

MINUTES OF THE HOUSE COMMERCE & ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Anthony R. Brown, at 1:35 p.m. on March 8, 2011, in Room 785 of the Docking State Office Building.

All members were present.

Committee staff present:

Renae Jefferies, Office of the Revisor of Statutes
Ken Wilke, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Joyce Bishop, Committee Assistant

Conferees appearing before the Committee:

Kathie Sparks, Deputy Secretary, Kansas Department of Labor

Others attending:

See attached list.

Chairperson Brown reopened the hearing on **SB 77, Employment security law; interest payment assessment; duties of secretary.**

The opponent who was not able to be present on March 8th, Robert Bausch, Assistant Business Agent I.B.E.W Local Union #226, presented his testimony (Attachment 1).

Kathie Sparks, Deputy Secretary, Kansas Department of Labor, distributed answers to questions that had been asked at the March 7th meeting (Attachment 2). She then requested five amendments to the bill (Attachment 3).

Chairperson Brown called for testimony from proponents of the bill, and the following individuals made presentations.

Eric Stafford, Senior Director, Governmental Affairs, Kansas Chamber of Commerce (Attachment 4).

Phil Hayes, State Director Elect, Kansas Society of Human Resource Management (Attachment 5).

Natalie Bright, Government Affairs Consultant, Wichita Independent Business Association (Attachment 6).

Dan Murray, State Director, National Federation of Independent Business (Attachment 7).

Emily Compton, President, Goodwill Industries of Kansas (Attachment 8).

Chairperson Brown said the following proponents had submitted written only testimony:

Ashley Sherard, Vice President, Lenexa Chamber of Commerce (Attachment 9).

Dennis Lauver, President, Salina Chamber of Commerce (Attachment 10).

The meeting adjourned at 3:20 p.m.

HOUSE COMMERCE & ECONOMIC DEVELOPMENT COMMITTEE

1:30pm,

Room 785, Docking State Office Building

GUEST LIST

DATE: March 8, 2011

| NAME | REPRESENTING |
|---------------------|---------------------------|
| Kathie Sparks | KDOL |
| Inayat Noor-mohamad | KDOL |
| Geoff Wiggins | KDOL |
| Bob Lierz | KDOL |
| Heather Soren | KDOL |
| Kristen Rottinghaus | KDOL |
| Ernie Compton | Goodwill Industries of KS |
| Gayle Goetz | Goodwill Industries of KS |
| Phillip M. Hayes | KS SHRM |
| Natalie Bright | WIBA |
| Tam Slaughter | Capital Strategies |
| Paje Routhier | Hein Law Firm |
| David Pomeroy | Kearney & Assoc. |
| Sandy Braden | GBA |
| Andy Sanchez | KS AFL-CIO |
| Robert Bausch | workers |
| Eric Stoffel | KS Chamber |
| Don Murray | NFIB |

Testimony in Opposition of SB 77
Hse. Commerce & Economic Dev. Comm.
March 7, 2011

By Robert Bausch
2120 SW Stone Ave.
Topeka, KS 66604

Good afternoon. Thank you Chairman Brown and members of the Committee. I appreciate this opportunity to speak in opposition to SB 77.

My name is Robert Bausch and I am currently an Assistant Business Manager for I.B.E.W. Local Union #226. It is a position I have held just 7 months. I worked in the Electrical Construction field for 17 years. My purpose for being here today is to let you know that reinstating the waiting week for unemployment benefits has a devastating effect on workers. I want to just give you an idea of what some of my fellow electricians and construction trade workers are experiencing with unemployment benefits in the current economy. My personal story is that I attended 1 ½ yrs of college before serving a 5 year apprenticeship to become a journeyman electrician. I was able to attain a state journeyman's license which helps in the effort to stay working steady. For a time I was single, but I am now married and have a family.

I am a co-owner of my home with a local bank and home mortgage is just one of things I have been able to maintain because of unemployment insurance. I consider myself lucky to have been able to purchase a home and maintain that loan. I've went wherever I had to, just to find work. Many young folks today are not having the chance to purchase a home and instead rent because that's all they can afford. In my 17 years devoted to the trade I have observed that the workers I have worked along side of struggle more and more. People are not getting rich off unemployment benefits, they are simply doing what it was meant for and that is surviving. When a mortgage is due, then add in utilities, a car payment, gasoline, groceries and possibly daycare and people are simply getting by. Some are not.

I managed to get my finances to the point where I had no debt and some money in the bank. At the time my rent was only \$250 a month. I got laid off in August of 2001. I finally found work in Illinois in April 2002. By that time, due to expenses looking for work I was down in my savings. The job only lasted six weeks and I was back to looking again. Finally in late November 2002 I found work again in Massachusetts for several months. At the time I was single, but now that I am married with one child and one on the way, the money doesn't stretch as far with day care, mortgage, food, diapers, gas, and monthly bills. These expenses are what families have got to meet while on unemployment and missing even one week can be devastating to a family. In closing, I would ask you to consider to not reinstate the waiting-week regarding unemployment benefits as it only causes severe hardship when people need help the most. Too many people have already fallen through the cracks and you could help a lot of people who just want to get by until that next job comes along. I consider my story to be a success story because my family and I accessed the system and the safety net worked. I am no different than thousands of Kansans who need help at this very moment. I hope you will choose to help them. Thank you.

House Commerce & Economic
Development Committee
Date: 03/08/2011
Attachment #: 1 - 1

MEMORANDUM

DATE: March 8, 2011
TO: Members of the House Committee on Commerce
FROM: Deputy Secretary Kathie Sparks, Kansas Department of Labor
SUBJECT: Information Related to Senate Bill 77

Senate Bill 77 contains the following provisions:

Section 1

1. **Allows Procurement of a Pooled Money Investment Board (PMIB) Loan** *(Page 1)*
 - For deposit into the employment security interest assessment fund
 - May not exceed \$3,000,000
 - Loan shall bear interest at a rate of 1.5%
 - Approved by Legislative Coordinating Council (LCC) September 12, 2011 and funds transferred to KDOL by September 23, 2011
 - Interest **payment** made by **September 30, 2011**
 - Loan must be repaid by June 30, 2012 – KDOL plans repayment no later than Feb. 1, 2012

Section 2

1. **Increase in Taxable Wage Base** *(Page 18)*
 - The current taxable wage base - \$8,000
 - 2012 - \$9,000
 - 2013 - \$10,000
 - 2014 - \$11,000 and for each calendar year thereafter
 - It is estimated that this provision will generate approximately \$45.8 million in 2012, \$79.9 million in 2013 and \$112.9 million in 2014, totaling **\$238.7 million in additional Trust Fund revenue** over the 3-year span.

Section 3

1. **3-year Look Back for the Extended Benefit (EB) Trigger** *(Page 26-27)*
 - Provision proposes extending the current two calendar year look back EB trigger to a three calendar year look back trigger.

2. Reinstatement of Waiting Week (Page 32)

- Reinstates law effective in Kansas from 1939 to 2007
- The provision does not affect the number of weeks of benefits available.
- On the fourth week of unemployment (current law), the claimant will receive one check instead of two.
- **Cost savings approximately \$11.5 million**

3. Elimination of Benefit Eligibility for Relocating Spouses (Except Armed Forces) (Page 34)

- Individuals who follow spouses to another location currently receive benefits. This provision would exclude this, except for spouses of military personnel who have no discretion over relocation.
- Became effective 04/13/1989
- **Cost savings approximately \$1.9 million**

Section 6

1. Extension of 2010 HB 2676 Rates (Page 47)

- HB 2676 provided reduced tax rates for positive balance employers in rate group 1 through 32 for CY 2010 and CY 2011.
- Proposes a 3-year extension of the reduced rates established in HB 2676 beginning in CY 2012 and ending in CY 2014.

Section 7

1. Increase in Number of Negative Balance Employer Rate Groups and Surcharge (Page 62)

- Expands the number of negative reserve ratio groups from 10 to 20 and increases the maximum allowable surcharge from 2.0% to 4.0%.
- For the three-year period beginning in 2012 and ending in 2014, the first ten rate groups of negative balance employers will pay an additional 0.1% surcharge.
- Estimated to create **\$25.5 million** in additional revenue over the 3-year period.

2. Establishment of an Employment Security Interest Assessment Fund (Page 63)

- Allows that funds collected from the surcharge paid by negative balance contributing employers will be used to pay interest due on Title XII advances.
- For the calendar year 2011, 50% of the surcharge will be paid into the newly established employment security interest assessment fund for the purpose of paying interest due.
- The secretary may adjust the amount of the surcharge to meet the necessary interest payment in succeeding years.

Section 8

1. Conforming Language for Negative Balance Employer Surcharge (Page 73-85)

Amendments

1. Mandatory Electronic Filing for Employers with 50 or More Employees

- Current law mandates electronic filing of wage reports and contribution returns and electronic payment of contributions, benefit cost payments or reimbursing payments for employers with 100 or more employees, as well as third party administrators with 50 or more client employees.

- Provision provides that the same electronic payment requirement stated above also applies to employers with 50 or more employees, as well as to the payment of interest assessments.

2. Optional Withholding of State Taxes from Unemployment Compensation

- Current law permits that a claimant may elect to have federal income tax deducted and withheld from their unemployment compensation payment.
- Provision provides that a claimant may also elect to have state income tax deducted and withheld from their unemployment compensation payment at the rate of 3.5%.

3. Technical Clean-up Requested by Federal Counterparts (Section 3; Page 26-27)

Employer and UI Claimant Cost From All SB 77 Provisions

| Year | Employer Type | Cost |
|-------------|---------------|---------------|
| 2012 | Positive | \$29,470,397 |
| | Negative | \$23,838,375 |
| | Ineligible | \$1,019,274 |
| Total | | \$54,328,045 |
| 2013 | Positive | \$54,457,473 |
| | Negative | \$32,250,337 |
| | Ineligible | \$1,716,211 |
| Total | | \$88,424,021 |
| 2014 | Positive | \$78,567,157 |
| | Negative | \$40,489,950 |
| | Ineligible | \$2,365,520 |
| Total | | \$121,422,628 |
| Grand Total | | \$264,174,694 |

Note: Includes taxable wage increase and negative balance employer surcharge increase.

| Year | Claimant Benefit Reduction | Cost |
|-------------|--------------------------------|--------------|
| 2012 | Waiting Week Reinstatement | \$11,452,037 |
| | Elimination of Trailing Spouse | \$1,936,694 |
| Total | | \$13,388,731 |
| 2013 | Waiting Week Reinstatement | \$11,452,037 |
| | Elimination of Trailing Spouse | \$1,936,694 |
| Total | | \$13,388,731 |
| 2014 | Waiting Week Reinstatement | \$11,452,037 |
| | Elimination of Trailing Spouse | \$1,936,694 |
| Total | | \$13,388,731 |
| Grand Total | | \$40,166,193 |

Note Regarding FUTA

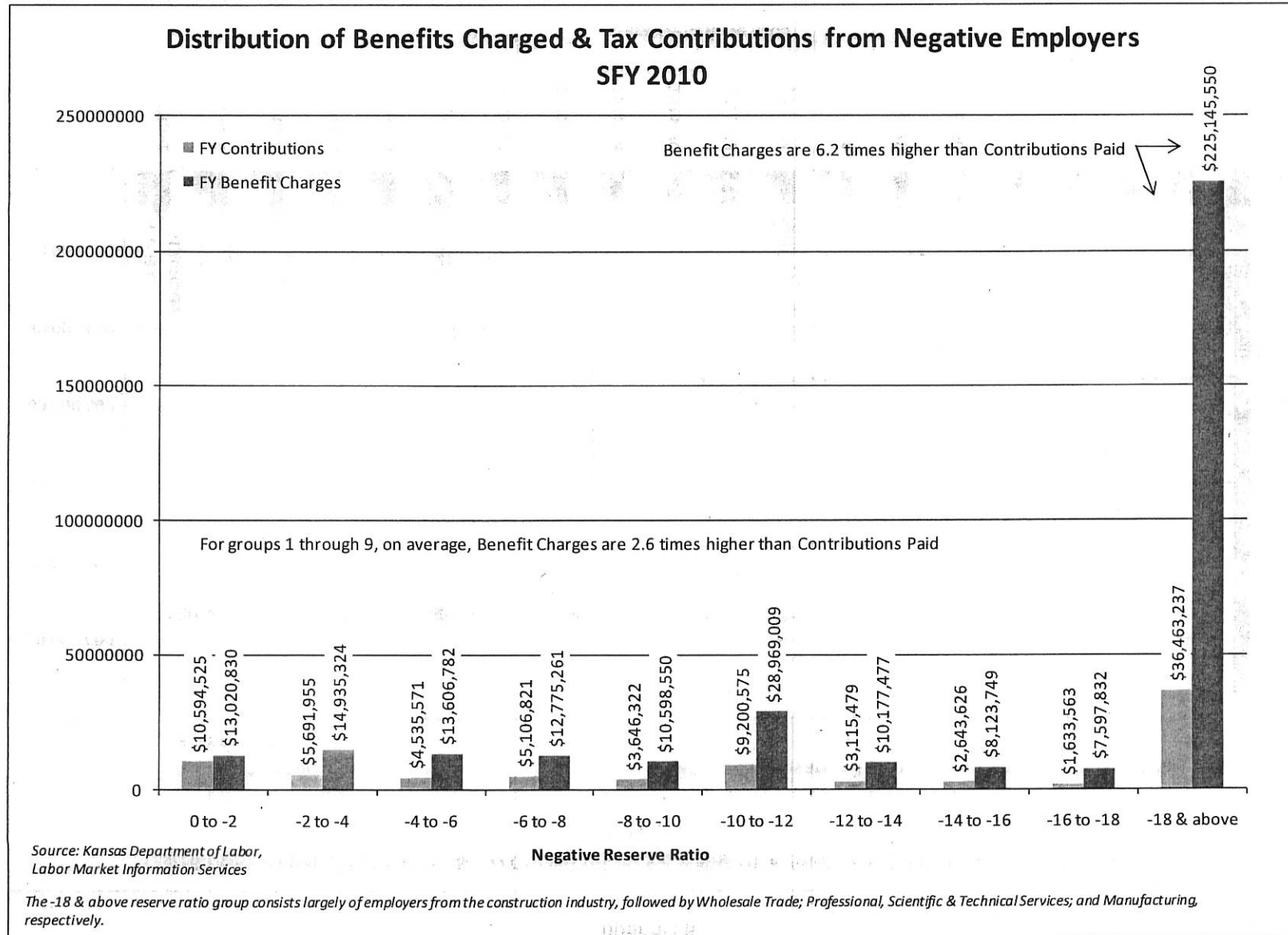
Under the current FUTA, a federal payroll tax of 6.2 percent is levied on the first \$7,000 annual earnings paid to each employee.

| | |
|------------------------|------|
| FUTA Tax Rate | 6.2% |
| (less) Employer Credit | 5.4% |
| Net FUTA Tax | 0.8% |

| Year | \$7,000 Taxable Wage Base | | FUTA Rate | \$15,000 Taxable Wage Base | |
|------|---------------------------|-------------------|-----------|----------------------------|-------------------|
| | FUTA Rate | Cost Per Employee | | FUTA Rate | Cost Per Employee |
| 2011 | 0.8% | \$56.00 | 0.8% | \$120.00 | |
| 2012 | 1.1% | \$77.00 | 1.1% | \$165.00 | |
| 2013 | 1.4% | \$98.00 | 1.4% | \$210.00 | |
| 2014 | 1.7% | \$119.00 | 1.7% | \$255.00 | |

Note: Under the provisions of SB 77, it is projected that the Title XII loan balance will be repaid during the second quarter of 2014, resulting in no further FUTA reductions.

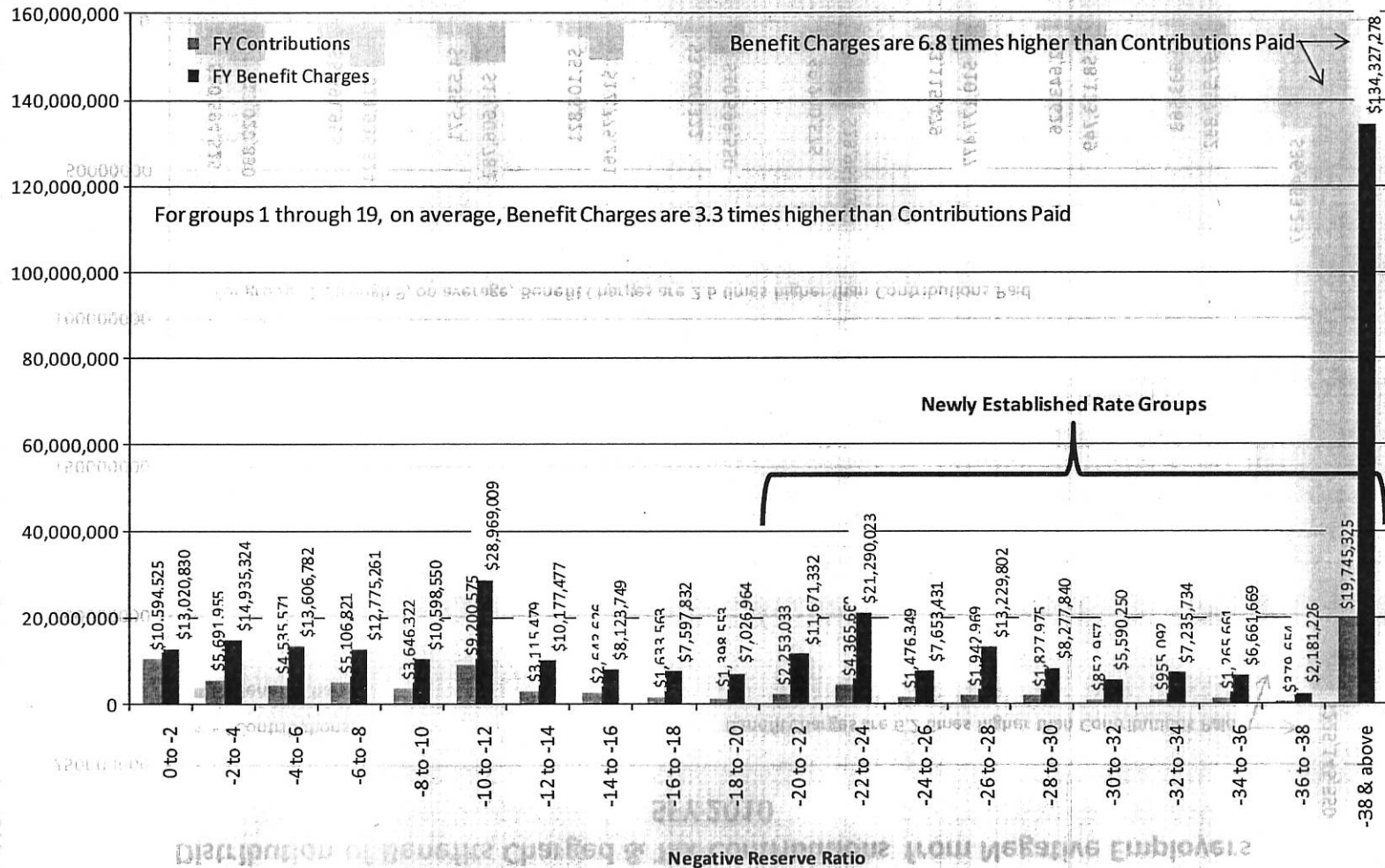
Appendix A



Appendix B

Distribution of Benefits Charged & Tax Contributions from Negative Employers (with 10 additional groups)

SFY 2010

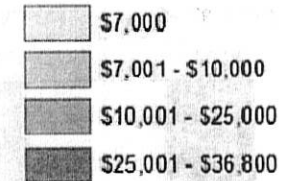


Source: Kansas Department of Labor, Labor Market Information Services

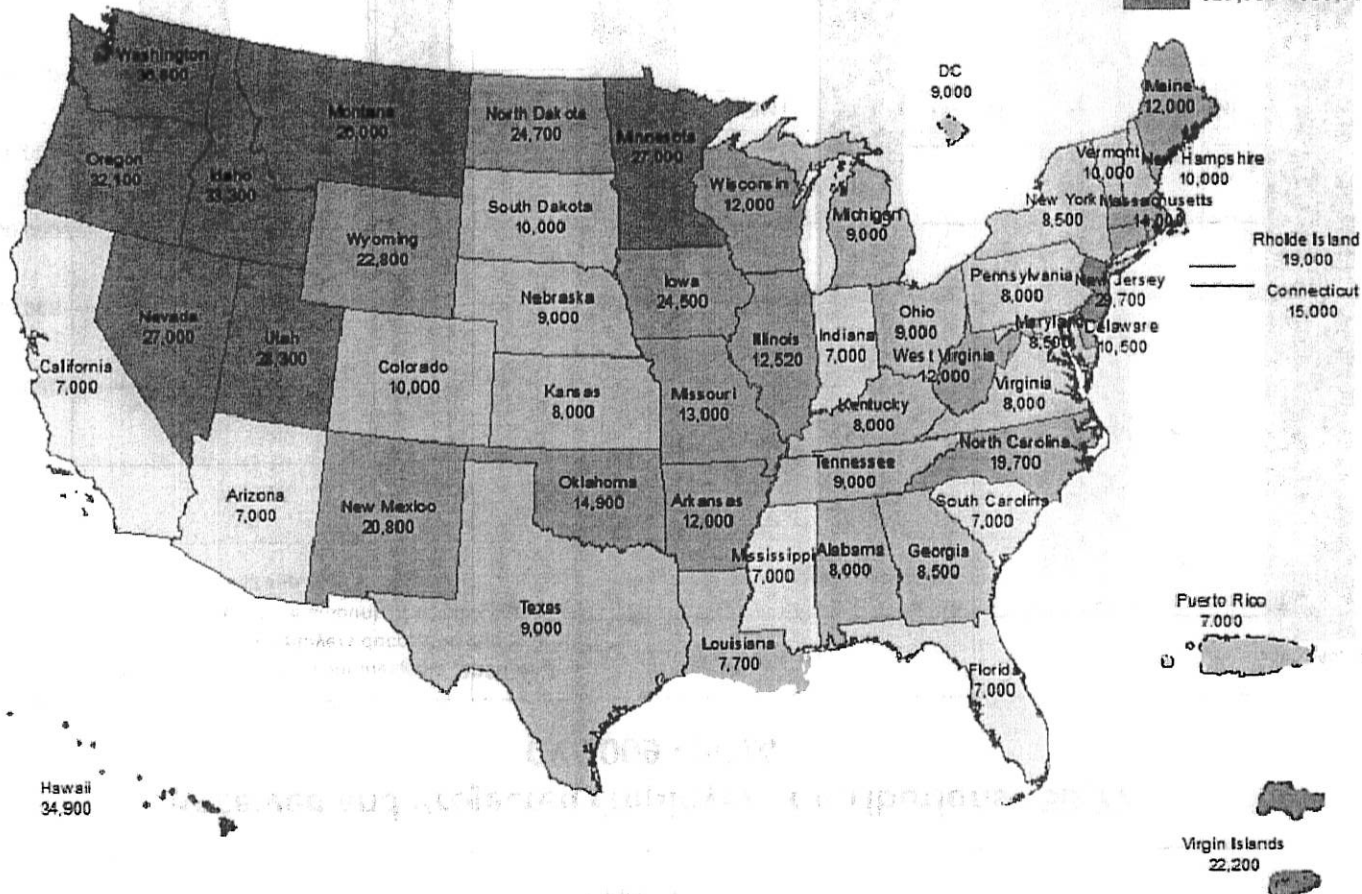
Appendix C

Taxable Wage Base by State Calendar Year 2010

Taxable Wage Base

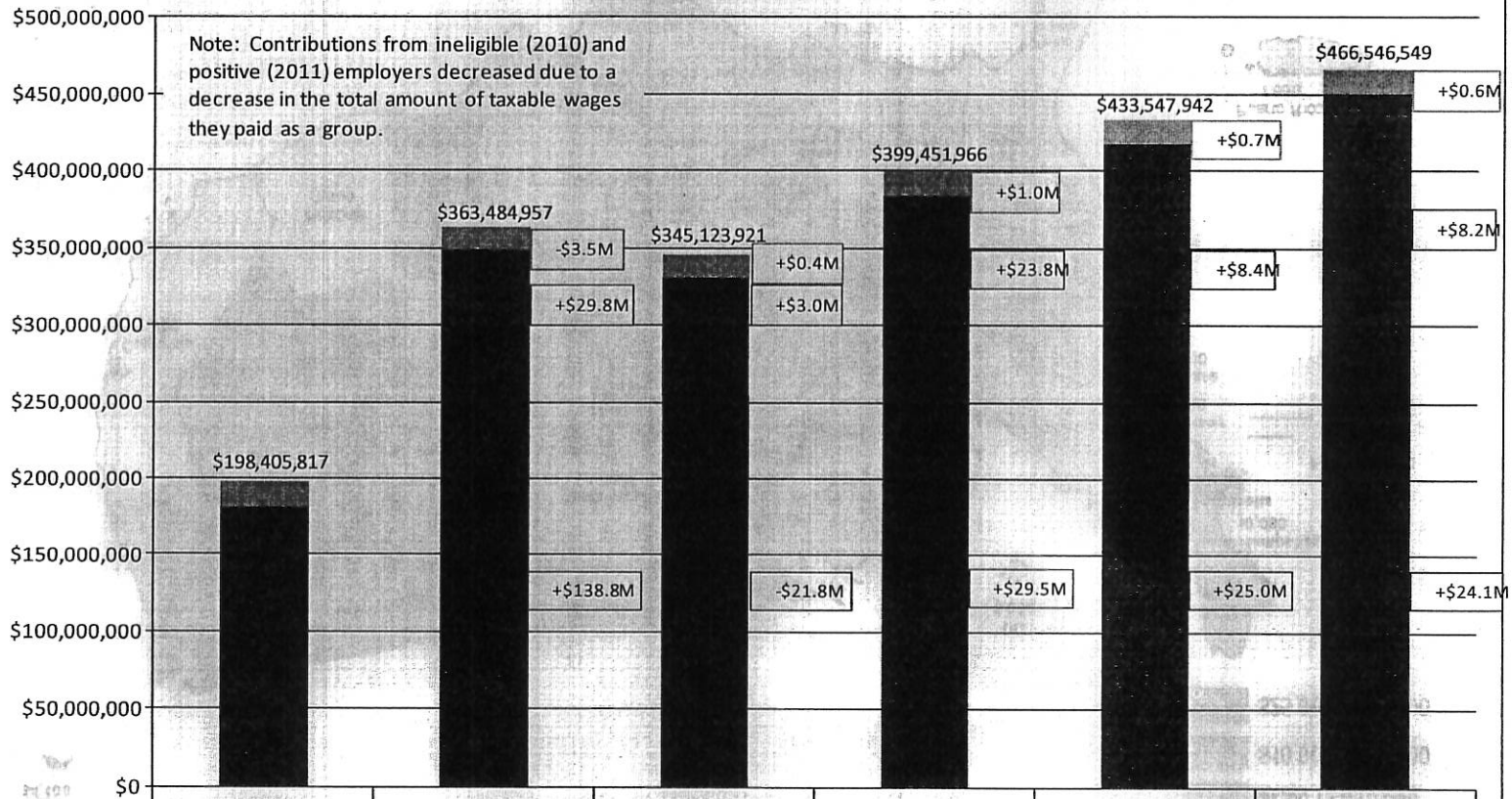


Alaska
34,100



Appendix D

Received and Projected Employer Contributions - SB 77 CY 2009 - 2014

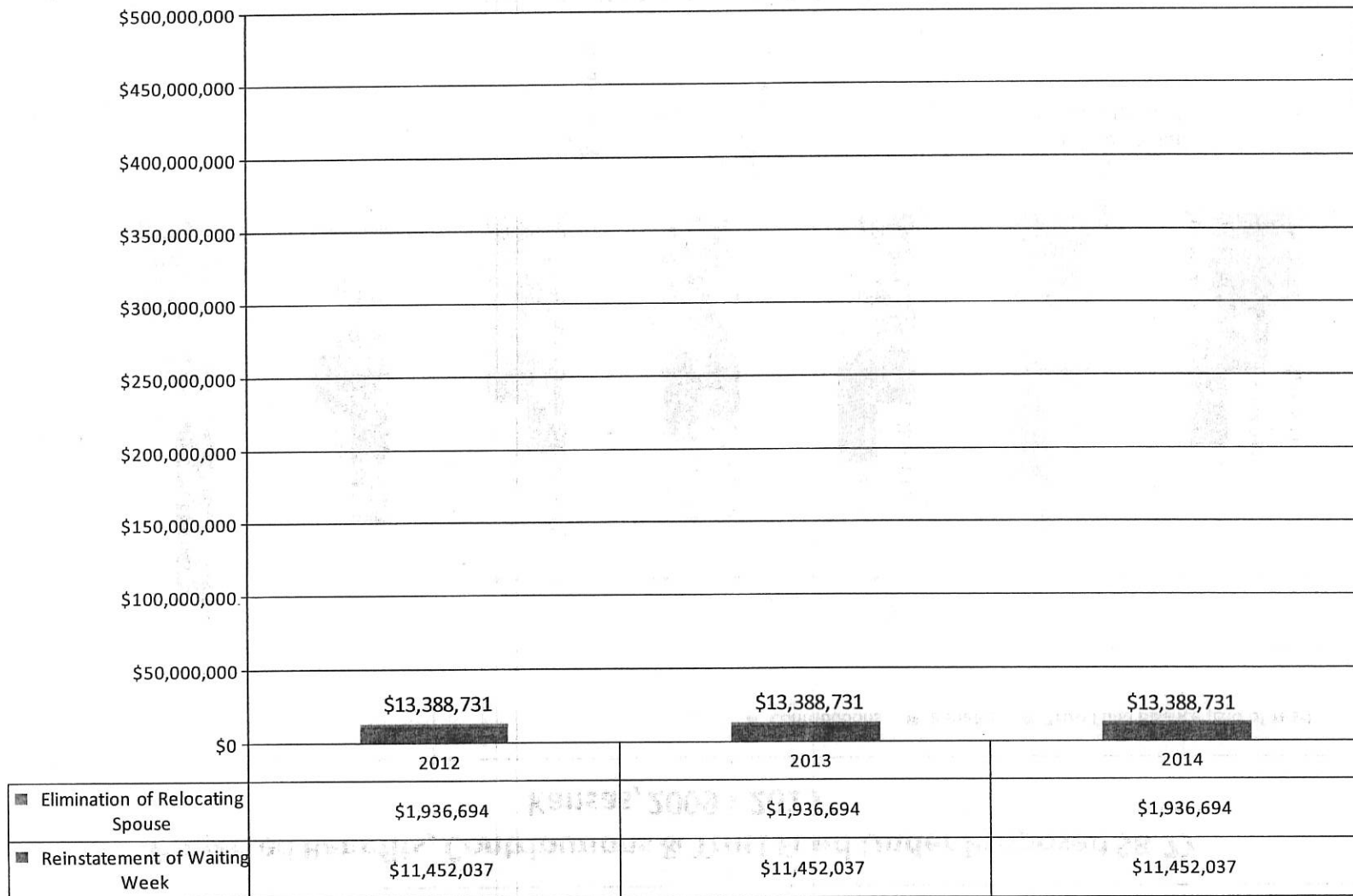


Note: Projections assume 1.10% on Schedule III through 2014.

Source: Kansas Department of Labor,
Labor Market Information Services

Appendix E

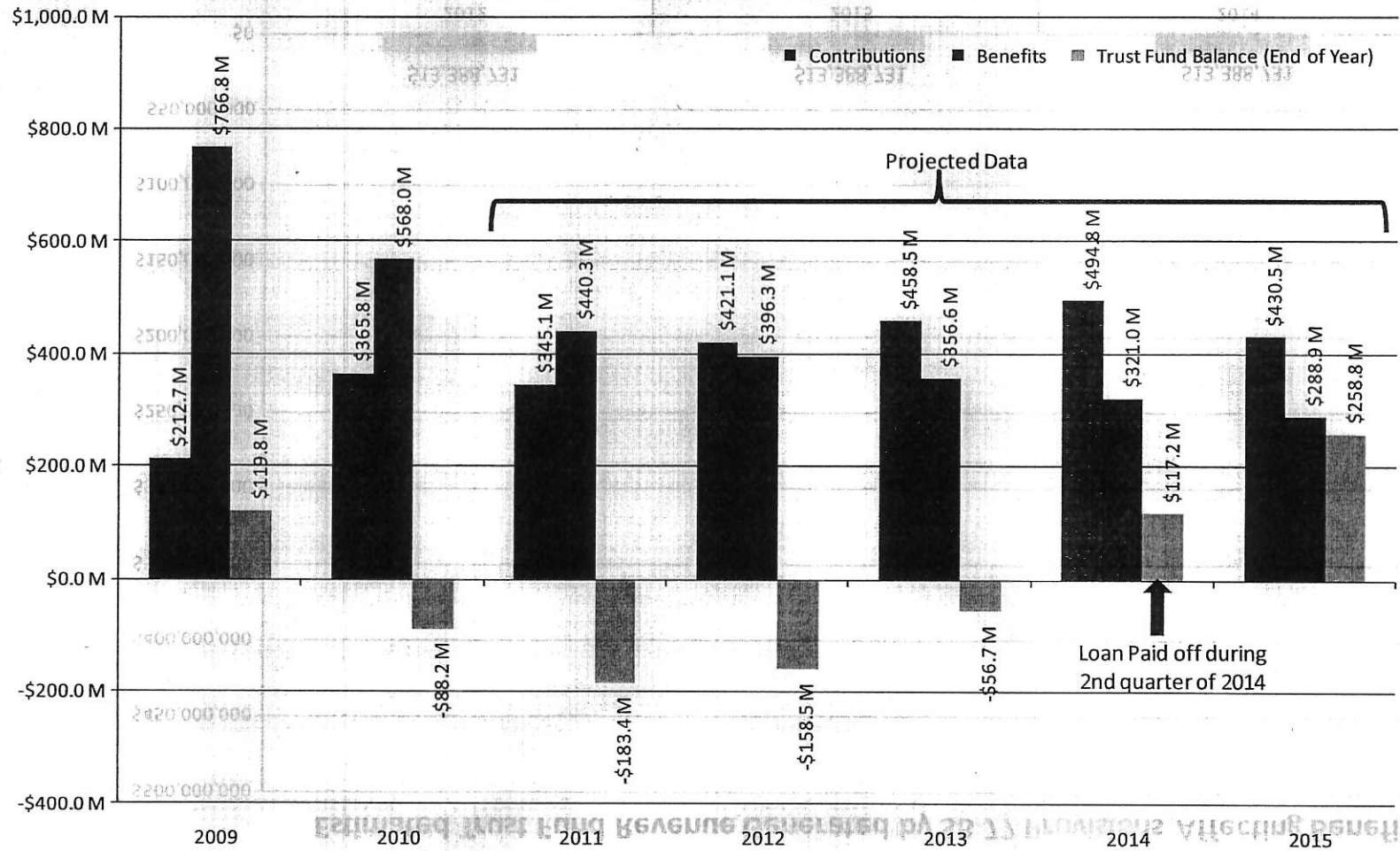
Estimated Trust Fund Revenue Generated by SB 77 Provisions Affecting Benefits



Source: Kansas Department of Labor, Labor Market Information Services

Appendix F

Projected Benefits, Contributions & Trust Fund Under Proposed SB 77 Kansas, 2009 - 2015



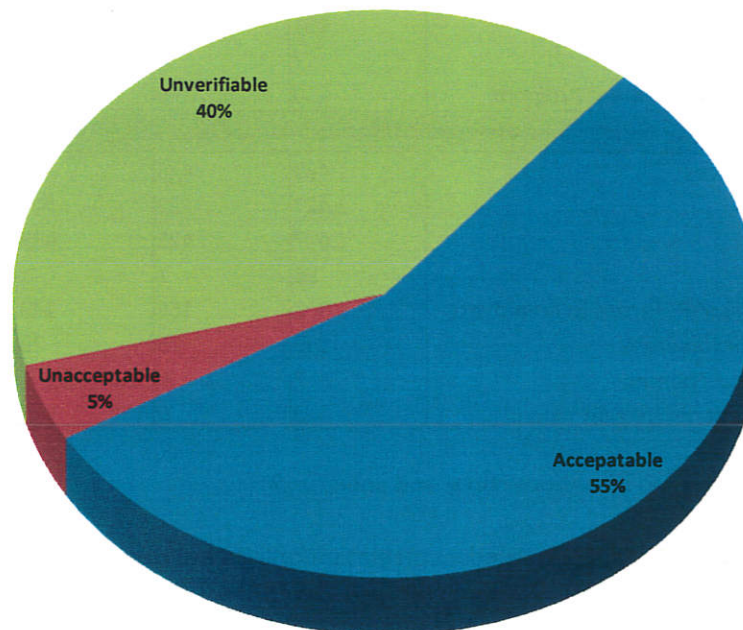
Source: Labor Market Information Services, Kansas Department of Labor.

MEMORANDUM

DATE: March 8, 2011
TO: Members of the House Committee on Commerce
FROM: Deputy Secretary Kathie Sparks, Kansas Department of Labor
SUBJECT: Responses to Questions Posed by Committee Members

1. What do we do to ensure that people are looking for work, not turning down job offers, etc?

**Results of Sampling Data for Worksearch Requirement
2010 Data**





Profiling and Reemployment Services - CY 2010

| Catagories | 3/31/2010 | 6/30/2010 | 9/30/2010 | 12/31/2010 | Total |
|--|-----------|-----------|-----------|------------|--------|
| Section A: Profiled Claimants | | | | | |
| Total Profiled | 19,273 | 13,087 | 12,787 | 14,649 | 59,796 |
| Number Put in Selection "Pool/Queue" | 2,862 | 2,882 | 2,974 | 2,929 | 11,647 |
| Number Referred to Services | 1,813 | 550 | 516 | 719 | 3,598 |
| Number Exempted from Mandatory | 0 | 0 | 1 | 1 | 2 |
| Section B: Profiled Claimants Referred To and Reporting To Services | | | | | |
| Number Reported to Services | 1,496 | 441 | 429 | 529 | 2,895 |
| Orientation | 1,460 | 437 | 423 | 525 | 2,845 |
| Assessment | 1,460 | 438 | 423 | 527 | 2,848 |
| Counseling | 93 | 1 | 1 | 1 | 96 |
| Job Placement Services and Referrals to Employers | 923 | 166 | 149 | 267 | 1,505 |
| Job Search Workshops or Job Clubs | 191 | 25 | 28 | 21 | 265 |
| Referral to Education and Training | 7 | 0 | 1 | 1 | 9 |
| Number Enrolled in Self-Employment Program | 0 | 0 | 0 | 0 | 0 |
| Section C: Profiled Claimants Referred To and Completing Services | | | | | |
| Number Completed Services | 1,463 | 428 | 414 | 515 | 2,820 |
| Orientation | 1,427 | 422 | 409 | 509 | 2,767 |
| Assessment | 1,427 | 423 | 409 | 511 | 2,770 |
| Counseling | 93 | 1 | 1 | 1 | 96 |
| Job Placement Services and Referrals to Employers | 903 | 164 | 148 | 267 | 1,482 |
| Job Search Workshops or Job Clubs | 190 | 25 | 28 | 21 | 264 |
| Completed Education and Training | 7 | 0 | 1 | 1 | 9 |
| Completed Self-Employment Program | 0 | 0 | 0 | 0 | 0 |

2. Is there a correlation between benefit outflow and solvency?

- a. An analysis of all states revealed a correlation of 0.25 between a state's average weekly benefit amount and their Trust Fund loan status. As such, these two factors are not significantly related to one another.



3. How do we compare to the states surrounding us in terms of benefits going out and contributions coming in?

| Unemployment Insurance Data Summary Kansas and the Surrounding States 2009 - 2010 | | | | | | | |
|---|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Year | UI Data Summary Item | Colorado | Iowa | Kansas | Missouri | Nebraska | Oklahoma |
| 2009 | Trust Fund Loans | \$0 | \$0 | \$0 | \$291,562,000 | \$0 | \$0 |
| 2009 | Trust Fund Balance (09/30/2009) | \$191,011,000 | \$480,569,000 | \$264,155,000 | \$13,913,000 | \$207,186,000 | \$595,465,000 |
| 2010 | Benefit Payments | \$993,470,000 | \$637,465,000 | \$585,607,000 | \$902,333,000 | \$204,497,000 | \$441,949,000 |
| 2010 | Weeks Compensated | 2,877,374 | 2,079,063 | 1,801,626 | 3,779,203 | 835,338 | 1,584,440 |
| 2010 | Contributions | \$448,121,000 | \$475,058,000 | \$344,963,000 | \$589,707,000 | \$196,646,000 | \$175,864,000 |
| 2010 | Covered Employment | 2,128,000 | 1,419,000 | 1,279,000 | 2,530,000 | 880,000 | 1,436,000 |
| 2010 | Trust Fund Loans | \$303,071,000 | \$0 | \$88,159,000 | \$430,555,000 | \$0 | \$0 |
| 2010 | Trust Fund Balance (09/30/2010) | \$21,140,000 | \$313,962,000 | \$109,745,000 | \$93,028,000 | \$232,124,000 | \$320,528,000 |
| 2010 | Taxable Wage Base | \$10,000 | \$24,700 | \$8,000 | \$13,000 | \$9,000 | \$14,900 |
| 2010 | Average Duration | 17.7 | 15.7 | 19.0 | 19.1 | 15.2 | 19.5 |
| 2010 | Average Weekly Benefit Amount | \$351.82 | \$322.27 | \$332.19 | \$248.13 | \$250.50 | \$279.37 |

4. How does the wage replacement rate rank among KS and surrounding states?

Kansas & Surrounding States
12-Month Period Ending September 2010

| State | % of Wage Replacement | Rank Among All States |
|----------|-----------------------|-----------------------|
| Iowa | 44.4 | 3 |
| Kansas | 43.7 | 7 |
| Oklahoma | 39.4 | 17 |
| Colorado | 38.7 | 21 |
| Nebraska | 35.4 | 30 |
| Missouri | 31.3 | 39 |

5. How many people have been disqualified from receiving regular program benefits this year for monetary and non-monetary reasons? Provide additional detail for non-monetary disqualifications.
- a. Of the 167,079 monetary determinations, 107,933 claims were determined to be monetarily eligible. Of those 107,933 monetarily eligible claims, 49,191 claims were denied for a nonmonetary reason. This resulted in approximately 58,742 new claims that were determined eligible for payment.

| Monetary Determinations Kansas 2010 | | | |
|--|---------------|--------------------|------------------|
| Quarter | Total | Insufficient Wages | Sufficient Wages |
| 1st Quarter | 61,104 | 51.6% | 48.4% |
| 2nd Quarter | 32,756 | 27.2% | 72.8% |
| 3rd Quarter | 35,877 | 25.1% | 74.9% |
| 4th Quarter | <u>37,342</u> | <u>25.9%</u> | <u>74.1%</u> |
| 2010 Total | 167,079 | 35.4% | 64.6% |
| Source: Labor Market Information Services, Kansas Department of Labor | | | |

| Nonmonetary Determinations Kansas 2010 | | | | | | | | | |
|--|---------------|-------------------|--------------------------|--|----------------------|-------------|------------------------|-------------------------------|-------------|
| Quarter | Total | Voluntary Leaving | Discharge for Misconduct | Able, Available, Actively Seeking Work | Disqualifying Income | Refusal | Reporting Requirements | Refusal of Profiling Services | Other |
| 1st Quarter | 13,129 | 28.6% | 21.6% | 17.9% | 1.4% | 0.4% | 23.2% | 1.0% | 5.9% |
| 2nd Quarter | 11,335 | 26.3% | 20.1% | 16.0% | 1.4% | 0.3% | 25.7% | 1.3% | 8.9% |
| 3rd Quarter | 12,911 | 31.8% | 21.2% | 12.3% | 1.5% | 0.3% | 25.8% | 0.5% | 6.7% |
| 4th Quarter | <u>11,816</u> | <u>31.7%</u> | <u>20.3%</u> | <u>13.5%</u> | <u>1.3%</u> | <u>0.3%</u> | <u>27.2%</u> | <u>0.0%</u> | <u>5.7%</u> |
| 2010 Total | 49,191 | 29.7% | 20.8% | 14.9% | 1.4% | 0.3% | 25.4% | 0.7% | 6.7% |

Source: Labor Market Information Services, Kansas Department of Labor

Notes:

1. Voluntary Leaving - Leaving work without good cause
2. Discharge for Misconduct - Employer initiated separations occurring for reasons other than lack of work
3. Able, Available, Actively Seeking Work - Being physically or mentally incapable of performing work
4. Disqualifying or Deductible Income - Relating to effect of payments such as worker's comp, pension, etc.
5. Refusal - Claimant's refusal of suitable work without good cause
6. Reporting Requirements - Issues involving requests for backdated claims, late filing/failure to report
7. Refusal of Referral to Profiling Services - Refusing to accept referral to services without justifiable cause
8. Other - Alien status, Professional Athletes, School/Educational issues

6. Could we allow negative balance employers to participate in the Shared Work program?

- a. **K.S.A. 44-757(d)(8)(A)** a contributing employer ~~must be~~ is eligible for a rate computation under subsection (a)(2) of K.S.A. 44-710a and amendment thereto and is not a negative account employer as defined by subsection (d) of K.S.A. 44-710a and amendments thereto; **except that a negative balanced employer shall also be eligible for the shared work plan if it makes a voluntary contribution of 50% of the negative account balance, computed from the last experience rating period. To remain eligible the employer must make an additional voluntary contribution of the remaining portion of the negative account balance within 90 days of the initial voluntary contribution;** (B) a rated governmental employer must be eligible for a rate computation under subsection (g) of K.S.A. 44-710d and amendments thereto.
- b. **K.S.A. 44-710a(c)** *Voluntary contributions.* Notwithstanding any other provision of the employment security law, any employer may make voluntary payments for the purpose of reducing or maintaining a reduced rate in addition to the contributions required under this section. Such voluntary payments may be made only during the thirty day period immediately following the date of mailing of experience rating notices for a calendar year. All such voluntary contribution payments shall be paid prior to the expiration of 120 day after the beginning of the year for which such rates are effective, **except that a voluntary contribution, to qualify for the shared work program as outlined in K.S.A. 44-757(d)(8)(A), shall be allowed at any time.** The amount of voluntary contributions shall be credited to the employer's account.....

K.S.A. 2010 Supp. 44-712 New Section

- (a) Pursuant to K.S.A. 2010 Supp. 75-4209(d), the pooled money investment board is authorized and directed to make loans as requested by the secretary of labor to fund debt obligations to the federal government as may have been, or continue to be, incurred by the employment security fund. (1) The line of credit so extended shall be at an interest rate not to exceed 2%; and (2) shall remain in effect for a period of three years from the date of the first loan requested. The pooled money investment board may reauthorize this line of credit following the initial three year period if deemed mutually beneficial by the board and the secretary of labor.
- (b) The secretary of labor is authorized to request and receive loans from the pooled money investment fund for purposes described herein.
- (c) The outstanding balances of such loans in aggregate shall not exceed the limit imposed by K.S.A. 2010 Supp. 75-4209(d).
- (d) Such loan shall not be deemed to be an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the constitution of the state of Kansas.
- (e) The pooled money investment board, secretary of labor, and state treasurer shall coordinate as needed to make the appropriate transfers and payment of moneys anticipated hereunder.

SENATE BILL No. 77

By Committee on Commerce

1-31

1 AN ACT concerning the employment security act; creating an
2 assessment for the payment of interest on advances received from
3 the federal government; removing the waiting week extension;
4 pertaining to benefits; amending K.S.A. 2010 Supp. 44-703, 44-
5 704a, 44-705, 44-706, ~~44-710~~, 44-710a and ~~44-717~~; and repealing
6 the existing sections.

allowing withholding of taxes from unemployment
compensation

, 44-717 and 44-718

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 *New Section 1. To provide for the payment to the United States*
10 *treasury from the state employment security interest assessment fund*
11 *for interest on loans made to the state employment security fund, for*
12 *the purpose of paying interest due and owing on funds received from*
13 *the federal unemployment account under title XII of the social*
14 *security act. The pooled money investment board is authorized and*
15 *directed to loan to the department of labor sufficient funds therefor*
16 *in an amount or amounts which in the aggregate shall not exceed*
17 *\$3,000,000 and such moneys shall be deposited in the state*
18 *employment security interest assessment fund. The pooled money*
19 *investment board is authorized and directed to use any moneys in the*
20 *operating accounts, investment accounts or other investments, of the*
21 *state of Kansas to provide funds for such loan upon approval of such*
22 *loan by the state finance council acting on this matter which is*
23 *hereby characterized as a matter of legislative delegation and subject*
24 *to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c, and*
25 *amendments thereto. The state finance council shall approve such*
26 *loan on or before September 12, 2011. The pooled money investment*
27 *board shall transfer the funds required by the department of labor on*
28 *or before September 23, 2011, to allow the department of labor to*
29 *make its interest payment on or before September 30, 2011. The loan*
30 *shall not bear interest and shall be repaid on or before June 30, 2012.*
31 *A copy of the terms of the loan shall be submitted to the director of*

amendments thereto.

~~Section 1. Sec. 3. From and after July 1, 2011, K.S.A. 2010 Supp.~~
 44-704a is hereby amended to read as follows: 44-704a. (a)

Definitions. As used in this section, unless the context clearly requires otherwise:

(1) "Extended benefit period" means a period which:

(A) Begins with the third week after a week for which there is an "on" indicator; and

(B) ends with either of the following weeks, whichever occurs later: (i) The third week after the first week for which there is an "off" indicator; or (ii) the 13th consecutive week of such period, except that no extended benefit period may begin by reason of an "on" indicator before the 14th week following the end of a prior extended benefit period which was in effect with respect to this state.

(2) For the purposes of this section:

(A) There is an "on" indicator for this state for a week if the secretary of labor determines, in accordance with the regulations of the United States secretary of labor, that, for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment (not seasonally adjusted) under this act: (i) Equaled or exceeded 5% and equaled or exceeded 120% of the average of such rates for the corresponding 13-week period ending in each of the preceding two calendar years; ~~or (ii) and the state of Kansas pays a portion of such benefits in accordance with the provisions of K.S.A. 44-710(c)(2)(C) and 44-710(e), and amendments thereto; or (ii) equaled or exceeded 5% and equaled or exceeded 120% of the average of such rates for the corresponding 13-week period ending in any or all of the preceding three calendar years and such benefits are funded entirely by the United States department of labor until on or before the earlier of the latest date permitted under federal law or the end of the fourth week prior to the last week for which federal sharing is provided as authorized by section 2005(a) of public law 111-5 without regard to section 2005(c) of public law 111-5; or (iii) equaled or exceeded 6%; or (iii)(iv) with respect to benefits for weeks of unemployment beginning after March 6, 1993, (a) the average rate of total unemployment (seasonally adjusted), as determined by the United States secretary of labor, for the period consisting of the most recent three months for which data for all states are published before the close of such week equals or exceeds 6.5%, and (b) the average rate of total~~

each

1 unemployment for this state (seasonally adjusted), as determined by the
 2 United States secretary of labor, for the three-month period referred to
 3 in clause ~~(iii)(a)~~(iv)(a)(1), equals or exceeds 110% of such average for
 4 either or both of the corresponding three-month periods ending in the
 5 two preceding calendar years; *or (2) equals or exceeds 110% of such*
 6 *average for any or all of the corresponding three-month periods ending*
 7 *in any or all of the three preceding calendar years and such benefits*
 8 *are funded entirely by the United States department of labor until on or*
 9 *before the earlier of the latest date permitted under federal law or the*
 10 *end of the fourth week prior to the last week for which federal*
 11 *sharing is provided as authorized by section 2005(a) of public law*
 12 *111-5 without regard to section 2005(c) of public law 111-5.*

each

13 (B) (i) There is an "off" indicator for this state for a week if the
 14 secretary of labor determines, in accordance with the regulations of the
 15 United States secretary of labor, that for the period consisting of such
 16 week and the immediately preceding 12 weeks, the rate of insured
 17 unemployment (not seasonally adjusted) under this act: (a) (1) Was less
 18 than 5% or less than 120% of the average of such rates for the
 19 corresponding 13-week period ending in each of the preceding two
 20 calendar years; *or (2) was less than 5% or less than 120% of the*
 21 *average of such rates for the corresponding 13-week period ending in*
 22 *any or all of the three preceding calendar years and such benefits are*
 23 *funded entirely by the United States department of labor until on or*
 24 *before the earlier of the latest date permitted under federal law or the*
 25 *end of the fourth week prior to the last week for which federal*
 26 *sharing is provided as authorized by section 2005(a) of public law*
 27 *111-5 without regard to section 2005(c) of public law 111-5; and (b)*
 28 *was less than 5%.*

29 (ii) There is an "off" indicator for this state for a week only if, for
 30 the period consisting of such week and the immediately preceding 12
 31 weeks, none of the conditions specified in subsection (a)(2)(A) of this
 32 section result in an "on" indicator.

33 (3) "Rate of insured unemployment," for purposes of paragraphs
 34 (2)(A) and (2)(B) of this subsection, means the percentage derived by
 35 dividing:

36 (A) The average weekly number of individuals filing claims for
 37 regular benefits in this state for weeks of unemployment with respect to
 38 the most recent 13-consecutive-week period, as determined by the
 39 secretary of labor on the basis of reports to the United States secretary

1 thereto, or K.S.A. 65-5117, and amendments thereto, was hired and
 2 then was subsequently convicted of a disqualifying felony under K.S.A.
 3 39-970, and amendments thereto, or K.S.A. 65-5117, and amendments
 4 thereto, and discharged pursuant to K.S.A. 39-970, and amendments
 5 thereto, or K.S.A. 65-5117, and amendments thereto. The
 6 disqualification shall begin the day following the separation and shall
 7 continue until after the individual becomes reemployed and has had
 8 earnings from insured work of at least three times the individual's
 9 determined weekly benefit amount.

10 *Sec. 6. From and after July 1, 2011, K.S.A. 2010 Supp. 44-710 is*
 11 *hereby amended to read as follows: 44-710. (a) Payment.*
 12 *Contributions shall accrue and become payable by each contributing*
 13 *employer for each calendar year in which the contributing employer*
 14 *is subject to the employment security law with respect to wages paid*
 15 *for employment. Such contributions shall become due and be paid by*
 16 *each contributing employer to the secretary for the employment*
 17 *security fund in accordance with such rules and regulations as the*
 18 *secretary may adopt and shall not be deducted, in whole or in part,*
 19 *from the wages of individuals in such employer's employ. In the*
 20 *payment of any contributions, a fractional part of \$.01 shall be*
 21 *disregarded unless it amounts to \$.005 or more, in which case it shall*
 22 *be increased to \$.01. Should contributions for any calendar quarter*
 23 *be less than \$5, no payment shall be required.*

24 (b) Rates and base of contributions. (1) Except as provided in
 25 paragraph (2) of this subsection, each contributing employer shall
 26 pay contributions on wages paid by the contributing employer during
 27 each calendar year with respect to employment as provided in K.S.A.
 28 44-710a and amendments thereto. Except that, notwithstanding the
 29 federal law requiring the secretary of labor to annually recalculate
 30 the contribution rate, for calendar years 2010 ~~and 2011~~ 2011, 2012,
 31 2013 and 2014, the secretary shall charge each contributing employer
 32 in rate groups 1 through 32 the contribution rate in the 2010 original
 33 tax rate computation table, with contributing employers in rate
 34 groups 33 through 51 being capped at a 5.4% contribution rate.

35 (2) (A) If the congress of the United States either amends or
 36 repeals the Wagner-Peyser act, the federal unemployment tax act, the
 37 federal social security act, or subtitle C of chapter 23 of the federal
 38 internal revenue code of 1986, or any act or acts supplemental to or
 39 in lieu thereof, or any part or parts of any such law, or if any such

1 is any other corporate organization or association, or any member or
 2 manager of a limited liability company, or any public official, who
 3 willfully fails to pay the amount of contributions, payments in lieu of
 4 contributions ~~or benefit cost payments~~, *benefit cost payments and*
 5 *interest assessments made pursuant to K.S.A. 44-710a, and*
 6 *amendments thereto*, required to be paid under the employment security
 7 law on the date on which such amount becomes delinquent, shall be
 8 personally liable for the total amount of the contributions, payments in
 9 lieu of contributions ~~or benefit cost payments~~, *benefit cost payments*
 10 *and interest assessments made pursuant to K.S.A. 44-710a, and*
 11 *amendments thereto*, and any penalties and interest due and unpaid by
 12 such employing unit. The secretary or the secretary's authorized
 13 representative may assess such person for the total amount of
 14 contributions, payments in lieu of contributions ~~or benefit cost~~
 15 ~~payments~~, *benefit cost payments and interest assessments made*
 16 *pursuant to K.S.A. 44-710a, and amendments thereto*, and any
 17 penalties, and interest computed as due and owing. With respect to such
 18 persons and such amounts assessed, the secretary shall have available
 19 all of the collection remedies authorized or provided by this section.

20 (k) *Electronic filing of wage report and contribution return and*
 21 *electronic payment of contributions, benefit cost payments or,*
 22 *reimbursing payments or interest assessments under K.S.A. 44-710a,*
 23 *and amendments thereto*. The following employers or third party
 24 administrators shall file all wage reports and contribution returns and
 25 make payment of contributions, benefit cost payments or reimbursing
 26 payments electronically as follows:

27 (1) Wage reports, contribution returns and payments due after June
 28 30, 2008, for those employers with 250 or more employees or third
 29 party administrators with 250 or more client employees at the time such
 30 filing or payment is first due;

31 (2) wage reports, contribution returns and payments due after June
 32 30, 2009, for those employers with 100 or more employees or third
 33 party administrators with 100 or more client employees at the time such
 34 filing or payment is first due; and

35 (3) wage reports, contribution returns ~~and payments~~, *payments*
 36 *and interest assessments made pursuant to K.S.A. 44-710a, and*
 37 *amendments thereto*, due after June 30, 2010, for those third party
 38 administrators with 50 or more client employees at the time such filing
 39 or payment is first due.

those employers with 50 or
more employees and

1 The requirements of this subsection may be waived by the secretary
 2 for an employer if the employer demonstrates a hardship in complying
 3 with this subsection.

4 ~~Sec. 6. 9.~~ K.S.A. 2010 Supp. 44-704a, 44-710a and 44-717 are
 5 hereby repealed.

6 ~~Sec. 7. 10.~~ On July 1, 2011, K.S.A. 2010 Supp. 44-705 and 44-
 7 ~~706~~ 44-703, 44-705, 44-706 and 44-710 are hereby repealed.

8 ~~Sec. 8. 11.~~ This act shall take effect and be in force from and after
 9 its publication in the Kansas register.

Insert a new section 9 amending K.S.A. 2010 44-718 and
 renumbering the remaining sections accordingly.

, 44-717 and 44-718

Sec. 8. K.S.A. 2010 Supp. 44-718 is hereby amended to read as follows:

44-718. ~~Protection of rights and benefits; penalties; recoupment of food stamp overissuances.~~

(a) *Waiver of rights void.* No agreement by an individual to waive, release or commute such individual's rights to benefits or any other rights under this act shall be valid. No agreement by any individual in the employ of any person or concern to pay all or any portion of an employer's contribution or payments in lieu of contributions required under this act from such employer, shall be valid. No employer shall directly or indirectly make or require or accept any deduction from remuneration to finance the employer's contributions required from such employer, or require or accept any waiver of any right hereunder by any individual in such employer's employ. Any employer or officer or agent of an employer who violates any provision of this subsection shall, for each offense, be fined not less than \$100 nor more than \$1,000 or be imprisoned for not more than six months, or both.

(b) *Limitation of fees.* No individual claiming benefits shall be charged fees of any kind in any proceeding under this act by the secretary of labor or representatives of the secretary or by any court or any officer thereof. Any individual claiming benefits in any proceeding before the secretary of labor or a court may be represented by counsel or other duly authorized agent, but no such counsel or agents shall either charge or receive for such services more than an amount approved by the secretary of labor. Any person who violates any provision of this subsection shall, for each such offense, be fined not less than \$50 nor more than \$500, or imprisoned for not more than six months, or both.

(c) *No assignment of benefits; exemptions.* No assignment, pledge or encumbrance of any right to benefits which are or may become due or payable under this act shall be valid; and such rights to benefits shall be exempt from levy, except in accordance with section 6331 of the federal internal revenue code of 1986, and shall be exempt from, execution, attachment, or any other remedy whatsoever provided for the collection of debt; and benefits received by an individual, so long as they are not mingled with other funds of the recipient, shall be exempt from any remedy whatsoever for the collection of all debts except debts incurred for necessities furnished to such individual or such individual's spouse or dependents during the time when such individual was unemployed. No waiver of any exemption provided for in this subsection shall be valid.

(d) *Support exception.*(1) An individual filing a new claim for unemployment compensation shall, at the time of filing such claim, disclose whether or not the individual owes support obligations as defined under paragraph (7). If any such individual discloses that such individual owes support obligations, and is determined to be eligible for unemployment compensation, the secretary shall notify the state or local support enforcement agency enforcing such obligation that the individual has been determined to be eligible for unemployment compensation.

(2) The secretary shall deduct and withhold from any

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unemployment compensation payable to an individual that owes support obligations as defined under paragraph (7):

(A) The amount specified by the individual to the secretary to be deducted and withheld under this subsection, if neither (B) nor (C) is applicable; or

(B) the amount, if any, determined pursuant to an agreement submitted to the secretary under section 454(20)(B)(i) of the social security act by the state or local support enforcement agency, unless subparagraph (C) is applicable; or

(C) any amount otherwise required to be so deducted and withheld from such unemployment compensation pursuant to legal process (as that term is defined in section 459(i)(5) of the social security act) properly served upon the secretary.

(3) Any amount deducted and withheld under paragraph (2) shall be paid by the secretary to the appropriate state or local support enforcement agency.

(4) Any amount deducted and withheld under paragraph (2) shall for all purposes be treated as if it were paid to the individual as unemployment compensation and paid by such individual to the state or local support enforcement agency in satisfaction of the individual's support obligations.

(5) For purposes of paragraphs (1) through (4), "unemployment compensation" means any compensation payable under the employment security law after application of the recoupment provisions of subsection (d) of K.S.A. 44-719, and amendments thereto, (including amounts payable by the secretary pursuant to an agreement under any federal law providing for compensation, assistance or allowances with respect to unemployment).

(6) This subsection applies only if appropriate arrangements have been made for imbursement by the state or local support enforcement agency for the administrative costs incurred by the secretary under this section which are attributable to support obligations being enforced by the state or local support enforcement agency.

(7) For the purposes of this subsection, "support obligations" means only those obligations which are being enforced pursuant to a plan described in section 454 of the federal social security act which has been approved by the secretary of health and human services under part D of title IV of the federal social security act.

(8) For the purposes of this subsection, "state or local support enforcement agency" means any agency of this state or a political subdivision thereof operating pursuant to a plan described in paragraph (7).

(e) (1) An individual filing a new claim for unemployment compensation shall, at the time of filing such claim, be advised that:

(A) Unemployment compensation is subject to federal, state and local income tax;

(B) requirements exist pertaining to estimated tax payments;
(C) the individual may elect to have federal income tax deducted and withheld from the individual's payment of unemployment compensation at the amount specified in the federal internal revenue code; and

(E) ~~(D)~~ the individual shall be permitted to change a previously elected withholding status.

(2) Amounts deducted and withheld from unemployment compensation shall remain in the unemployment fund until transferred to the federal taxing authority as a payment of income tax.

(3) The secretary shall follow all procedures specified by the United States department of labor and the federal internal revenue service pertaining to the deducting and withholding of income tax.

(4) Amounts shall be deducted and withheld under this section only after amounts are deducted and withheld for any overpayments of unemployment compensation, child support obligations, food stamp overissuances or any other amounts required to be deducted and withheld under this act.

(f) (1) An individual filing a new claim for unemployment compensation at the time of filing such claim, shall disclose whether or not such individual owes an uncollected overissuance (as defined in section 13(c)(1) of the Food Stamp Act of 1977) of food stamp coupons. The secretary shall notify the state food stamp agency enforcing such obligation of any individual who discloses that such individual owes an uncollected overissuance of food stamps and who is determined to be eligible for unemployment compensation.

(2) The secretary shall deduct and withhold from any unemployment compensation payable to an individual who owes an uncollected overissuance:

(A) The amount specified by the individual to the secretary to be deducted and withheld under this clause;

(B) the amount (if any) determined pursuant to an agreement submitted to the state food stamp agency under section 13(c)(3)(A) of the Food Stamp Act of 1977; or

(C) any amount otherwise required to be deducted and withheld from unemployment compensation pursuant to section 13(c)(3)(B) of such act.

(3) Any amount deducted and withheld under this section shall be paid by the secretary to the appropriate state food stamp agency.

(4) Any amount deducted and withheld under subsection (b) shall for all purposes be treated as if it were paid to the individual as unemployment compensation and paid by such individual to the state food stamp agency as repayment of the individual's uncollected overissuance.

(5) For purposes of this section, the term "unemployment compensation" means any compensation payable under this act including

(D) the individual may elect to have state income tax deducted and withheld at the rate of 3.5% from the individual's payment of unemployment compensation;

or state

amounts payable by the secretary pursuant to an agreement under any federal law providing for compensation, assistance, or allowances with respect to unemployment.

(6) This section applies only if arrangements have been made for reimbursement by the state food stamp agency for the administrative costs incurred by the secretary under this section which are attributable to the repayment of uncollected overissuances to the state food stamp agency.

**Testimony before House Commerce & Economic Development
SB 77- Unemployment Insurance
Presented by Eric Stafford, Senior Director of Government Affairs
Tuesday, March 8, 2011**

Chairman Brown and members of the Committee:

We appreciate the opportunity to provide testimony in support of Senate Bill 77. My name is Eric Stafford. I am the Senior Director of Government Affairs for the Kansas Chamber.

The Kansas Chamber is pleased to support Senate Bill 77 which provides some short-term and long-term solutions to restore stability to the Unemployment Fund, which is entirely funded by employer contributions.

Since the downturn in late 2008, the fund has gone from a \$700 million plus balance to our state having to borrow money from the federal government for benefit payments. The Department of Labor anticipates Kansas will borrow approximately \$220 million in total.

Some of the short-term solutions in SB 77 include a plan to pay off the interest owed to the federal government through existing revenue streams. This avoids any additional surcharges on employers. Second, this bill retains the rate caps implemented in last year's HB 2676 for the next three years, offering stability to employers some of whom have experienced significant rate increases over the past 18 months.

Several long-term fixes include increasing the taxable wage base over the next three years from \$8,000 to \$11,000. This helps speed up the federal loan payback. Several other fixes include reinstating the waiting week and eliminating the trailing spouse exemption with an exception for military spouses.

Although the Kansas Chamber supports SB 77, we would like to express our desire to work over the coming year to review several proposals with the department that could bring positive changes to the UI fund which establish predictability to employer contribution rates without sacrificing the solvency of the fund.

Thank you for the opportunity to speak to you in support of Senate Bill 77. I would be happy to answer any questions.

The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.



835 SW Topeka Blvd. Topeka, KS 66612 785.357.6321

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**Testimony for the KS House
Commerce and Economic Development Committee
SB 77 – Employment Security Law; Interest Payment Assessment; Duties of Secretary.**

**March 8, 2011
Topeka, Kansas**

**By Phillip M. Hayes, SPHR
KS SHRM – KS Unemployment Insurance Committee Chair
The Kansas State Council of the Society for Human Resource Management (KS SHRM)
P – 316.263.9283 x223 / phayes@the-arnold-group.com**

Dear Members of the Committee:

My name is Phillip M. Hayes and I am here today on behalf of The Kansas State Council of the Society for Human Resource Management (KS SHRM). KS SHRM is a professional organization representing more than 2,250 HR Professionals from around the state. I am writing to comment about the Kansas Unemployment Insurance System and specifically Senate Bill 77.

In short, KS SHRM offers support for the following amendments regarding Senate Bill 77:

- Expanding the last negative rate group – shifting more of the rate cost from positive-balanced employers to negative-balanced employers to better match the expense to those employers whose employees more fully utilize the UI benefits.
 1. Increasing more contributions from negative eligible employers is certainly a **step in the right direction; however**, positive eligible employers would prefer the same level of predictability regarding SUTA taxes that has been afforded to ineligible and negative eligible employers for years.
 2. Although many employers would rather not pay a **debt reduction/avoidance surcharge** on their base rate, based on feedback KS SHRM has received **KS employers are willing to do so** knowing that every employer (positive and negative) would be paying their **“fair share.”** It has become very clear that positive balanced employers are subsidizing a very, very large portion of the negative balanced employers.
- Reinstate waiting week and eliminate trailing spouse except for military spouses.
- ****Retain rate caps passed in HB 2676 until 2014 – Freezes the Positive Eligible employer rate tables at the 2010/2011 table for three more years (five years in all where rate groups 33-51 will be capped/maxed).**
- ****Increase wage base from its current \$8,000 to \$9,000 in 2012, \$10,000 in 2013 and \$11,000 in 2014.**

*** Note – Support with the caveat that the KDOL will do a complete study and comparison of the current arrayed system vs. The KS SHRM proposed fixed method which also includes a fair surcharge for all employers to help stabilize the fund and pay back necessary federal loans and interest.*

Select comments received from disenchanted KS Employers after SB 77 took shape and progressed through Senate:

- *“Is this really the best we can hope for?”*
- *“This still doesn’t resolve the parity issue between positive and negative eligible employers.”*
- *“It feels like there’s more concern about easing the burden on the negative eligible employers. What about employers that have maintained positive status for years and continue doing so... it seems there’s no concern about the burden on us. We’ve been hammered and there’s less ability for employers with a positive reserve ratio ranging from 0.01 to 14.15% to reduce rates because positive rate groups 33-51 (19 groups) are capped at 5.40%.”*

Beginning in early 2010, I began chairing the KS SHRM – KS Unemployment Insurance Committee. Today I share with you a summary of the feedback I have received over the past 15 months from more than 1,000 employers from across the state by speaking to local community groups, business organizations and conferences. I can honestly tell you that all of the KS SHRM UI reform initiatives have generated a tremendous amount of support and I have yet to meet any employer representative (from any industry, as well as all three KS UI employer classifications - ineligible, positive eligible and negative eligible) that oppose any of the outlined initiatives including the following specifics.

Overall, employers voiced the most frustration with the following:

1. Inconsistencies from KS Adjudicators.

- Create a Precedence Manual for KS Adjudicators.
 - i. Enforce current law and apply the same standards across the state.
 1. Chapter 13, Absenteeism, Kicking Patients, Co. Property Damage, Positive DT, Paper Co., etc.
 - ii. Clarify and **enforce** benefit disqualifications based on “misconduct” and “gross misconduct.”
 1. Misconduct includes absenteeism, tardiness, safety violations, harassment (sexual, racial, etc.).
 2. Gross Misconduct includes but not be limited to: theft; fraud; intoxication; intentional serious damage to property; intentional infliction of personal injury; illegal substance/alcohol use at work,

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any conduct that constitutes a felony; or repeated incidents after written warning of either following: unprovoked insubordination or public use of profanity.

- 2007 Legislative Post Audit indicated Kansas ranked the highest in the US for 2005 at **44.7%** in overpayment rates
 - i. Arizona was the 2nd highest state at 34.2%.
 - ii. Federal data showed that Kansas had the highest rate for 2003, 2004 and 2005. 87% of the payments were found to be in error – claimant had not met statutory requirement to register for job services.
- In the past two weeks, my company, The Arnold Group has received several notice of determinations (fraud investigations) indicating KDOL has been busy examining recent claimants records. Within the past 10 business days, we've been notified of multiple cases where claimants were found to have fraudulently claimed UI benefits against our account ranging from \$900.00 to \$4,312.00. We feel this is an indication the climate in KDOL is shifting and is the beginning of the department enforcing current statute and standards.

Table 1: The Arnold Group (TAG) Unemployment History

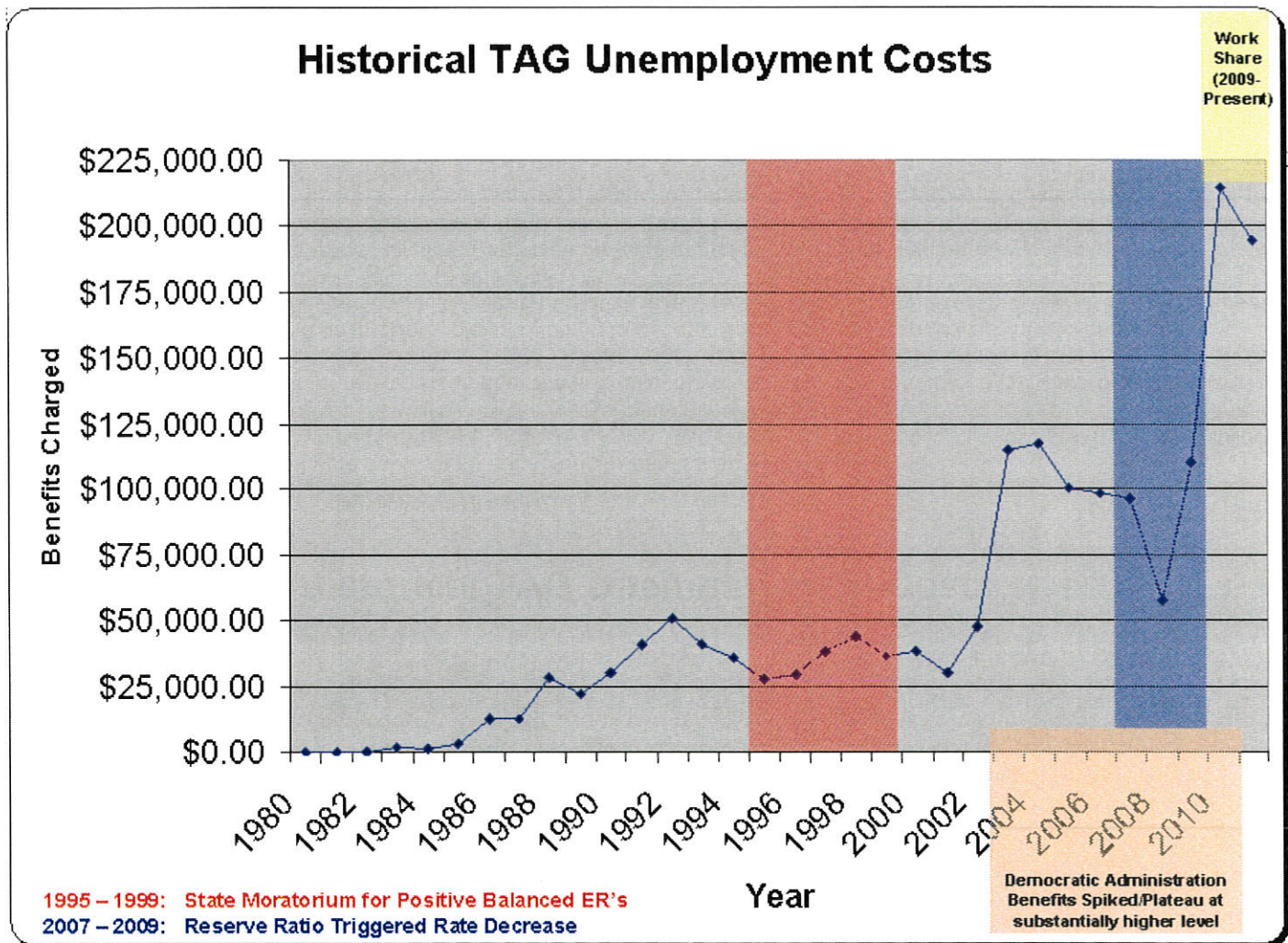


Table 1: The Arnold Group (TAG) Unemployment History

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contrib. Pd (Prev. Year) | \$138,153.35 | \$243,200.97 | \$218,883.43 | \$286,244.81 | \$146,983.99 | \$56,419.90 | \$48,591.54 | \$164,706.09 |
| Bene. Chrgd (Prev. Year) | \$117,183.26 | \$100,388.37 | \$98,577.88 | \$96,414.18 | \$57,577.38 | \$110,262.43 | \$214,182.20 | \$194,057.59 |
| Average Payroll | \$7,427,564.52 | \$6,404,314.45 | \$6,019,893.73 | \$6,233,065.43 | \$6,710,369.60 | \$7,166,555.15 | \$6,854,632.74 | \$5,629,643.23 |
| Account Balance | \$525,138.00 | \$667,950.00 | \$788,256.00 | \$978,087.17 | \$1,067,493.78 | \$1,013,651.25 | \$848,060.59 | \$818,709.09 |
| Res. Ratio to Avg. PR | 7.070% | 10.430% | 13.094% | 15.692% | 15.908% | 14.144% | 12.372% | 14.543% |
| Contribution Rate | 4.44% | 3.94% | 3.06% | 0.83% | 0.91% | 1.55% | 5.40% | 5.07% |

2. Notice Periods and Timeframe for Appeal

2010 Experience Rating Notices were dated 12/16/09 – new rates were effective January 1, 2010. **14 days notice...**
 2011 Experience Rating Notices were dated 12/13/10 – new rates were effective January 1, 2011. **17 days notice...**

It seems the notices could be processed and mailed at a more appropriate time in the year based on the holidays that are celebrated in the United States. A mere two (2) weeks notice is provided to the business community to plan for any increase from the previous year can hardly be called notice.

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3. Provide Predictability to All Employers – Restore Respectability to Experience/Merit Rating of Each Emp.

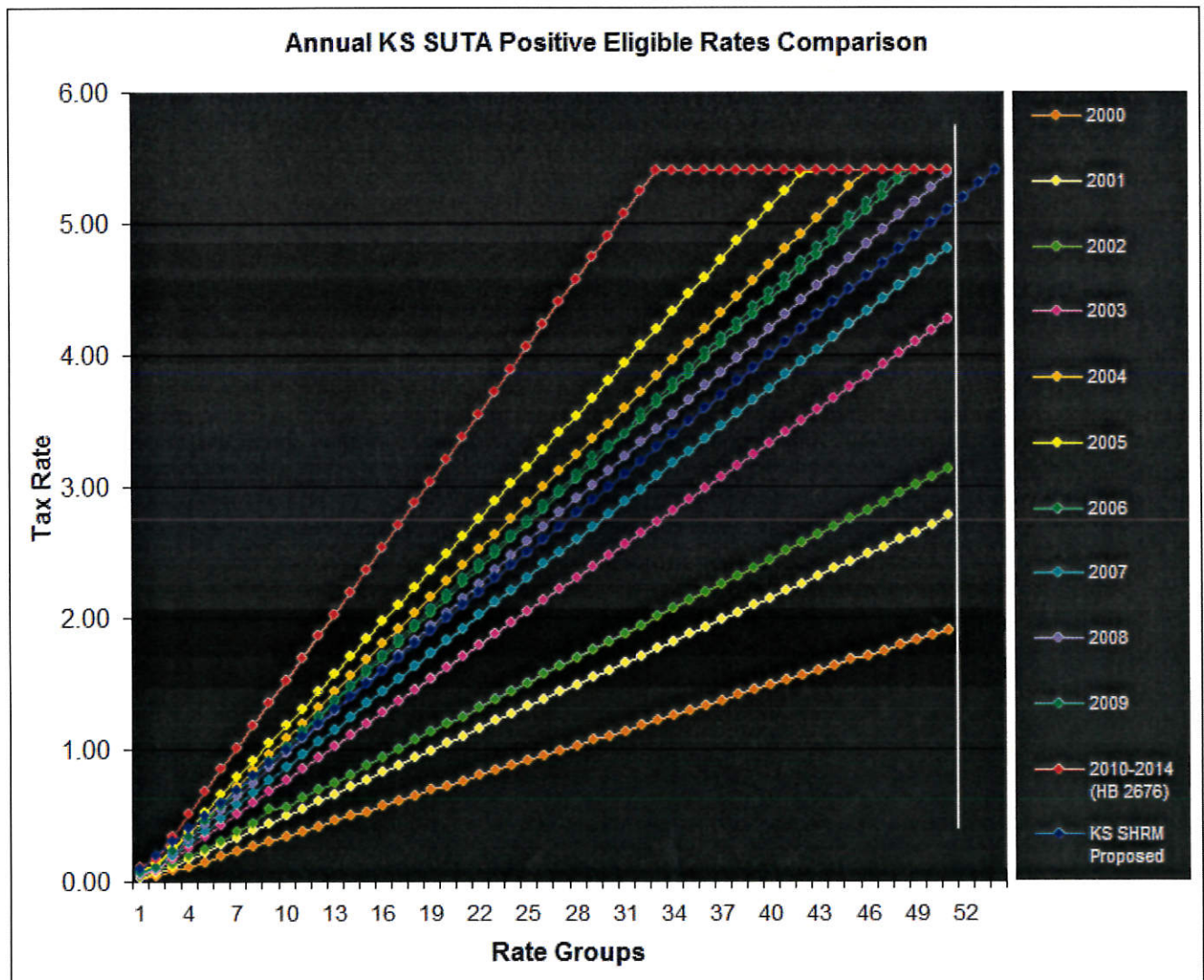
All employers (positive and negative eligible) should have predictability from the KS UI system.

- Transition from the "Arrayed Employer Ranking" method to a "Fixed Employer Ranking" method to allow more emphasis on employer merit/experience when factoring employer contribution rates.
- Under the current and proposed structure, positive eligible employers in rate groups 34-51 have no true incentive to pay voluntary contributions as this additional payment is likely have ZERO impact on their SUTA tax rate through 2014.

Obviously the system is much more complicated than we would like to think it should be, in reality it should not be so cumbersome and confusing to prevent employers from planning accordingly from year to year. The fact that KS has a new administration, the new KDOL secretary is getting her hands around the inherited challenges within the department and time constraints don't really allow for a true comparison of the arrayed vs. fixed methodology analysis... KS SHRM proposes a true comparative analysis be conducted later this year when time is not so critical. In doing so, an interim study might address the following as well:

- Whether the structure fairly accounts for changes in workforce and industry work patterns, including seasonality, and claimant work patterns;
- Whether the tax structure equitably distributes taxes;
- Whether the benefit structure is equitable; and
- Whether predictive indices exist to allow the state to better forecast solvency/ insolvency concerns regarding the KS UI Trust Fund – Leading Indicators of KS Employment (LIKE).
 - Quarterly SUTA Tax Reporting – Require KS employers to report number of current open positions as well as the anticipated number of employees/positions they expect to hire during the upcoming quarter.

Chart 2: Annual KS SUTA Positive Eligible Rates Comparison
Complementary to Chart 5



***Note:** 42 U.S. states/territories use the **Fixed Methodology**, which offers predictability to employers.

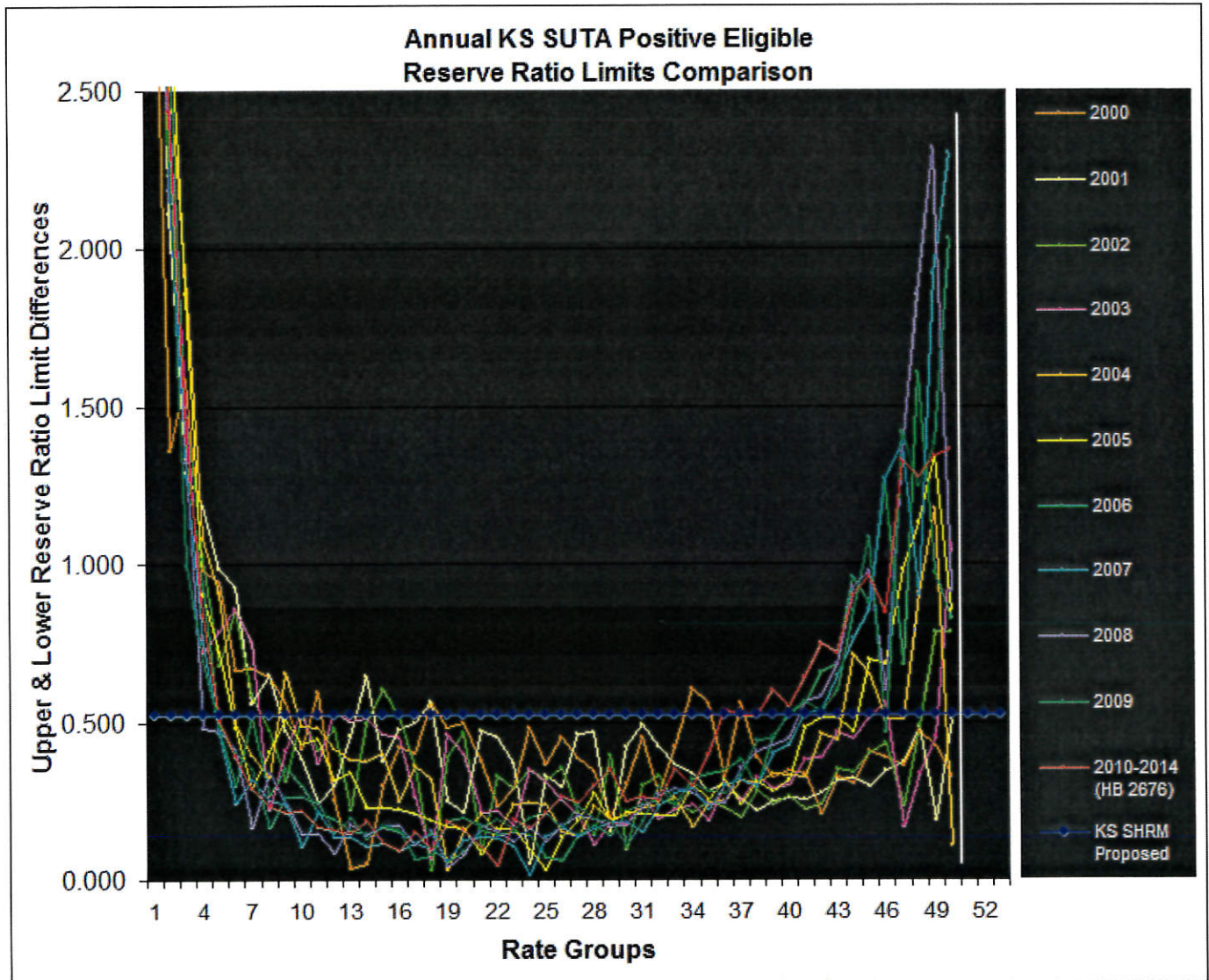
11 U.S. states/territories use the **Arrayed Methodology** (including KS), which offers NO predictability..

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Chart 3: Annual KS SUTA Positive Eligible Reserve Ratio Limits Comparison



Total Reserve Ratio Range Comparison

2000 – Present (0.572% average per group):

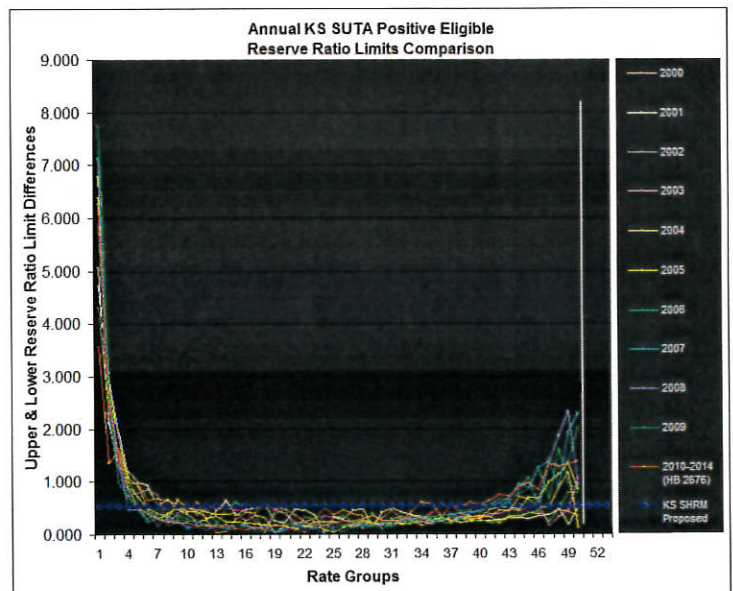
Max: 30.768+ – 0.001% (2010 & 2011)
 Min: 26.230+ – 0.001% (2000)
 Avg: 28.746+ – 0.001%

SB 77 (0.615% average per group):

Not addressed... HB 2676 table will be adopted and remains unchanged through 2014... traps KS positive eligible employers for 5 years (2010-2014).

KS SHRM Proposed (0.524% static per group):

Max: 27.825+ – 0.001%
 Min: 27.825+ – 0.001%
 Avg: 27.825+ – 0.001%



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Chart 4: Assessment Options for Positive Eligible KS SUTA Rate Increases (Relative)
Complementary to Chart 5

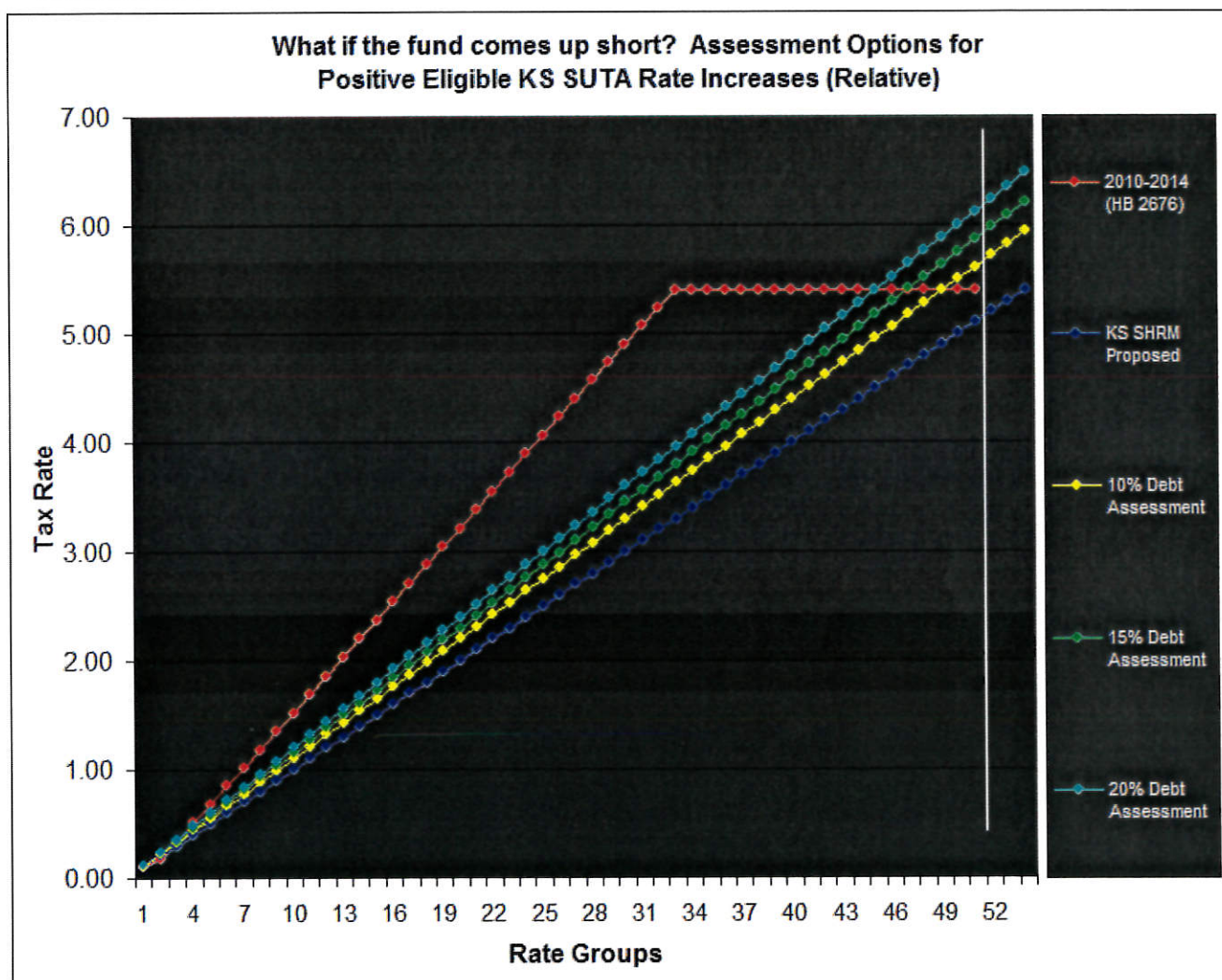


Chart 5: Annual KS SUTA Negative Eligible Rates Comparison w/ Assessment Options for Negative Eligible KS SUTA Rate Increases (Relative)
Complementary to Chart 1 and Chart 4

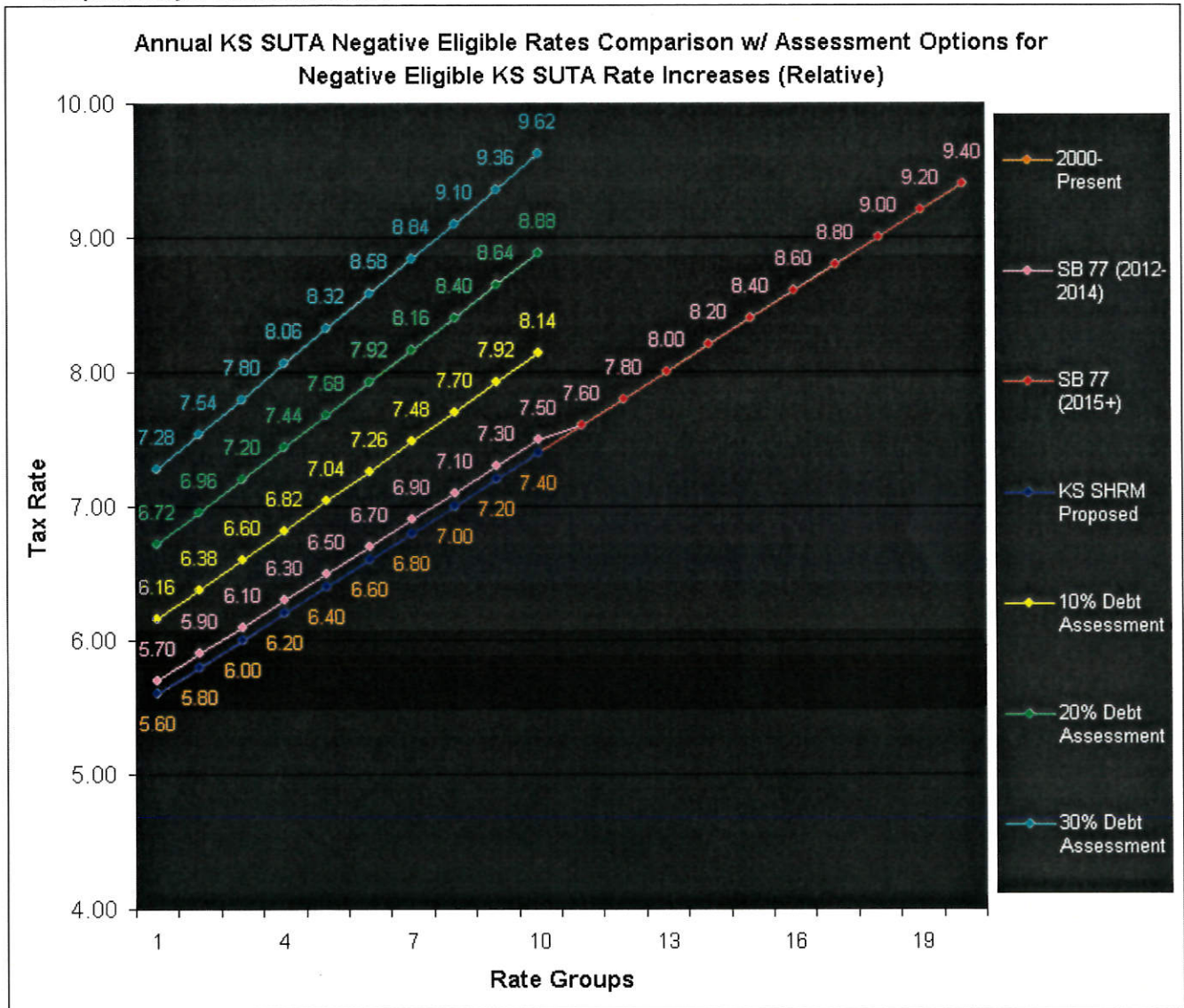
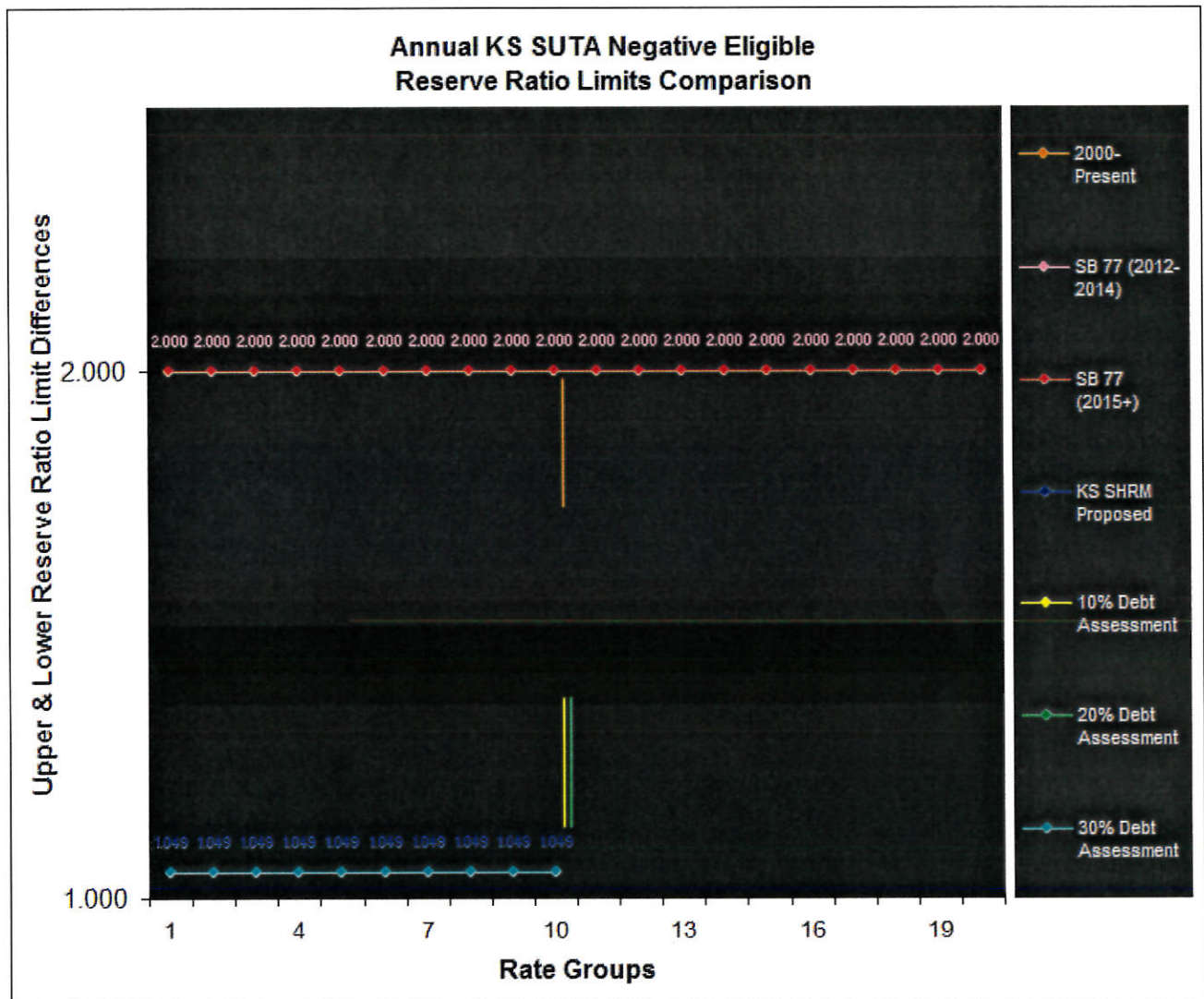


Chart 6: Annual KS SUTA Negative Eligible Reserve Ratio Limits Comparison



4. Provide Accountability within the System

- KS Unemployment claimants are automatically registered on the KANSASWORKS.com website, which allows them the opportunity to search job openings, post an online resume, save job searches and receive email updates. Can we link actual job refusals? On the job refusal page on the KDOL site, allow employers to capture and report the last 6 digits of the job seeker's SSN. Maybe after the 3rd, 5th or X number of job refusals, KDOL investigates...

Additional KS SHRM – KS Unemployment Insurance Reform Resources:

- KS UI Reform Supporters (1/14/11) – <http://www.ksshrm.com/associations/3537/files/KS-SHRM-KSUIReformSupporters.pdf>
- KS UI Reform Initiatives – http://www.ksshrm.com/associations/3537/files/KS-SHRM_KS-UI-ReformInitiatives.pdf
- KS UI Status Brief – http://www.ksshrm.com/associations/3537/files/KS-SHRM_KS-UI-StatusBrief.pdf
- KS UI History (30 yrs) – http://www.ksshrm.com/associations/3537/files/KS-SHRM_KS-UI-History.pdf

This completes my prepared statement. I will stand for questions at the appropriate time and can be contacted at 316.263.9283 ext. 223 or by email at phayes@the-arnold-group.com if additional questions arise in the future.

Respectfully,

Phillip M. Hayes, SPHR
KS SHRM – KS Unemployment Insurance Committee Chair

House Commerce & Economic
Development Committee

Date: 03/08/2011

Attachment #: 5-7

KANSAS DEPARTMENT OF LABOR
BENEFIT PAYMENT CONTROL
401 SW TOPEKA BLVD
TOPEKA, KS 66603-3182
NOTICE OF DETERMINATION

SOCIAL SECURITY NUMBER:

CLAIMANT'S NAME:

BYB: 100411

DETERMINATION MAILING DATE: February 28 2011

THE ARNOLD GROUP
530 S TOPEKA ST
WICHITA KS 67202

\$4,312.00 / 25 Weeks = \$172.48 wkly

FINDINGS: With respects to the weeks ending January 30, February 6, February 27, March 6, march 13, May 1, May 22, July 10, July 17, July 24, July 31, August 7, August 14, August 21, August 28, September 4, September 11, September 18, September 25, October 2, October 9, October 16, October 23, October 30, and November 6, 2010 the claimant was not unemployed and had earnings.

DETERMINATION: This determination results in an overpayment which must be repaid by the claimant, in the amount of \$4312.00

K.S.A. 44-705, Provides: that an unemployed individual is eligible for benefits for the weeks that the worker is unemployed, able to work, and available for work, as demonstrated by the pursuit of action reasonably calculated to result in reemployment. There must be nothing to prevent the claimant from obtaining and accepting work.

K.S.A.44-719(d)(2) provides: "Any benefit erroneously paid which is not repaid shall bear interest at a rate of 1.5% per month or fraction of a month. Non-fraud overpayment shall accrue interest on any unpaid balance remaining two years after the date such overpayment was established

This overpayment must be repaid to: Benefit Payment Control, 401 Topeka Blvd., Topeka, Kansas 66603. Include **Name** and **Social Security Number** on your check or money order. Failure to repay the overpayment will result in legal action against you.

APPEAL RIGHTS:

This determination becomes FINAL SIXTEEN (16) DAYS after it is mailed, unless appealed in writing on or before the final date. (If the 16th day falls on a Saturday, Sunday or a Holiday, the next working day is the final date.)

If you disagree with this determination, an appeal may be filed by letter stating you wish to file an appeal and the reason(s) you disagree with the decision. Mail your appeal to the Office of Appeals, 401 SW Topeka Blvd., Topeka, KS 66603-3182 or fax to 785-296-4065. Please include in your letter, your name, mailing address, telephone number and social security number. You may also contact the Call Center for additional information and assistance about filing an appeal.

If you do not file a timely appeal, it may still be considered timely if you can establish that a timely response was impossible due to excusable neglect.

IMPORTANT TO THE CLAIMANT

If you appeal, continue to file your weekly claims as long as you remain unemployed.

By: Examiner # 13

K-BEN 42A-PC (12/12/07)

House Commerce & Economic
Development Committee

Date: 03/08/2011

Attachment #: 5-8



Wichita Independent Business Association

THE VOICE OF INDEPENDENT BUSINESS

Testimony in favor of SB 77

By Natalie S. Bright

March 8, 2011

Chairman Brown and honorable committee members,

Thank you for the opportunity to present testimony in favor of SB 77 and the amendments offered by the Kansas Department of Labor (KDOL). On behalf of the Wichita Independent Business Association (WIBA), I would like to offer our support for the direction we are heading in reforming the Kansas Unemployment Compensation Trust Fund (Fund), which is now bankrupt and in dire need of redirection.

Last session, WIBA became actively engaged in the issues surrounding unemployment insurance after several of our members notified us regarding significant increases in their 2010 contributions amounts. While our members were apprised of the bleak situation of the Fund in July of 2009, not until the last week of December did employers receive notification of their significant assessment increases, which presented major budget issues. Our members began telling us they were facing laying people off to pay their 2010 assessments and we worked with the Legislature to pass HB 2676.

After passing HB 2676, there was an understanding the issues would be revisited during the 2011 Session. So, over the last few months, the business community has been working to determine an equitable solution to repaying federal loans and interest, bringing stability back to the Fund as well as restoring employers' historical experience ratings which have virtually been wiped away from the Fund's bankruptcy. While our members don't believe SB 77 addresses all employer concerns, it is a step in the right direction. The most important component contained in KDOL's proposal is the continuation of rate caps set out in HB 2676. If these caps are not extended, over 2/3rds of the positive balanced employers will be assessed the maximum rate of 5.4% in 2012, which would cause significant layoffs.

Don't get me wrong, there are things in the KDOL proposal for everyone not to like. The proposed wage base increases are actually a tax increase on employers and will add to the financial burdens Kansas positively balanced employers are already carrying to restore the Fund. Yet, our members concede these increases are necessary for repaying the federal loans timely, replenishing the Fund adequately and restoring stability to employer's experience ratings. In addition, the most negative balanced employers, who have 6.5 times the benefits charged to their account than what they pay in assessments, are being asked to pay an increased surcharge on their negative balance. Finally, Kansas laid-off workers are asked to share in returning the fund's stability by reinstating the waiting weeks as well as eliminating the trailing spouse benefit for non-military personnel. While none of these are preferred by Kansas employers, we know they are necessary in these tough economic times.

I would be remiss if I did not mention that our members agreed to support the proposed KDOL amendments with the understanding KDOL will work with our members and other business organizations after the 2011 session. Our members hope we can have an in depth review of different rate methodologies which may bring predictability and stability back to employers.

On behalf of the WIBA members, I would like to applaud Sect. Brownlee and her staff for finding compromises so quickly this session and their commitment to continue to work with Kansas employers after the session. Thank you for the opportunity to address you and express our support for SB 77 and its proposed amendments.

House Commerce & Economic
Development Committee

Date: 03/08/2011

Attachment #: 6-1



The Voice of Small Business®

Testimony by Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business

House Commerce & Labor Committee
Tuesday, March 8, 2011

Good afternoon Chairman Brown and members of the Committee. My name is Dan Murray and I am the State Director of the National Federation of Independent Business/Kansas. NFIB/KS is the leading small business organization representing small and independent businesses. A nonprofit, nonpartisan organization founded in 1943, NFIB/KS represents the consensus views of its over 4,100 members in Kansas. I am here in support of SB77.

First, I want to thank Secretary Brownlee and the Department of Labor staff for reaching out and working with the business community to find a sensible solution that does the least amount of harm to our state's job creators. With this bill, I find myself in the very uncomfortable position of supporting what will be a tax increase on our employer members. However, circumstances have unfortunately led us to a point in history where we must choose the lesser of all evils.

Second, with our support of SB77 we hope that this is the first step in addressing the solvency of the employment security trust fund. Our members have not yet expressed a desire to adopt wholesale changes to the UI system (i.e. moving from an arrayed to fixed system). However there is unanimity among small business owners that the Department of Labor and the Legislature must take steps to ensure that the unemployment insurance payments are disbursed to those that truly deserve the assistance. Our members pay the unemployment tax with the understanding that their dollars will be used properly and judiciously. However, I continue to hear one horror story after another regarding abuse and concerns with the appeals process.

An NFIB/Kansas Leadership Council member sent me the following concern which typifies the sentiment of most NFIB members:

"My major problem with unemployment is that it is being abused to the max. An employee of mine quit, but on appeal was granted unemployment because "he did not mean it". I fired an employee for embezzlement and being drunk on the job. He was granted unemployment! The system was intended to help people when they "lose their job" due to circumstances beyond their control. It is being used as a way to get time off with pay. The system needs to be fixed! If it quits giving money away, it would not need to be replenished as fast."

We have full faith in the efforts that Secretary Brownlee and her staff are making to ensure our precious resources are being managed properly and we know they are making strides in improving the integrity of the UI program. In addition to Secretary Brownlee's internal efforts, we recommend that the Legislature consider the following:

- 1) **Reduce the cost of hiring and employment.** We urge you to keep taxes, including unemployment taxes, low and repeal regulatory burdens to hiring.
- 2) **Encourage unemployed workers to seek and accept work.** The Legislature must increase work search requirements and improve the integrity of the UI program.
- 3) **Implement initiatives and provide services that are most effective in assisting unemployed workers in returning to work.** We must focus our efforts on programs that provide employer based training as employers ultimately make the hiring decisions.

Finally, the most recent NFIB Small Business Economic Trends edition, which measures the confidence of small business owners, shows a modest increase in its Small Business Optimism Index. An increase in unemployment taxes will likely not improve optimism. So, we urge the legislature to do all it can otherwise to improve the business tax climate and regulatory/legal system in Kansas.

Again, NFIB/Kansas supports SB77 and looks forward to working with stakeholders in making the Kansas unemployment insurance system the best in the nation.

House Commerce & Economic
Development Committee

Date: 03/08/2011

Attachment #: 2-1



Goodwill Industries of Kansas, Inc.

3636 N. Oliver • P.O. Box 8169 • Wichita, KS 67208 • Phone: 316-744-9291 • Fax: 316-744-1428

www.goodwillks.org

BOARD OF DIRECTORS

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Koch Industries, Inc.

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Debra McArthur
Wesley Medical Center

Dave Murfin
Murfin Drilling Company

Sue Ronshagen
Cessna Aircraft Company

Eric Sexton
Wichita State University

Richard Stafford
The Boeing Company

Dave Unruh
Sedgwick County

March 8, 2011

Chairman Anthony Brown and Committee Members
House Committee on Commerce & Economic Development
300 SW 10th Avenue
Topeka, KS 66612

Subject: Comments on Kansas Unemployment Insurance System

Dear Chairman Brown and Committee Members,

I know this legislative session will be one of the most difficult for you and for everyone living in Kansas. We will all be affected by the decisions you will make and I know many of those decisions will be challenging.

As an employer of 430 people, about half of whom are people with employment barriers, we were hit with a **75 percent increase in our unemployment compensation premium**. Under the new 2011 rates, **Goodwill will pay \$150,000 into the fund while our benefits charged to the fund for the last four years have averaged about \$24,000**. In simple terms, in 2010 we paid \$85,476 into the fund and in 2011 we estimate that we will pay \$150,000 into the fund, an increase of \$64,524. I've attached our KDOL Experience Rating Notice for 2011, 2010 and 2009 for your review.

As a consistently positive rated employer it appears that we are once again being penalized to support consistently negative rated employers.

This year's increase represents two direct mission services staff members who could serve another 100 individuals in our adult education program or 15 people with severe disabilities who want to go to work; combined with the 2010 increase, it represents four direct mission service employees.

This type of increase and the future unpredictability of rates are forcing our agency to limit services we provide to people with disabilities and employment barriers as well as making it very difficult to do business in Kansas. With unemployment in Wichita nearly 9 percent, this is not the time to increase employment related taxes.

Thank you.

In Goodwill service,


Emily Compton
President/CEO



Licensed by the Kansas Department
of Social & Rehabilitation Services

A 501(c)(3) not for profit corporation

House Commerce & Economic
Development Committee

Date: 03/08/2011

Attachment #: 8-1

Goodwill Industries of Kansas, Inc.
Historical Information on Unemployment Compensation Fund

| Year | Paid into Fund June 30 FY | Benefits Charged | Contribution Rate |
|-------------|--------------------------------------|-----------------------------|------------------------------|
| 2007 | \$63,819.77 | \$16,065.55 | 1.71% |
| 2008 | \$35,225.55 | \$11,194.43 | 1.07% |
| 2009 | \$31,270.98 | \$27,860.58 | 0.97% |
| 2010 | \$85,476.20 | \$41,110.35 | 3.38% |
| 2011 (Est) | \$150,000.00 | | 4.57% |



DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard
Topeka, Kansas 66603-3182

2009 EXPERIENCE RATING NOTICE

DATE MAILED: 12-11-2008

ACCOUNT NO.: 086370

305
GOODWILL INDUSTRIES INC
3636 N OLIVER ST
WICHITA KS 67220-3499

2009 TAXABLE
WAGE BASE: 8,000.00

| | CONTRIBUTIONS PAID | BENEFITS CHARGED | TAXABLE PAYROLL | |
|--|--------------------|---|---|---------------------|
| PRIOR YEARS THRU JUNE 30, 2007 | 904,760.94 | 529,569.43 | 2005 | 2,502,175.83 |
| FOR FISCAL YEAR ENDED JUNE 30, 2008 | 35,225.55 | 11,194.43 | 2006 | 2,428,443.43 |
| TOTALS | 939,986.49 | 540,763.86 | 2007 | 2,632,937.04 |
| | | | TOTAL | 7,563,556.30 |
| ACCOUNT BALANCE IS: | 399,222.63 | (Contributions Paid Less Benefits Charged) | Average of Taxable Payrolls Shown is | 2,521,185.43 |

| ACCOUNT BALANCE | AVERAGE ANNUAL TAXABLE PAYROLL | = | RESERVE RATIO | RATE GROUP |
|-----------------|-----------------------------------|---|------------------|---------------|
| 399,222. | 2,521,185. | | 15.835 | 18 |

| YOUR CONTRIBUTION RATE FOR 2009 IS: | IF YOU FAIL TO FILE AND PAY YOUR 4TH QTR 2008 WAGE REPORT YOUR 2009 RATE WILL BE: |
|--|--|
| .97 | 1.95 |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2009 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: BETTY ARNOLD PHONE: 316-771-5079

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

VOLUNTARY CONTRIBUTION COMPUTATION

| | Lower Reserve Ratio Is | X | Average Annual Taxable Payroll | = | Account Balance Required to Lower Rate | - | Present Account Balance | IS | Amount of Voluntary Contribution Required to Lower Tax Rate | if you select this option your New Rate is: | if you fail to file 4th qtr 2008 and you select this option your New Rate is: |
|-------------|---------------------------|---|-----------------------------------|---|--|---|----------------------------|----|---|---|--|
| OPTION I: | .15880 | | 2,521,185. | | 400,365. | | 399,222. | | 1,143. | 0.92 % | 1.84 % |
| | FOR RATE GROUP 17 | | | | | | | | | | |
| OPTION II: | .16038 | | 2,521,185. | | 404,348. | | 399,222. | | 5,126. | 0.86 % | 1.72 % |
| | FOR RATE GROUP 16 | | | | | | | | | | |
| OPTION III: | .16211 | | 2,521,185. | | 408,710. | | 399,222. | | 9,488. | 0.80 % | 1.61 % |
| | FOR RATE GROUP 15 | | | | | | | | | | |
| OPTION IV: | .16344 | | 2,521,185. | | 412,063. | | 399,222. | | 12,841. | 0.74 % | 1.49 % |
| | FOR RATE GROUP 14 | | | | | | | | | | |
| OPTION V: | .16543 | | 2,521,185. | | 417,080. | | 399,222. | | 17,858. | 0.69 % | 1.38 % |
| | FOR RATE GROUP 13 | | | | | | | | | | |

ACCOUNT NO. 086370 FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION _____ \$ _____
Your voluntary contribution must be postmarked by: 01-12-2009



DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard
Topeka, Kansas 66603-3182

2010 EXPERIENCE RATING NOTICE

DATE MAILED: 12-16-2009

ACCOUNT NO.: 086370

305

GOODWILL INDUSTRIES INC
3636 N OLIVER ST
WICHITA KS 67220-3499

2010 TAXABLE
WAGE BASE: 8,000.00

| | CONTRIBUTIONS PAID | BENEFITS CHARGED | TAXABLE PAYROLL |
|--|--------------------|---|--|
| PRIOR YEARS THRU JUNE 30, 2008 | 939,986.49 | 540,763.86 | 2006 2,428,443.43 |
| FOR FISCAL YEAR ENDED JUNE 30, 2009 | 31,270.98 | 27,860.58 | 2007 2,632,937.04 |
| TOTALS | 971,257.47 | 568,624.44 | 2008 2,865,276.55 |
| | | | TOTAL 7,926,657.02 |
| ACCOUNT BALANCE IS: | 402,633.03 | (Contributions Paid Less Benefits Charged) | Average of Taxable Payrolls Shown is → 2,642,219.00 |

RATE COMPUTATION

| | | | | | | |
|-----------------|---|-----------------------------------|---|------------------|---------------|-------------------------------|
| ACCOUNT BALANCE | ÷ | AVERAGE ANNUAL TAXABLE PAYROLL | = | RESERVE RATIO | RATE GROUP | YOUR CONTRIBUTION RATE FOR |
| 402,633. | | 2,642,219. | | 15.238 | 21 | 2010 IS 5.12 % |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2010 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: PATTY CORDOBA PHONE: 316-771-5079

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

VOLUNTARY CONTRIBUTION COMPUTATION

| OPTION | I: | Lower Reserve Ratio Is | X | Average Annual Taxable Payroll | = | Account Balance Required to Lower Rate | - | Present Account Balance | IS | Amount of Voluntary Contribution Required to Lower Tax Rate | If you select this option your New Rate Is: |
|-------------|----|---------------------------|---|-----------------------------------|---|--|---|----------------------------|----|---|---|
| | | .15343 | | 2,642,219. | | 405,396. | | 402,633. | | 2,763. | 4.86 % |
| | | FOR RATE GROUP 20 | | | | | | | | | |
| OPTION II: | | .15584 | | 2,642,219. | | 411,764. | | 402,633. | | 9,131. | 4.61 % |
| | | FOR RATE GROUP 19 | | | | | | | | | |
| OPTION III: | | .15628 | | 2,642,219. | | 412,926. | | 402,633. | | 10,293. | 4.35 % |
| | | FOR RATE GROUP 18 | | | | | | | | | |
| OPTION IV: | | .15719 | | 2,642,219. | | 415,331. | | 402,633. | | 12,698. | 4.10 % |
| | | FOR RATE GROUP 17 | | | | | | | | | |
| OPTION V: | | .15918 | | 2,642,219. | | 420,589. | | 402,633. | | 17,956. | 3.84 % |
| | | FOR RATE GROUP 16 | | | | | | | | | |

FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION _____ \$ _____

ACCOUNT NO. 086370 Your voluntary contribution must be postmarked by: 01-15-2010

>OVER<
APPEAL RIGHTS

House Commerce & Economic
Development Committee

Date: 03/08/2011

Attachment #: 8-4



DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard
Topeka, Kansas 66603-3182

2011 EXPERIENCE RATING NOTICE

DATE MAILED: 12-13-2010

ACCOUNT NO.: 086370

305
GOODWILL INDUSTRIES INC
3636 N OLIVER ST
WICHITA KS 67220-3499

2011 TAXABLE
WAGE BASE: 8,000.00

| | CONTRIBUTIONS PAID | BENEFITS CHARGED | TAXABLE PAYROLL |
|--|--------------------|------------------|--------------------|
| PRIOR YEARS THRU JUNE 30, 2009 | 971,257.47 | 568,624.44 | 2007 2,632,937.04 |
| FOR FISCAL YEAR ENDED JUNE 30, 2010 | 85,476.20 | 41,110.35 | 2008 2,865,276.55 |
| TOTALS | 1,056,733.67 | 609,734.79 | 2009 3,193,894.61 |
| | | | TOTAL 8,692,108.20 |

ACCOUNT BALANCE IS: 446,998.88 (Contributions Paid Less Benefits Charged) Average of Taxable Payrolls Shown is → 2,897,369.40

RATE COMPUTATION

| | | | | | | |
|-----------------|---|-----------------------------------|---|------------------|---------------|-------------------------------|
| ACCOUNT BALANCE | ÷ | AVERAGE ANNUAL TAXABLE PAYROLL | = | RESERVE RATIO | RATE GROUP | YOUR CONTRIBUTION RATE FOR |
| 446,998. | | 2,897,369. | | 15.428 | 28 | 2011 IS 4.57 % |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2011 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: BONNIE THURMAN PHONE: 316-771-5079

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

VOLUNTARY CONTRIBUTION COMPUTATION

| | Lower Reserve Ratio Is | X | Average Annual Taxable Payroll | = | Account Balance Required to Lower Rate | - | Present Account Balance | IS | Amount of Voluntary Contribution Required to Lower Tax Rate | If you select this option your New Rate is: |
|-------------|---------------------------|---|-----------------------------------|---|--|---|----------------------------|----|---|---|
| OPTION I: | .15556 | | 2,897,369. | | 450,715. | | 446,998. | | 3,717. | 4.40 % |
| | FOR RATE GROUP 27 | | | | | | | | | |
| OPTION II: | .15819 | | 2,897,369. | | 458,335. | | 446,998. | | 11,337. | 4.23 % |
| | FOR RATE GROUP 26 | | | | | | | | | |
| OPTION III: | .16035 | | 2,897,369. | | 464,594. | | 446,998. | | 17,596. | 4.06 % |
| | FOR RATE GROUP 25 | | | | | | | | | |
| OPTION IV: | .16197 | | 2,897,369. | | 469,287. | | 446,998. | | 22,289. | 3.89 % |
| | FOR RATE GROUP 24 | | | | | | | | | |
| OPTION V: | .16392 | | 2,897,369. | | 474,937. | | 446,998. | | 27,939. | 3.72 % |
| | FOR RATE GROUP 23 | | | | | | | | | |

ACCOUNT NO. 086370 FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION _____ \$ _____
Your voluntary contribution must be postmarked by: 01-12-2011

>OVER<
APPEAL RIGHTS

House Commerce & Economic
Development Committee
Date: 03/08/2011
Attachment #: 8-5



TO: Rep. Anthony Brown, Chairperson
Members, House Commerce Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: March 8, 2011

RE: **SB 77—Unemployment Compensation Proposal**

The Historic Lackman-Thompson Estate

11180 Lackman Road

Lenexa, KS 66219-1236

913.888.1414

Fax 913.888.3770

The Lenexa Chamber of Commerce appreciates the opportunity to express its support for the concepts embodied in SB 77, which puts forth a comprehensive proposal to begin recharging the state's depleted Unemployment Compensation Trust Fund and repaying interest on advances from the federal government – a solution that considers both the contribution side and the benefits side of the unemployment compensation equation.

With the recession continuing to hold revenues down and expenses continuing to go up, companies are still struggling to determine how they will pay their upcoming unemployment compensation tax assessments. For many the options are limited. Businesses have previously testified they may be forced to lay off workers or forego plans to hire/rehire workers, potentially increasing the number of unemployed claimants – or worse, some could go out of business altogether, reducing the number of Fund contributors.

These scenarios must be considered as the state faces the very serious issue of how to rebuild the UC Trust Fund over time, repay federal advances, and restore rate stability without “bankrupting” employers or hindering statewide economic recovery. We believe the concepts reflected in SB 77 represent important pieces of that puzzle.

Specifically, among other provisions the bill pays federal interest in 2011 through existing revenue streams, avoiding additional surcharges on employers; retains rate caps enacted last year for at least three years, providing reduced rates and stability; speeds federal loan payback by phasing up the wage base; and reinstates the benefit “waiting week.”

In summary, we believe SB 77 represents a number of fair, reasonable, and balanced steps toward helping many Kansas employers meet their 2011 unemployment compensation tax obligations. We hope you will continue to consider additional long-term changes to the formula that facilitate stability and sustainability, protect the integrity and fairness of experience ratings, and provide incentives for maintaining workforce.

For these reasons we urge you to consider SB 77 favorable for passage. Thank you very much for your time and attention to this important issue

House Commerce & Economic
Development Committee

Date: 03/08/2011

Attachment #: 9-1



120 W. Ash, P.O. Box 586 • Salina, KS 67402-0586 • 785-827-9301 • fx 785-827-9758 • www.salinakansas.org

March 4, 2011

Chairman Brown and Members of the Kansas House Commerce Committee,

Thank you for studying ideas to reform the Kansas Unemployment Insurance system. The work to make the system more equitable for all employers is appreciated.

As a Kansas employer, established 100 years ago, we employ 14 Kansans. We think positive balanced employers need a better system allowing more predictability to plan for excessive increases in single or consecutive years.

It is not very comforting to think that 19 rate groups will be capped for a total of five years. Freezing the rate tables seem better than the alternative of letting the table reset in 2012, but I would much rather see a system adopted where there is more equity built in the tables for all positive rate groups. From what I've learned, 42 other states have a "fixed" system which seems to be more logical and straightforward in offering businesses predictability and equity.

Although we would rather not pay a surcharge on a base rate, we will be pleased to know that every employer (positive and negative) will be paying their "fair share." It has become very clear that positive balanced employers are subsidizing a very large portion of the negative balanced employers. We think the following initiatives merit support:

- The proposal of Kansas SHRM to including the migration from the arrayed rate calculation method to a fixed method.
- Shifting more of the rate cost from positive-balanced employers to negative-balanced employers to better match the expense to those employers whose employees more fully utilize system benefits.
- Reinstate waiting week and eliminate trailing spouse except for military spouses

Thanks you for your attention and efforts regarding this important issue.

Sincerely,

A handwritten signature in dark ink that reads "Dennis W. Lauver". The signature is written in a cursive style with a horizontal line underneath the name.

Dennis W. Lauver
President & CEO

Right place. Right reason. Right *now*.

House Commerce & Economic
Development Committee

Date: 03/08/2011

Attachment #: 10-1