



Comments before the House Commerce Committee
Employer Update on the state of the Kansas Unemployment Insurance
Jeff Oswald, President, Unemployment Insurance Services
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Chairman Tarwater and honorable committee members,

My name is Jeff Oswald. I am the President of Unemployment Insurance Services. We are a third-party administrator of employer's unemployment claims and tax management programs. My company has represented employers in the state of Kansas since 1977. By providing services to customers nationwide, particularly in the Midwest, we are in a unique position to see trends in each state. I am here today at the request of several of my Kansas clients to discuss the current unemployment situation in Kansas, specifically the immense fraudulent activity that is occurring.

First, I want to make it clear that the fraud issue is occurring in every state. We have clients in all 53 unemployment jurisdictions and have had fraudulent claims filed in nearly each one. What sets Kansas apart is the incredible volume of fraudulent claims. Since October 1, 2020, we have identified more than 17,000 fraudulent unemployment claims for all our clients. The Kansas portion of this total is 97% equaling more than 16,600 fraudulent claims filed against our Kansas clients. Since January 1, 2021 alone, we have identified and processed more than 4,100 potentially fraudulent claims against Kansas clients. These numbers do not include claims that we have received a second, third, and even a fourth subsequent notice on the same individual.

In preparation for my testimony, I wanted to ensure that I was being fair and as factually accurate. Part of this preparation was to review the weekly unemployment claim report provided by the US DOL. The numbers below are for the week ending 1/16/2021. There were 960,668 claims filed nationally. The five states with the highest number of unemployment claims filed this week are below along with the surrounding Midwestern states and their claim totals for that week.

California	123,970		Missouri	11,427
Illinois	108,892		Oklahoma	5,948
Kansas	66,323		Colorado	13,728
New York	60,909		Iowa	6,785
Texas	50,831		Nebraska	2,784
			Arkansas	4,079

I also wanted to compare similar organizations to each other within our clientele. We represent an equal number of Kansas and Missouri school districts approximately 60 in each state. Since October 1, 2020, we have identified and protested more than 7,200 fraudulent unemployment



claims for our Kansas school district clients. The number of fraudulent unemployment claims identified for Missouri school districts has been 65.

Taking it one step closer to a micro level, I compared two clients which have large employee bases on each side of the state line in the Kansas City metro. In both cases, the Missouri employee base is more than double that of their Kansas employees. The identified fraudulent claim numbers for each is below.

Example 1 – Professional Services Provider

Kansas – 286

Missouri – 3

Example 2 – Large Hospital Network

Kansas – 246

Missouri – 3

Having established that the volume of fraudulent claims is clearly an issue, I want to take some time to discuss the impact of these claims on our clients' businesses. First, I think it is important to have a basic knowledge of how an employer receives their unemployment claims. Most employers use an online portal called SIDES to receive and respond to their unemployment claims. Due to the incredible volume of claims that we receive each week, we have resorted to saving a .pdf of the SIDES dashboard and it is emailed to our clients. The instructions are simple. If you identify the claim to be fraudulent, you are to write 'fraud' next to the claimant name. Often, we will receive back the entire list of claims with fraud noted next to each name. Some of these lists contain hundreds of claims. For example, Washburn University, which normally receives 6 unemployment claims a year has had more than 642 filed, of which 593 have been identified as fraud.

The time expenditure on this issue has become prohibitive for our clients regardless of the size. Each time we receive a claim that is suspected to be fraudulent, the employer must reach out to their employees to determine if the claim is legitimate. It has been repeatedly reported to us that these conversations often result in the employer having to assure the individual that the company's internal database has not been compromised. They also must explain what actions they need to take, including reporting the incident to the KDOL fraud portal. Most of these conversations take a minimum of 10-15 minutes for each employee. This frustration only mounts when the employer must contact the individual multiple times as subsequent notices are received. Many of our reimbursable clients have resorted to contacting former employees because of the reimbursing charging method. They are fearful that they will receive benefit charges against their account for employees who have left their employment. In all, the issue has added another layer of work to already over-stretched departments.



In conclusion, I believe that I should leave the committee with the consensus of my clients' feelings about the current situation. There is an incredible amount of frustration and anger regarding the response to this 'epidemic'. None of our clients, nor does anyone within my organization blame any individual at the KDOL for this situation. The frustration comes from the feeling that we are on a merry go round that will never stop. Not only is it the volume of claims, but also the frequency of individuals who have re-appeared with a new claim after previously been reported as fraud. They feel that the information that we are providing is falling into a black hole. They question why these individuals' identity have not been confirmed prior to the claims being sent out. This feeling is only magnified when they must reach out to the families of deceased individuals, both recent and long past, to inform them that a claim has been filed in their loved one's name. To quote one of my clients verbatim, "Enough is enough."

On behalf of my clients, I thank you for your time.

Jeff Oswald
President
Unemployment Insurance Services