

MINUTES

UNEMPLOYMENT COMPENSATION MODERNIZATION AND IMPROVEMENT COUNCIL

October 24, 2023
Room 112-N—Statehouse

Members Present

Senator Renee Erickson, Chairperson
Senator Jeff Pittman
Senator Caryn Tyson
Representative Susan Estes
Representative Stephanie Sawyer Clayton
Representative Sean Tarwater
Katie Givens
Phil Hayes
Jake Miller
Jeff Oswald
Amber Shultz
Shelbye Smith

Members Absent

Shawana Woods – Excused

Staff Present

Mike Ditch, Kansas Legislative Research Department (KLRD)
Edward Penner, KLRD
Steven Wu, KLRD
Kyle Hamilton, Office of Revisor of Statutes
Charles Reimer, Office of Revisor of Statutes
Cindy Harris, Committee Assistant

Conferees

Amber Shultz, Secretary, Kansas Department of Labor
Phillip Hayes, The Arnold Group

Tuesday, October 24
Morning Session

Call to Order and Approval of Minutes

Chairperson Erickson called the meeting to order at 9:00 a.m. She called for approval of minutes from the September 19, 2022, meeting, and she called to attention a spelling error in the minutes that has been corrected.

Representative Estes moved to accept the minutes as corrected from September 19, 2022, seconded by Phillip Hayes. The motion carried.

Department of Labor Update-Modernization and Unemployment Compensation

Amber Shultz, Secretary of Labor, presented the Kansas Department of Labor Unemployment Modernization Updates, which included ([Attachment 1](#)):

- Unemployment Insurance Trust Fund Overview;
- Unemployment Insurance Modernization;
- Federal Resources; and
- Kansas Department of Labor Requested Legislation.

Secretary Shultz responded to the following questions from the Council:

- How does Ponderas work?
- Do we have the ability to test future situational changes where the federal government might have a program change?
- With recent companies suffering major security breaches, are we evaluating how vulnerable we are?
- Are bank accounts outside of Kansas being monitored?
- Is having an independent validation company helpful?
- Is the waterfall methodology process being used for the modernization project?
- How was the third-party vendor that is being used for independent validation selected?
- What reviews are being used with the system presently in use?
- When will demos be provided to the Council and users?

Unemployment Compensation Update-Employer Community

Phillip Hayes, Vice President, The Arnold Group, presented testimony on Kansas Unemployment Insurance. ([Attachment 2](#))

Mr. Hayes responded to the following questions from the Council:

- Can claims be broken down by industry?
- Why does health care show an increase?
- What is the state of FUTA credit users compared with other states?
- With a Trust fund balance going from \$1.0 billion dollars to \$1.3 billion dollars, are we at about the same amount as where we were prior to the COVID-19 pandemic?
- Who is the Kansas Business community representing in this presentation?

Discussion and Recommendations Concerning Modernization Data

Chairperson Erickson reminded the Council that per statute, recommendations need to be made to the Legislative Coordinating Council (LCC) to extend the modernization project deadline to a date certain.

Discussion ensued, and the following questions were asked:

- Why is the extension needed if Kansas Department of Labor is on time?
- Has the LCC previously extended the date?
- Will there be demos provided to the Council?
- As the Council goes forward, will there be continued updates?

Representative Tarwater moved to recommend to the LCC to extend the deadline to Friday, February 2, 2024, seconded by Representative Estes. The motion carried.

Mr. Hayes suggested that to maintain the integrity of HB 2196, the Council needs to address and identify a dollar amount for a final transfer of federal funds to the Trust fund.

Representative Tarwater requested an executive session at a future Council meeting to review the current system and the implementation of recommendations that were suggested by previous audits.

Adjourn

Chairperson Erickson adjourned the meeting at 10:35 a.m.

Prepared by Cindy Harris

Edited by Edward Penner

Approved by the Committee on:

December 15, 2023

(Date)