

STATE OF KANSAS



KANSAS DEPARTMENT OF LABOR
Office of the Secretary
401 SW Topeka Boulevard
Topeka, KS 66603-3182

Phone: (785) 296-7474
Fax: (785) 368-6294
Lana.Gordon@ks.gov
www.dol.ks.gov

GOVERNOR JEFF COLYER, M.D.
LANA GORDON, SECRETARY

The Kansas Department of Labor opposes House Bill 2785. Unemployment fraud is a crime, and reducing the period of disqualification from five years to two years is a step in the wrong direction.

The right to receive unemployment benefits is not absolute.^[1] In order to receive benefits individuals must be monetarily entitled; be able to, available for, and actively seeking work on a weekly basis; must be unemployed through no fault of their own; and must properly report any earnings they have during the claimed week. Properly reporting weekly earnings is important because benefits are reduced by earnings over 25% of the individual's weekly benefit amount.^[2] If an individual knowingly makes a false statement or representation in order to increase benefits, the person is disqualified from receiving benefits for five years. The person must repay the benefits and is liable for a penalty equal to 25% of the benefits improperly received.^[3]

Common intentional misrepresentations include individuals intentionally failing to report returning to work in order to receive an extra week of benefits, under reporting earned wages to avoid reduction in benefits, and setting up fake businesses to claim benefits.

Prior to enactment of House Bill 2105 in 2013, Kansas had weak penalties for committing unemployment fraud. Changing the period of disqualification from one year to five years was just one part of an overall strategy to combat unemployment fraud. Other efforts to protect the integrity of the unemployment trust fund include: creation of law enforcement authority within the Department of Labor; imposition of additional monetary penalties; and joining with special task forces with federal authorities to not only combat unemployment fraud, but also other labor violations such as human trafficking, identify theft and workers compensation fraud.

Thank you for your time and your "no" vote on 2785.

^[1] *National Gypsum Co. v. State Employment Sec. Bd. of Review*, 244 Kan. 678, 681 (1989).

^[2] See, K.S.A. 44-704(f).

^[3] K.S.A. 44-706(g).