



EDUCATION AND LABOR CABINET

Andy Beshear
Governor

Mayo-Underwood Building
500 Mero Street, 3rd & 4th Floors
Frankfort, KY 40601
Telephone: (502) 564-0372 or (502) 564-3070

Jacqueline Coleman
Lieutenant Governor

April 4, 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-Fourth Quarter of 2021

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

A. Financing

The Kentucky Title XII advances in the amount of \$505,731,673.91 were paid off on July 22, 2021, utilizing funds set aside in Kentucky House Bill 382 passed during the 2021 legislative session. Quarterly contributions payments made by Kentucky employers during 2021, along with Governor Beshear directing \$203 million of the state's CARES Act Funds in December 2020, helped stabilize the unemployment insurance trust fund during calendar year 2021 without any additional Title XII advances.

B. Status of Unemployment Insurance Fund

The Kentucky unemployment insurance trust fund ended the 2021 calendar year with a balance of \$338,210,153. Quarterly employer contribution payments made during 2022, in addition to the current trust fund balance are expected to sustain the trust fund throughout the remaining of the 2022 calendar year.

C. Surcharge

As a result of legislation enacted by the Kentucky General Assembly in 2021 (HB 413), the surcharge assessment under KRS 341.614 was suspended for calendar year 2021. In addition, no interest was assessed during 2020 or 2021 on Kentucky's Title XII advances. Kentucky's Title XII advances have now been paid in full and satisfied, therefore no surcharge assessment is needed. 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 and does not expect any credit reductions for 2022. If eligible under federal law, KRS 341.595(2) requires an application to obtain a cap on the federal unemployment tax credit reduction. As the original Title XII advances have been paid in full, the cap on credit reduction is no longer needed.

Respectfully,

/s/Jamie Link

Jamie Link, Secretary
Kentucky Labor Cabinet