

KENTUCKY

Funding Overview

BR Subcommittee on General Government,
Finance, Personnel, and Public Retirement

*Jamie Link, Secretary
Labor Cabinet*

*Buddy Hoskinson, Executive Director
Office of Unemployment Insurance*

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Career Development Office*



OUI Funding

- Federal funding is based on the information that a state submits in the Resource Justification Model (RJM)
- RJM is a data collection system that collects Office of Unemployment Insurance (OUI) administrative expenditures.
 - Based on most recently completed fiscal year
 - States play an integral role in submitting annual budget justifications for their projected operating costs
 - Submissions are collected and reviewed by the regional and national offices
 - RJM is workload-based, but with a capacity for annual updates of each state's data
 - RJM's objectives are to demonstrate states' approximate funding need, obtain data to allow for fair and equitable allocation of available funds



OUI Funding Cont.

How can federal OUI funds be used?

- Federal funding can *only* be used for the administration costs of the OUI program.
 - Includes payment of OUI staff salaries, information technology expenses, and postage
 - Most years, federal funding for these items is usually *not* enough to cover these expenses, and states, including Kentucky, have to utilize their penalty and interest funds to help offset expenses
- Federal funding cannot be used for claimant job training, or for back-to-work incentives



OUI Funding Cont.

The state funding model for employer contributions can be found in statute:

- KRS 341.270 – Regular Business. Most discussed funding model.
- Each employer is given a rate based on their own individual experience
 - Example: If an employer has constant layoffs, then their contribution rates will increase to cover the benefits paid out.
- Based on KRS 341.030(7), the taxable wage base for UI is set at a workers' first \$10,800 earned for 2021 and the maximum contribution rate for 2021 is set on schedule A (KRS 341.270) at 9.0%.
 - Therefore that maximum tax an employer would pay per worker earning at least \$10,800 would be \$972.00.



OUI Back to Work Incentives

While federal OUI funds cannot be used to pay for back-to-work incentives, there are other options to offset shortage income from reduction of hours:

- Short-Time Compensation (STC), is an alternative to layoffs for employers experiencing a reduction in available work.
 - STC preserves employees' jobs and employers' trained workforces during times of lowered economic activity.
 - STC allows employers to reduce hours of work for employees rather than laying-off some employees while others continue to work full time. Those employees experiencing a reduction in hours are allowed to collect a percentage of their unemployment compensation (UC) benefits to replace a portion of their lost wages.
- Currently, 27 states have STC programs established in law that meet the new federal definition with 26 having operational programs (Kentucky does not)



KY Back to Work Incentives

Governor Beshear's back-to-work incentive program:

- Public Protection Cabinet will administer the program
- \$1,500 bonus paid to first 15,000 qualifying UI claimants who return to work between June 24 – July 30, 2021
 - Must have a valid and active unemployment claim who has requested weekly payments as of June 23, 2021.
 - Must be 18 years of age or older.
 - Must not be job-connected and/or does not have a job recall date.
 - Must be a newly employed worker who works 120 hours in five (5) weeks after being hired.
 - Application opens August 2 and closes October 1, 2021.
 - Must supply all information required by the application.



OUI Work Search

- On May 9, 2021, Kentucky's work search requirements was reinstated after being waived during the COVID-19 pandemic
 - Work search requirements in Kentucky are not new
- Requirements are laid out in the UI claimant's Rights and Responsibilities booklet a claimant receives after filing.
- Some claimants are exempt from work search, including those who:
 - Are a member of a trade union who finds work for you
 - Are a student in an approved training program
 - Have a definite recall date within 12 weeks of your initial claim filing date
 - Are on a temporary leave of absence while still considered an employee
 - Whose employer filed a mass electronic claim (E-Claim) on your behalf



OUI Work Search Cont.

The remainder of claimants must fulfill the following:

- Required to seek suitable full-time employment and report at least one job contact per week.
- Required to provide details during bi-weekly benefit request, including: name of business, title of position, name/title of person contacted and date contacted.
- Allowed a reasonable period of time to find work that is comparable in pay and skill level to your most recent employment.
- If not able to find comparable work after a reasonable period of time, or if that type of work is not available in your area, you must adjust your work search.
- Your adjusted work search may require you to look for a job that might pay less or is located further away from your home than your previous commute.



Kentucky Career Center – Job Seeker Services

Workforce Innovation Opportunity Act law passed in 2014
10 local workforce development boards in Kentucky
Job seeker and employer customers

Six core partners in a comprehensive KCC:

- WIOA Title I (adult, dislocated worker and youth formula programs) administered by USDOL
 - Local workforce development area staff
- Adult Education and Literacy Act programs administered by DoED
 - Kentucky Skills U
- Wagner-Peyser Act employment services administered by USDOL
 - Career Development Office staff
- Rehabilitation Act Title I programs administered by DoEd.
 - Office of Vocational Rehabilitation staff



Kentucky Career Center – Business Services

10 Local Business Service Teams

Office of Employer and Apprenticeship Services

Under the Education and Workforce Development Cabinet

- Customized recruitment and labor exchange
- Employer requested assessments
- Essential soft skills training
- Work-based training
- Registered apprenticeships
- Federal bonding program
- Job profiling analysis
- Layoff aversion and transition strategies
- Labor market information
- Work Opportunity Tax Credit and KY Unemployment Tax Credit



OUI Application Process

- Helpful Tips to Prevent Common Issues:
 - File their initial claim for benefits as soon as possible after becoming unemployed or experiencing a significant reduction in hours
 - Keep mailing address, phone number, and email address updated through the online claim portal
 - Claimants are responsible for requesting benefits on time.
 - Benefits are claimed every two weeks; E-Claims request benefits weekly
 - First benefit request will be 13 days after the date the claim was filed
 - Employer protest period
 - Claimants continue to request their benefits while a claim is in the “fact-finding” phase or during the appeal process
 - Weekly work search details are required during the benefit request process
- Step-by-step benefit application instructional videos can be found on the kcc.ky.gov website under “Unemployment Services: Helpful Video Guides.”



Questions?

