

401 SW Topeka Blvd.
Topeka, KS 66612



Phone: 785-296-5000, x2582
Email: Shawn.Yancy@ks.gov
www.dol.ks.gov

Delfa Garcia, Acting Secretary

Laura Kelly, Governor

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**Written Testimony on HB 2154
Committee on Rural Revitalization**

Mr. Chairman and Members of the Committee,

My name is Shawn P. Yancy, and I am the Chief of Unemployment Insurance Benefits and Reporting for the Kansas Department of Labor. I have been with the Department since January, 2012, in benefits roles beginning as an Unemployment Insurance Appeals Referee, Unemployment Performance and Reporting Manager, and in my current role. Thank you for your time and attention as you consider this bill.

The unemployment program is designed to pay income support benefits during periods of involuntary unemployment. Benefits are paid from a trust fund supported by state unemployment taxes, and the program is administered by administrative grants paid by the United States Department of Labor but funded by federal unemployment taxes.

Generally speaking, the United States Department of Labor has opposed efforts by states to provide excepted employees unemployment benefits. It has done so because it has interpreted federal law and regulation to mean that those who are working, even when not being regularly compensated, are not unemployed. That would make them ineligible for program funded unemployment benefits. The opposition occurs because states have attempted or desired to pay such benefits from their unemployment trust funds and to charge time for administration against their administrative grant funds.

HB 2154 addresses the benefit payment concern by creating an independent state fund of money to pay such benefits. HB 2154 does not directly address administration costs, and there would be a limited fiscal impact in terms of administrative costs as the federal unemployment grant cannot be used to pay administrative costs related to claims for this class of workers. Such cost is variable depending on the length of the related government shutdown.

The Kansas Department of Labor takes no particular position on this bill. I am happy to be available for questions.

Shawn P. Yancy
Chief of UI Benefits and Reporting
Kansas Department of Labor