

1 AN ACT relating to unemployment insurance benefits, making an appropriation
2 therefore, and declaring an emergency.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 341 IS CREATED TO
5 READ AS FOLLOWS:

6 (1) For the purposes of this Act:

7 (a) "Department" means the Kentucky Department of Workforce Investment;

8 (b) "National Directory of New Hires" means the database that stores personal
9 and financial data on employed individuals across the country and contains
10 information and data on individuals receiving unemployment
11 compensation;

12 (c) "New hire records" means the directory of newly hired and re-hired
13 employees reported under state and federal law and managed by the federal
14 child support enforcement section, division of family support, office of
15 children and family services, and the Department of Children and Family
16 Services;

17 (e) "Secretary" means the Secretary of the Kentucky Labor Cabinet;

18 (f) "Two-factor authentication" means authentication that requires entry of a
19 username and password followed by entry of another method of
20 identification; and,

21 (g) "Unemployment insurance rolls" means unemployed workers receiving
22 unemployment insurance in Kentucky.

23 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 341 IS CREATED TO
24 READ AS FOLLOWS:

25 Notwithstanding any state law to the contrary, for unemployment insurance claims
26 filed between January 27, 2020, and December 31, 2020:

27 (1) Upon request of the recipient, the secretary may waive an overpayment of benefits

1 if he or she finds that recovery of the overpayment was:

2 (a) Due to administrative, clerical, or office error; or

3 (b) Not the result of fraud, misrepresentation, willful nondisclosure, or fault
4 attributable to the recipient;

5 (2) If the overpayment of benefits waived by the secretary under subsection (1)
6 resulted in charges to employers' unemployment insurance reserve accounts,
7 those employer expenditures shall be credited with money received from the
8 federal government through the Coronavirus Aid, Relief, and Economic Security
9 (CARES) Act;

10 (3) If the overpayment of benefits waived by the secretary under subsection (1)
11 resulted in charges to the unemployment insurance trust funds, those
12 expenditures shall be repaid with money received from the federal government
13 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act;

14 (4) Requests for waiver of overpayment of benefits under subsection (1) shall be
15 made within ten (10) days from the date the secretary deposits notification of the
16 overpayment in regular U.S. mail. No additional claims for waiver of
17 overpayments shall be accepted after December 31, 2021.

18 (5) Credits to employers' unemployment reserve accounts and to the trust fund
19 required by subsections (2) and (3) shall be made by the secretary on or before
20 June 30, 2021.

21 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 341 IS CREATED TO
22 READ AS FOLLOWS:

23 (1) To ensure the integrity of the unemployment insurance program, to verify
24 eligibility, to prevent fraudulent filing, and to prevent overpayment of claims, for
25 all claims made after July 1, 2023, the department shall:

26 (a) Use state or commercially available databases to check new hire records
27 against the state's unemployment insurance rolls on a weekly basis;

- 1 **(b) Check state data, federal data, or a commercially available database on a**
2 **weekly basis;**
- 3 **(c) Check new hire records against the National Directory of New Hires on a**
4 **weekly basis;**
- 5 **(d) Check the unemployment insurance rolls against the Kentucky Department**
6 **of Corrections list of incarcerated individuals on a weekly basis;**
- 7 **(e) Enter into a cooperative agreement with the U.S. Department of Labor's**
8 **Office of Inspector General to proactively detect and investigate cases of**
9 **unemployment fraud;**
- 10 **(f) Review the individual's case and make a final determination of his or her**
11 **eligibility when the department receives information that an individual who**
12 **is participating in the unemployment compensation insurance program has**
13 **had a change in circumstances that may affect his or her eligibility;**
- 14 **(g) Provide employers with electronic notice of new unemployment claims,**
15 **access to information about pending unemployment insurance claims, and**
16 **status of appealed claims;**
- 17 **(h) Promulgate, adopt and implement internal administrative regulations and**
18 **policies to recover improper overpayments of unemployment benefits;**
- 19 **(i) Require at least two-factor authentication from every benefit applicant prior**
20 **to payment of any benefit; and**
- 21 **(j) Maintain records of any and all applications for waiver of overpayment.**
- 22 **(2) The department shall complete an annual report for the Legislative Research**
23 **Commission which details efforts to recover improper benefit payments, causes of**
24 **improper unemployment benefit payments, measures implemented to avoid**
25 **improper benefit payments, summarizes all cases where repayment was not**
26 **attempted due to a statutory exception, and analyzes any cost savings to the**
27 **Commonwealth. The department shall provide this report to the Legislative**

1 **Research Commission annually, no later than October 1.**

2 ➔Section 4. Whereas the COVID-19 pandemic has caused significant hardship
3 for unemployment insurance recipients who have previously been overpaid benefits
4 which they are now required to repay, an emergency is declared to exist, and this Act
5 takes effect upon its passage and approval by the Governor or upon its otherwise
6 becoming a law.