

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement

Minutes of the 3rd Meeting of the 2021 Interim

August 4, 2021

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, August 4, 2021, at 9:00 AM, in Room 131 of the Capitol Annex. Senator Michael J. Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair; Representatives John Blanton, Co-Chair, and Myron Dossett, Co-Chair; Senators Robby Mills, Adrienne Southworth, Reginald Thomas, and Stephen West; Representatives Kevin D. Bratcher, Jeffery Donohue, Robert Goforth, Jim Gooch Jr., Derrick Graham, Mark Hart, Adam Koenig, Michael Meredith, Suzanne Miles, Jerry T. Miller, Phillip Pratt, Nancy Tate, and Buddy Wheatley.

Guests: Jamie Link, Cabinet Secretary, Labor Cabinet; Buddy Hoskinson, Executive Director, Office of Unemployment Insurance, Labor Cabinet; Jon Pendergrass, Interim Director, Career Development Office, Labor Cabinet; Morgan Eaves, Legislative Liaison, Labor Cabinet; LaKisha Miller, Executive Director, KY Chamber Workforce Center; and, Charles Aull, Senior Policy Analyst, KY Chamber Workforce Center.

LRC Staff: Emma Mills, Savannah Wiley, and Spring Emerson.

Approval of Minutes

A motion to approve the minutes of the July 7, 2021 meeting was made by Representative Pratt. The motion was seconded by Representative Gooch, and the minutes were approved by voice vote.

Labor Cabinet

Secretary Link, Director Hoskinson, and Director Pendergrass provided information relating to Unemployment Insurance and the effects of COVID-19.

In response to a question from Representative Meredith regarding the backlog of unemployment claims, Mr. Hoskinson said it depends on the details of each claim. Processes are being worked through to determine how they may be improved.

In response to a question from Representative Meredith regarding the length of waiting time for in-person appointments, Mr. Pendergrass said those appointments open up at 9:00 AM each day, Monday through Friday, and move rather quickly. Mr. Hoskinson said there is a two-week window, so if an appointment is made today, it will take place in two weeks. He added that virtual appointments are also available.

In response to a question from Representative Meredith regarding return-to-work incentives and whether consideration was given to what the private sector is providing, Mr. Link said the Governor and his administration had spoken with several employers to work on the details of the program. He added that the return-to-work bonus of \$1,500 would not come from the Trust Fund. It totaled \$22.5 million, and would go to the first 15,000 valid applicants.

In response to a question from Representative Pratt regarding the number of applicants for the bonus, Mr. Link said the window closes on October 1, and when that data is received, it will be provided to the subcommittee.

In response to a question from Representative Pratt regarding the number of applicants to date, Mr. Hoskinson said that as of close of business yesterday, there had been 289 applications initiated.

In response to a question from Representative Pratt regarding work search requirements, Mr. Hoskinson said employers can provide a work refusal form if they have openings and potential employees refuse the job offer. This form would generate an investigation. Representative Pratt commented that an employer cannot report a dial tone when a potential applicant hangs up. Ms. Eaves added that applicants must include name of the employer, the name and title of the individual they communicated with there, the time and method of communication. If that information is not provided, it is likely that it would not be considered a valid work search.

In response to a question from Representative Pratt regarding the exemption of trade unions, Mr. Hoskinson said it is by statute. He also mentioned that the Labor Cabinet is understaffed. Chair Nemes said some of the trade unions are not out of work and have a recall date, therefore they do not have to look for other work during temporary layoffs. In response to a question from Representative Wheatley regarding mobile units, Mr. Pendergrass said there are currently thirteen full service centers open. The mobile units are primarily used for job fairs, and for those applicants who cannot come to the Career Centers. Chair Nemes commented that the Career Centers are there to help applicants find employment, not just to apply for unemployment insurance.

In response to a question from Representative Graham regarding which states have participated in the STC Program and how successful they have been, Mr. Hoskinson said that information will be provided at a later date.

In response to a question from Representative Graham regarding tracking data which includes difficulty resolving unemployment claim issues, Mr. Hoskinson said identity verification is a huge issue across the country. One of the products now in place is called ID Me, and it is being used by 25 or 26 states at this time. In the five or six weeks since the implementation of the product, 180,000 ID verification issues have been run through the program and 24,000 individuals have gone in to verify their data. Out of that number, a little over 2,100 are fraudulent and about 1,200 are suspected of being fraudulent. In addition to ID verification issues, there are also separation issues and non-separation issues.

Senator Thomas expressed his appreciation for Secretary Link and his appointment to the Labor Cabinet. Mr. Link said he is only a small part of a team, and it takes all of them to address the volume of issues.

In response to a question from Representative Donohue regarding staffing issues at the Career Centers, Mr. Link said it is multi-faceted, but one of the reasons is that the positions are federally funded and time-limited. Trying to recruit for these positions is difficult, in that the federal funds are not guaranteed, and will run out. Most applicants are looking for longer-term opportunities. Mr. Hoskinson said the same holds true in the Department for Unemployment Insurance (UI).

Representative Miles commented that it is very frustrating that incentives are being offered for people to go back to work after there are so many constituents that have worked the entire time during the pandemic. She asked when will there be a solution for these issues, and wondered why LRC staffers were turned away when assistance was offered. Mr. Link said the LRC offer of assistance took place before UI was moved to the Labor Cabinet. He said they need long-term employees and it takes about six months to train UI staff to perform their duties. LRC employees would not get the proper training and then would be expected to return to their regular jobs, which would not be feasible for short-time staff. He added that technological enhancements are being considered as well. In response to a question from Representative Miles regarding where to send constituents to apply, Ms. Eaves said she can receive requests for those issues.

In response to a question from Representative Miller regarding the status of the Request for Proposal (RFP) for rewriting the Unemployment Insurance system, Mr. Link said off-the-shelf systems were explored, and all states are looking at solutions. His hope is that the RFP will be out by the end of August. A consortium with the US Department of

Labor and five other states is considering development of a new UI system, which can be tailored to the requirements of each state.

In response to a question from Co-Chair Dossett regarding the number of applicants for positions within UI, Mr. Link said he would check with their human resources department and provide that information at a later date.

In response to a question from Co-Chair Dossett regarding the number of fraudulent claims since the beginning of the pandemic, Mr. Hoskinson said there had been hundreds of thousands. Co-Chair Dossett requested that information be provided later, along with the amount that had been paid out.

Kentucky Chamber of Commerce

Charles Aull and Director Miller provided information on workforce training needs.

Senator Thomas commented that since January 2020, there had been a five percent reduction in the workforce participation rate. The minimum wage should be increased, since it is so low there is no incentive for the unemployed to return to work. The refusal to hire ex-felons is another issue. And, finally, workforce education needs to be addressed, and schools should receive funding from pre-K through grade 14, creating pathways for the future workforce within the education system. Ms. Miller said hiring ex-felons is being addressed through the Second Chance hiring program, and schools are helping kids become more exposed to in-demand careers which increases the chances of getting the workforce ready for the future. Mr. Aull added that the trend from 2000 to the present of the steady decline in the participation rate of the labor force is troubling. Even when employers raise wages, they still experience significant difficulty hiring.

Representative Donohue commented that the pandemic was a perfect storm. All the issues that have been teetering for years and had not been addressed came to the surface.

Chair Nemes commented that Senator Thomas made some excellent points. We need to educate and train our people on what is needed. Students should be taught about the careers that are necessary for our future.

In response to a question from Co-Chair Dossett regarding federal unemployment insurance assistance and inflation, Mr. Aull said the federal funds could have a positive effect on the overall labor market. He added that it would be difficult to measure the impact of that program due to all the areas it affects. There is a direct relationship between the labor force shortage and the rapid increase in wages, which both contribute to inflation.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 10:35 AM.