

KY Office of Unemployment Insurance Update

July 23, 2020

Presenters

Josh Benton

Deputy Secretary

Education & Workforce Development Cabinet

Larry Roberts

Secretary

Labor Cabinet

Amy Cubbage

General Counsel

Labor Cabinet

KY Office of Unemployment Insurance

- Unemployment insurance is a program structured as a partnership between the federal government and states
- States typically set the parameters of their unemployment programs within federal guidelines, including payroll tax rates and wage bases for covered workers
- KY OUI has been housed in the Department of Workforce Investment

Staffing

Technology

Communication

Trust Fund

Kentucky OUI in 2020

Staffing

- Prior hiring freeze had resulted in an 18% decrease in field personnel and a 25% decrease in office personnel
- There were **zero** staff dedicated to in-person unemployment services at Career Centers
- Only 23 staff in the Adjudications Branch who could adjudicate UI claims

Technology

- Overdue technology upgrades
- A UI system that was still coded in 1970's COBOL
- RFP for a new system was released in 2020, just before COVID-19

We were on the road to changing the way we delivered UI customer service – a balanced approach including technology, phone and in-person services – when COVID-19 hit Kentucky.

2017 EMPLOYMENT CUTS

TEAM
KENTUCKY

Bevin administration to pull workers from
31 Ky. employment offices

THE 10,000
FORD



- Loss of **29** Unemployment offices
- Went from **51 offices to 2**
- Lost **95** employees
- **20 year-old** system
- Unemployment office budget went from **\$41 million in 2010 to \$25 million in 2018**




AREAS IMPACTED

Ashland, Bardstown, Campbellsville, Carrollton, Central City, Columbia, Corbin, Danville, Florence, Frankfort, Georgetown, Glasgow, Harlan, Henderson, Lebanon, Leitchfield, Liberty, Louisville (Preston Highway), Madisonville (2 locations), Mayfield, Maysville, Middlesboro, Murray, Pikeville, Richmond, Russell Springs, Shelbyville, Shepherdsville, Springfield and Winchester.

WDRB.com

Bevin administration to pull workers from 31 Ky. employment offices

Jan 11, 2017



LOUISVILLE, Ky. (WDRB) -- Gov. Matt Bevin's

HERALD-LEADER

POLITICS & GOVERNMENT


State pulling workers out of 31 unemployment offices amid major cuts

By Daniel Desrochers

d-desrochers@herald-leader.com

News Weather

State pulling workers out of 31 unemployment offices



(WTOK)

By Associated Press

Published: Jan. 12, 2017 at 11:38 AM EST

THE DAILY Independent

TOP STORY

State removing workers from Ashland unemployment office, 30 others

Andrew Adkins | The Daily Independent Jan 10, 2017



The state unemployment office at 19th street and Carter Avenue in Ashland is one of the 31 Kentucky Career Centers impacted by statewide cuts. KEVIN GOLDY | THE DAILY INDEPENDENT

Kentucky General Assembly

Search

Legislators Committees Bills Kentucky Law Public Services Legislative Research Commission Visitors & Education

Legislation / 2017 Regular Session / House Bills / House Bill 176

House Bill 176

Actions

Last Action	to State Government (H)
Title	AN ACT relating to state employment offices.
Bill Documents	Introduced
Bill Request Number	1289
Sponsors	K. Sinnette, R. Nelson, R. Rand, S. Westrom
Summary of Original Version	Amend KRS 151B.285 to mandate that public employment offices be located in specified locations.
Index Headings of Original Version	Unemployment Compensation - Kentucky Career Center, public employment office locations mandated Personnel and Employment - Public employment offices, locations mandated Public Assistance - Kentucky Career Center, public employment office locations mandated State Agencies - Kentucky Career Center, public employment office locations mandated

The Anatomy of a UI Claim

Before COVID-19

- Available to traditional employees when they were unemployed through no fault of their own (furloughed, laid off, etc.)
- Benefits were designed to be short-term (26 weeks only)
- Application was thorough, not fast
- There are 27 variables that can “stop,” delay, or disqualify a claim
- Average number of new claims filed per month (in the 90 days before COVID-19): 3,500

After COVID-19

- Expanded eligibility to non-traditional workers (self employed, independent contractors, etc.)
- Claims were extended in duration
- Application process that disqualified the newly eligible before we had a chance to modify
- Expanded to four programs

COVID-19 Unemployment Programs

Pandemic Unemployment Assistance (PUA)

- Federal program providing 39 weeks of unemployment benefits for workers not otherwise eligible for regular unemployment benefits, self-employed individuals, contract workers, and business owners.

Pandemic Emergency Unemployment Compensation (PEUC)

- Federal program providing an additional 13 weeks of unemployment benefits for unemployed workers who have exhausted regular unemployment benefits and whose benefit year expires on or after July 1, 2019.

Pandemic Unemployment Compensation (PUC)

- Federal stimulus program providing an additional \$600 of benefits per week to all unemployed workers receiving regular unemployment compensation, PUA or PEUC, including part-time workers, through week ending July 25, 2020.

90 Days Before COVID-19

December 8, 2019 – March 7, 2020

44,841

- Total number of new claims filed

77%

- Percent of eligible claims paid

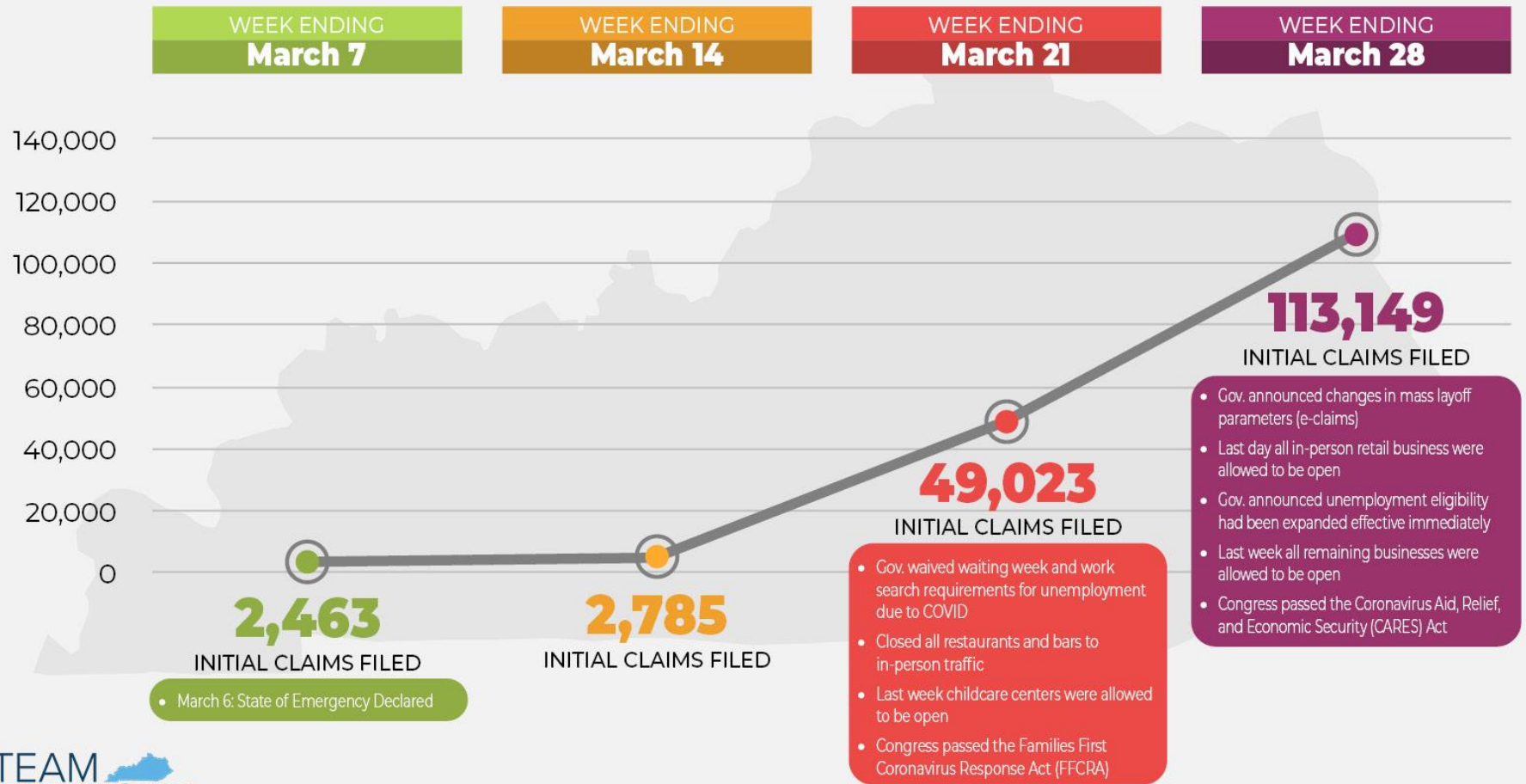
\$109,668,404

- Total amount of UI funds distributed

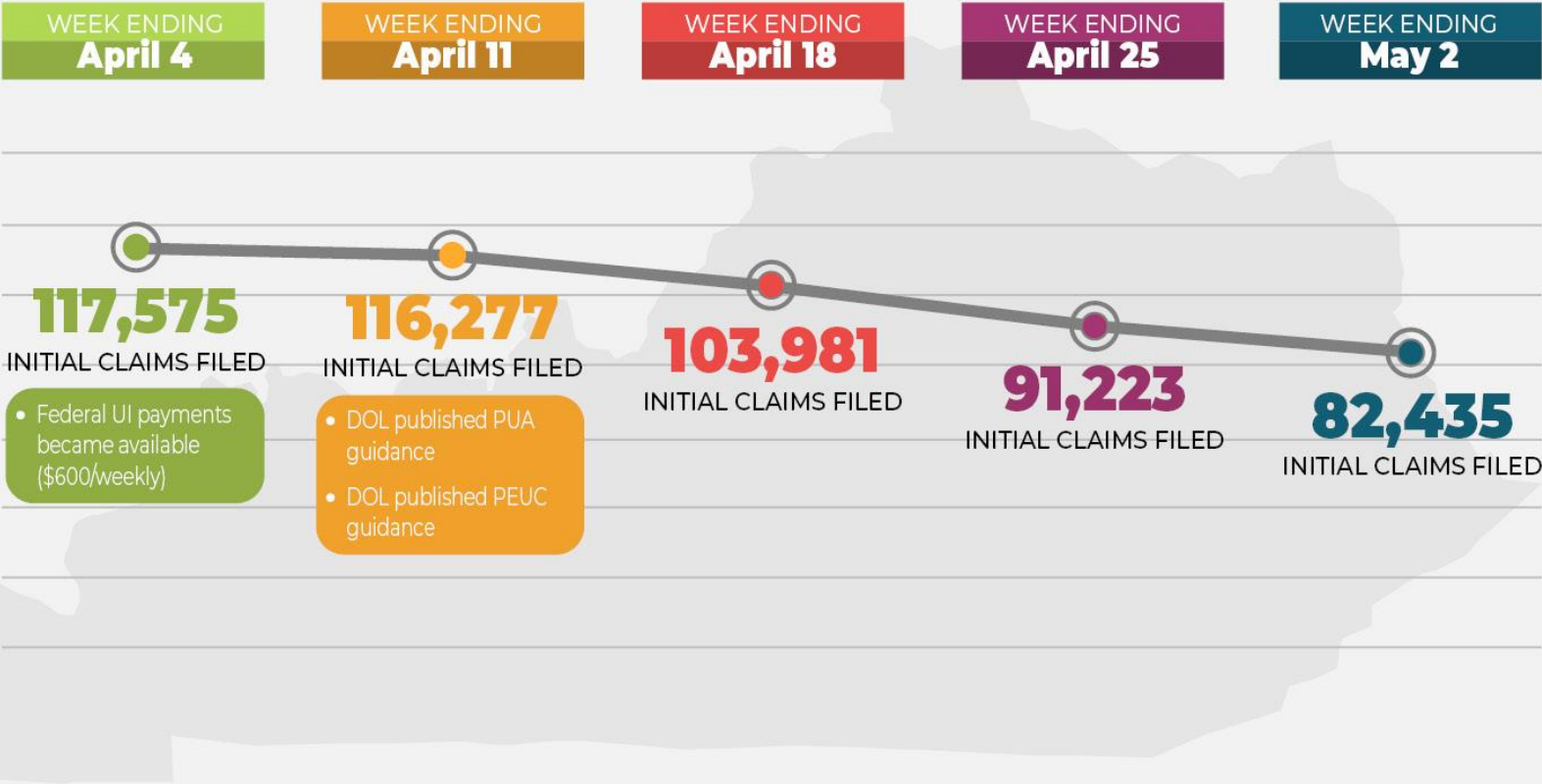
\$583,963,955

- Balance of KY UI Trust Fund (as of 03/07/2020)

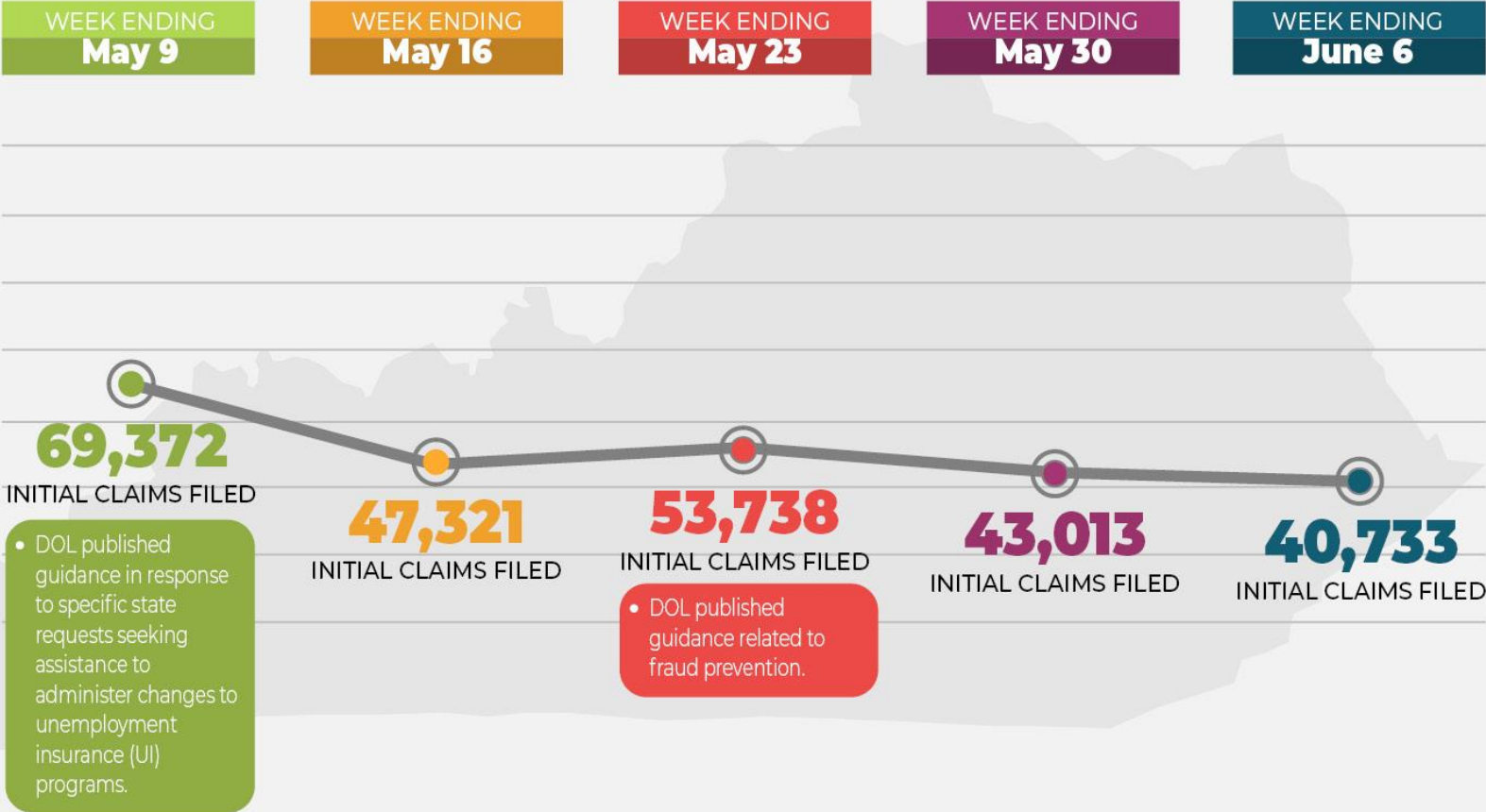
CLAIMS FILED MARCH 2020



CLAIMS FILED **APRIL 2020**



CLAIMS FILED MAY/JUNE 2020



CLAIMS FILED JUNE/JULY 2020

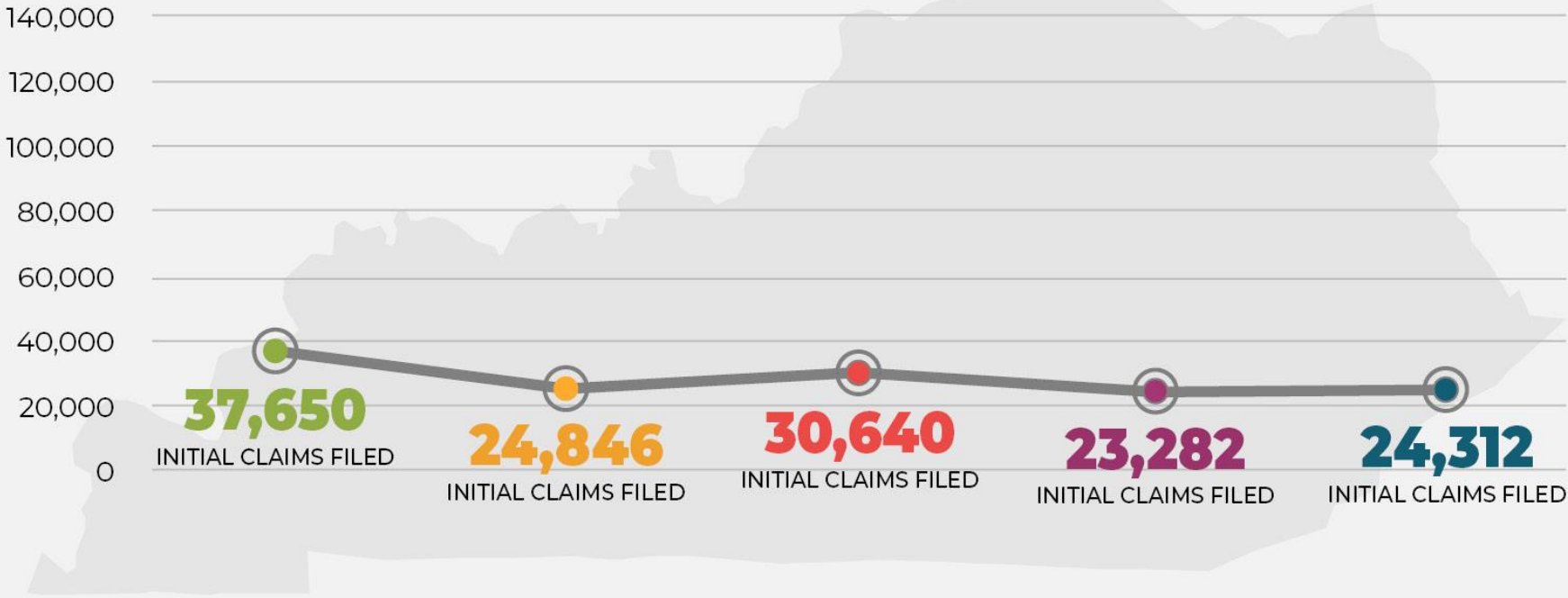
WEEK ENDING
June 13

WEEK ENDING
June 20

WEEK ENDING
June 27

WEEK ENDING
July 4

WEEK ENDING
July 11



Where Are We Today?

March 8, 2020 – July 11, 2020

1,071,355

- Total number of new claims filed

77%

- Percent of eligible claims paid

11,739,518

- Total number of calls received

\$3,227,068,980

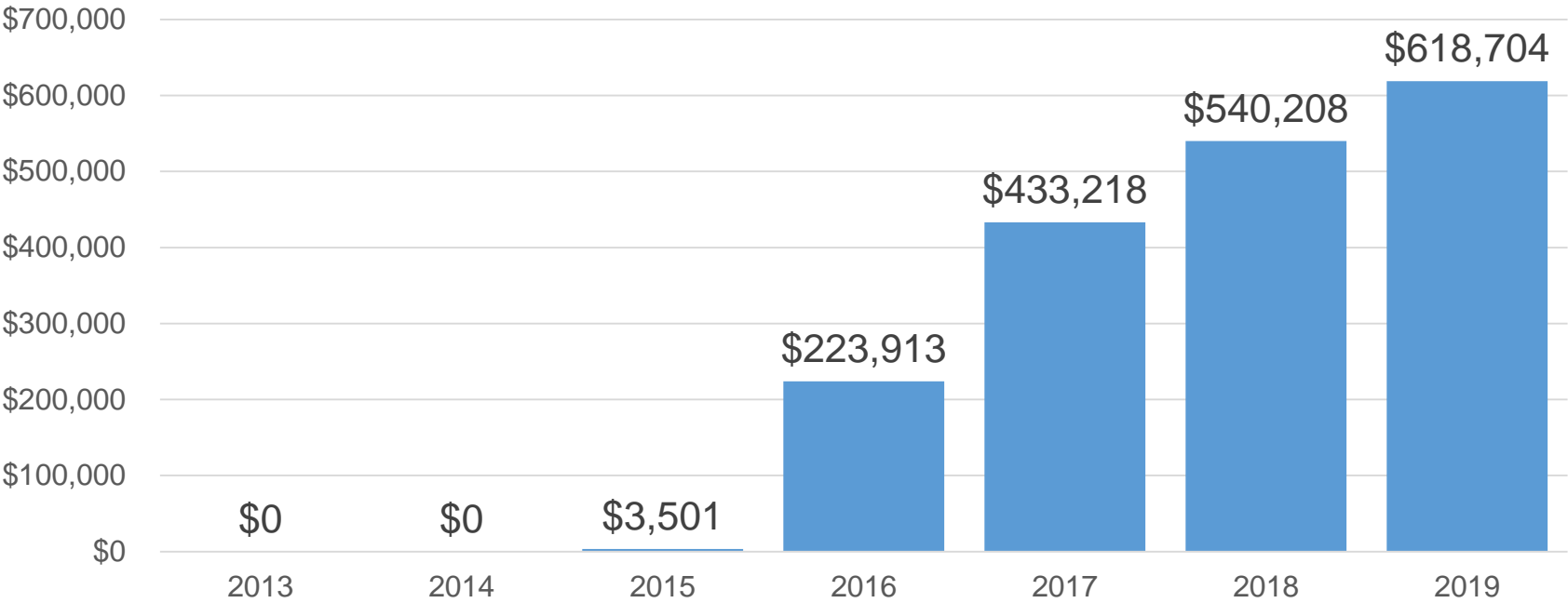
- Total amount of UI funds distributed

KY Unemployment Insurance Trust Fund

- The Unemployment Insurance Trust Fund is Kentucky's pool of employer taxes available to pay traditional unemployment insurance benefits
- In January 2009, at the height of the Great Recession, employer taxes and trust fund reserves were no longer sufficient to cover the claims filed against the Kentucky UI Trust Fund
- By the end of 2009, Kentucky had borrowed more than \$500 million in federal Title XII loans to meet benefit payment obligations
- Kentucky's Title XII advance balance was eliminated and solvency restored by Jan. 1, 2016
- Solvency of the UI Trust Fund was achieved through the implementation of updates to Kentucky's unemployment insurance laws, including a reduction in benefits, the introduction of a waiting week period, and increases to the taxable wage base
- The financial condition of the UI Trust Fund depends on three factors: state benefit payments, contributions and interest revenues, and taxable wages

Recent Unemployment Insurance Trust Fund History

Fund Balance in Millions



Federal Additions to UI Trust Fund

Federal Funding

- The federal CARES Act (passed March 2020) established the creation of the Federal Pandemic Unemployment Compensation Fund
- This houses all federal pandemic unemployment compensation,
 - Pandemic Unemployment Assistance
 - Federal Pandemic Unemployment Compensation
 - Pandemic Extended Unemployment Compensation
- Kentucky's federally funded UI trust fund was established on April 7, 2020

Federal Loan

- To provide security to state's unemployment insurance trust funds, the CARES Act allows to access zero-interest loans
- Kentucky was approved for a \$865 million loan in June 2020
- Loan comes in three transfers over the months of June, July, and August
- \$215 million was made available on 6/11

UI Trust Fund Projections

\$0

- Balance of KY UI Trust Fund (as of 07/20/2020)

\$102,000,000

- Balance of Federal UI Trust Fund drawdown (as of 07/20/2020)

\$425,000,000

- Drawdown projection by end of September

\$650,000,000

- Drawdown projection by end of December

Challenges & Obstacles

Challenges We Inherited

- Understaffed
- Trust Fund Solvency
- Antiquated Technology
- Security Threats

Obstacles that Arose

- Volume of Claims
- Phone Line Capacity & Transition
- System Modifications for New Programs
- Staffing Quantity vs. Quality
- Untimely Guidance from the Federal Department of Labor

Ernst & Young Updates

Date	Total Issues or Claims Processed	Pre 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Month Unknown
7/8	326	0	0	0	0	0	0	0	0	326
7/9	994	0	0	0	0	0	0	0	0	994
7/10	1,525	0	0	0	0	0	0	0	0	1,525
7/13	1,589	0	0	0	0	0	0	0	0	1,589
7/14	2,408	9	7	12	120	1,208	577	346	6	123
7/15	3,793	3	1	2	161	1,847	1,135	620	12	12
7/16	4,513	1	1	44	695	1,918	1,251	562	12	29
7/17	5,725	8	10	61	712	2,422	1,716	731	28	37
7/18	2,311	3	8	132	502	668	669	308	15	6
7/20	6,024	1	22	93	1,272	1,928	1800	879	17	12
7/21	9,913	2	84	482	3,822	2,525	2,022	937	27	12
Total	39,121	27	133	826	7,284	12,516	9,170	4,383	117	4,665

Total Issues/Claims Processed through July 21: 39,121

Recent In-Person Services

Frankfort	• 5,754 (as of 7/17)
Ashland	• 1,316
Owensboro	• 886
Somerset	• 1,155
Hopkinsville	• 1,092
Covington	• 906
Prestonsburg	• 720

SCHEDULE AN APPOINTMENT AT [KCC.KY.GOV](https://kcc.ky.gov) BY CLICKING ON THE **VIEW SERVICES** BUTTON

Questions

