Employment**

The number of employees covered by unemployment insurance reported to the states by employers. (ETA 202)

**Duration of Benefits**

The maximum period of time during which a claimant may receive unemployment compensation.

**Extended Benefits**

Extended Benefits (EB) provide an additional 13 weeks of benefits to workers who have exhausted regular unemployment compensation. EB compensation is triggered if a state has an insured unemployment rate for the previous 13 weeks of at least five percent and is 120 percent of the average rate for the same 13-week period in the two previous years. After the initial 13 weeks, EB compensation will end if the above criteria are no longer met.

**Federal Pandemic Unemployment Compensation**

Federal Pandemic Unemployment Compensation (FPUC) provides an additional \$600 per week to individuals collecting unemployment insurance benefits. Enacted as part of the CARES Act.

**High-Cost Multiple**

Trust fund balance as a percent of total wages divided by the high-cost rate. The high-cost rate is the highest historical ratio of benefits to wages for a 12-month period.

**Initial Claims**

Any notice of unemployment filed (1) to request a determination of entitlement to and eligibility for compensation or (2) to begin a second or subsequent period of eligibility within a benefit year or period of eligibility. Interstate claims count in the paying state. (ETA 5159)

**Insured Unemployment Rate**

The rate computed by dividing insured unemployed for the current quarter by covered employment for the first four of the last six completed quarters. (ETA 539)

**Interest Earned**

The amount of interest earned on the UI Trust Fund account. (Unpublished US Treasury reports)

**Higher Authority Appeals**

In Kentucky, the UI Commission is the Higher Authority Appeals entity. The higher authority receives appeals based on Referee Decisions and is the second level of the appeals process.

**Lower Authority Appeals**

In Kentucky, the UI Appeals Branch is the Lower Authority Appeals entity. The lower authority receives appeals based on initial or continued claims determinations and is the first level of the appeals process.

**Lost Wage Assistance**

Lost Wage Assistance (LWA) is part of an executive order to extend enhanced federal unemployment benefits. Funding for LWA comes from the Federal Emergency Management Administration's (FEMA) Disaster Relief Fund. Eligible claimants in Kentucky received an additional \$400 for each of six weeks, starting in August and ending September 5, 2020. To receive LWA, workers must have a weekly benefit amount of at least \$100 and have certified that they are unemployed because of the COVID-19 pandemic.

**Outstanding Loan Balance**

Balance, as of the end of the quarter, of advances acquired by the state under Title XII of the Social Security Act. (Unpublished US Treasury reports)

**Pandemic Emergency Unemployment Compensation**

Pandemic Emergency Unemployment Compensation (PEUC) provides an extension of unemployment benefits to workers who have exhausted regular unemployment compensation under the CARES Act.

**Personal Identification Number**

Personal Identification Number used to access or log into an unemployment claim.

**Pandemic Unemployment Assistance**

Pandemic Unemployment Assistance (PUA) provides up to 79 weeks of unemployment benefits to workers impacted by COVID-19 who would not otherwise be eligible for regular unemployment compensation. PUA benefits provide flexibilities in compensation to include individuals who are self-employed, work in non-covered employment, or do not have sufficient base-period wages to qualify for a claim.

**Quarter (or Calendar Quarter)**

The year is comprised of four three-month periods. These three-month periods are called a quarter. Calendar quarters are as follows: January to March, April to June, July to September and October to December.

**Rank**

All rankings are from highest to lowest for a particular item. Ties receive the same rank.

**Reciency Rate**

The insured unemployed in regular programs as a percent of total unemployed.

**Service Capacity Upgrade Fund**

The Service Capacity Upgrade Fund (SCUF) was enacted by the Kentucky General Assembly in 2018. Contribution rates are reduced by .075%. This reduction diverts contributions that would have been applied to employer reserve accounts to SCUF. It is effective for five years or until the fund reaches \$60 million.

**State Average Unemployment Rate\***

The seasonal adjusted statewide unemployment rate that applies to a six-month period (January 1<sup>st</sup> and July 1<sup>st</sup>). Those lookback dates will provide the average rate for the preceding months. \*United States Department of Labor, Bureau of Labor Statistics

**State Revenue**

Funds deposited in state accounts in the Unemployment Trust Fund. These revenues are used to pay state UI benefits and the state share of EB. (ETA 2112)

**Subject Employers**

The number of employers subject to UI taxes. (ETA 581)

**Tax Year**

The 12-month period in which a state's tax rate schedules and taxable wage base remain constant.

**Taxable Wages**

Wages paid to covered employees that are subject to state UI taxes. (ES 202)

**Taxable Wage Base**

For each state, the maximum amount of wages paid to an employee by an employer during a tax year, which are subject to UI taxes. Wages above this amount are not subject to tax.

**Total Unemployed**

The average number of individuals, 16 years of age or older, who do not have a job but are available for work and actively seeking work in the week of the 12th for the three months of the quarter. This includes individuals on layoff and waiting to report to a new job within 30 days.

**Total Unemployment Rate**

The rate computed by dividing total unemployed (TUR) by the civilian labor force. (Bureau of Labor Statistics)

**Total Wages**

All wages or remuneration paid to workers on all payrolls covered by unemployment insurance. (ES 202)

**Total Wages (Taxable Employers)**

All wages or remuneration paid to workers by all taxable employers. (ES 202)

**Trust Fund Balance**

The balance in the individual state account in the UI Trust Fund. (Unpublished US Treasury reports)

**UCFE**

Unemployment compensation for federal civilian employees.

**UCX**

Unemployment compensation for ex-service members.