

UNEMPLOYMENT INSURANCE REFORM TASK FORCE

Minutes of the 6th Meeting of the 2021 Interim

November 30, 2021

Call to Order and Roll Call

The 6th meeting of the Unemployment Insurance Reform Task Force was held on Tuesday, November 30, 2021, at 10:00 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; Representative Russell Webber, Co-Chair; Senators Ralph Alvarado, Mike Wilson, and David Yates; Representatives Josh Branscum, McKenzie Cantrell, Phillip Pratt, and Scott Sharp.

Guests: Jeff Wiggins, Secretary and Treasurer, Kentucky American Federation of Labor and Congress of Industrial Organizations; and Chad Conley, District 8 Rapid Response Coordinator, United Steelworkers.

LRC Staff: Janine Coy, Audrey Ernstberger, Kirk Smith, Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the October 28, 2021, meeting was made by Senator Wilson, seconded by Representative Pratt, and approved by voice vote.

Report of the Unemployment Insurance Reform Task Force

Senator Alvarado suggested consideration of the type of needed training for Legislative Research Commission staff to assist the Office of Unemployment Insurance be added to the "Recommendations" section of the Report of the Unemployment Insurance Reform Task Force memorandum.

In response to Representative Branscum, Senator Nemes stated that there are federal requirements for staffing of the Office of Unemployment Insurance.

Representative Cantrell noted the importance of staffing flexibility in the event of a surge in COVID-19 cases.

Janine Coy, Committee Staff Administrator for the Unemployment Insurance Reform Task Force, gave a summary of testimony presented to the Unemployment Insurance Reform Task Force.

Recommendations in the Report of the Unemployment Insurance Reform Task Force memorandum include:

- Index the number of weeks benefits are payable to the state unemployment rate
- Increase the number of job contacts a claimant must make in a week
- Cap the amount of benefits that can be received if a worker's regular weekly benefit rate is temporarily increased or supplemented by federal, state, or local funds during a state of emergency
- Change the charging method for employers to a "proportion to base-period wages" method
- Reform the UI Tax system
- Implement a comprehensive job referral program into the unemployment insurance system
- Decrease from three years to one year, the period of time for an employer to qualify for an experience rating
- Develop ways to improve workforce participation
- Switch the emphasis of the system from unemployment to reemployment.
- Strengthen internal policies of the Labor Cabinet to insure that employees of the Cabinet cannot access their own UI claim information
- Improve transparency and access to information at the Labor Cabinet
- Combat UI fraud by locking known fraudsters out of the system
- Implementation of the recommendations made by the Auditor in his report
- Increase funding of the UI system to implement reforms
- Continue monitoring the production of a new UI system technology upgrade
- Consider the reforms recommended in House Bill 317 from the 2019 Regular Session

Representative Cantrell commented that the Report of the Unemployment Insurance Reform Task Force memorandum needed more specific recommendations and lacked the employee perspective. She also made remarks about HB 317 from the 2019 Regular Session decreasing the number of eligible weeks for unemployment insurance benefits.

Senator Nemes said that both task force co-chairs were open to suggestions throughout the interim for speakers to testify before the task force.

Representative Webber stated that suggestions for recommendations of the task force and speakers to testify before the task force were welcomed from all members. He emphasized the imperativeness for reform to the unemployment insurance system and said the current system could not handle another large influx of unemployment insurance claims.

Senator Yates expressed concerns about there not being specific recommendations for how to improve the unemployment insurance system. He suggested increasing wages, avoiding decreasing occupational safety and health protections, and other improvements that will increase workforce participation.

Senator Wilson pointed out that employer contributions supply the Unemployment Insurance Trust Fund. He added that, due to effects of the pandemic, the labor market will offset any issues with wages.

Representative Webber reminded the members that one of Representative Sharp's constituents testified before the task force regarding issues receiving unemployment insurance benefits.

Senator Nemes highlighted the need for workforce training across the state and cross training of employees of the Kentucky Career Centers.

Representative Pratt voiced concerns about the administration of the Office of Unemployment Insurance and the Kentucky Career Centers and expressed apprehension about the amount of time it will take to build a new unemployment insurance system.

A motion to add the consideration of the needed training for Legislative Research Commission staff to assist the Office of Unemployment Insurance be added to the "Recommendations" section of the Report of the Unemployment Insurance Reform Task Force memorandum was made by Senator Alvarado, seconded by Senator Wilson, and approved by voice vote.

Jeff Wiggins, Secretary and Treasurer for the Kentucky AFL-CIO, and Chad Conley, District 8 Rapid Response Coordinator for the United Steelworkers, testified about changes to the unemployment insurance system having potentially detrimental effects on Kentuckians in certain industry sectors.

Representative Webber clarified that HB 317 from the 2019 Regular Session included exemptions for seasonal workers.

A motion on the Report of the Unemployment Insurance Reform Task Force memorandum was made by Senator Wilson and seconded by Representative Webber. A roll call vote was taken with seven members voting yes and two members voting no.

There being no further business before the committee, the meeting adjourned.