

# STATE OF KANSAS

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June 1, 2022

**GOVERNOR LAURA KELLY**

Secretary Marty J. Walsh  
U.S. Department of Labor  
200 Constitution Ave NW  
Washington, DC 20210

Secretary Walsh,

I am writing to express my concern that the U.S. Department of Labor (USDOL) has yet to provide American Rescue Plan Act (ARPA) funds to Kansas or any other state to directly support efforts to modernize unemployment insurance (UI) computer systems. Coupled with Congress' unacceptable and shortsighted decision to reduce UI Administration Grant allocations by 10% in the current federal fiscal year, states are not receiving the necessary support to recover from the pandemic. Despite our unemployment rate returning to historically low levels, Kansas is still using antiquated equipment to work through pandemic-related claims, claims maintenance adjustments, overpayments, and fraud identification and mitigation.

As you said in March during testimony to the Congressional House Appropriations Subcommittee, "the unemployment system will need an investment on a state and federal level to bring systems up to 21<sup>st</sup> century standards." That is particularly true here in Kansas, and our state has already provided \$46 million in state and discretionary funds to address the unemployment issues created by the pandemic surge in addition to the \$41 million contract that we just signed to modernize our UI system. Our state has done its part. It is time for USDOL to do the same with the funding currently at its disposal.

Kansas' current mainframe system used to process UI benefits was created in the 1970s. The Kansas Department of Labor first began the modernization process in 2005, but that effort was irresponsibly abandoned in 2011 by the preceding administration, directly leading to systemic inefficiencies and vulnerabilities during the pandemic. When Kansans needed a strong unemployment insurance distribution system most, the state's system collapsed under the weight of the number of claims and experienced a backlog of fraud investigations.

My administration is working quickly to update our systems, so we do not face similar problems in the future, and we are grateful for the support that we have received from USDOL through the Tiger Teams project and the opportunity to apply for funds to increase equity. However, these funding opportunities are secondary to what states truly need: direct support for UI modernization projects. Congress identified UI modernization as a priority for all states and allocated \$2 billion to the USDOL to spur these very projects.

I look forward to USDOL swiftly allocating these funds for their intended use. The failure to urgently disburse these funds for their intended purpose would indicate a national failure to learn from the lessons of this pandemic, leading to the unthinkable possibility that states, claimants, and businesses could be forced to undergo the same challenges during the next economic downturn. I refuse to accept that fate. We have an opportunity to do something about our country's antiquated unemployment systems. We owe it to Kansans and the American people to try.

Respectfully,

A handwritten signature in blue ink that reads "Laura Kelly".

Laura Kelly  
Governor of Kansas