

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman Susan Wagle at 8:30 a.m. on February 9, 2011, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

Ms. Margaret Cianciarulo, Committee Assistant  
Mr. Ken Wilke, Office of the Revisor of Statutes  
Mr. Reed Holwegner, Kansas Legislative Research Department  
Ms. Dorothy Noblitt, Kansas Legislative Research Department

Conferees appearing before the Committee:

Mr. Phillip Hayes, KS Unemployment Insurance Committee Chair,  
The Kansas State Council of the Society for Human Resource Management (KS SHRM)  
Ms. Natalie Bright, on behalf of the Wichita Independent Business Association  
Mr. Robert Bausch, Assistant Business Manager for I.B.E.W. Local Union #226  
Mr. Robert Taylor, Journeyman Wireman, Local #226

Others attending:

Please see attached list.

**Continued hearing on SB77 – an act concerning the employment security act**

Upon calling the meeting to order, the Chair called on the first of two proponents, Mr. Phillip Hayes, Kansas Unemployment Insurance Committee Chair, The Kansas State Council of the Society for Human Resource Management (KS SHRM) who stated they offer support for the following amendments regarding the bill:

1. Expanding the last negative rate group.
2. Reinstating the waiting week and eliminate trailing spouse except for military spouses.
3. Retain rate caps passed in **HB2676** until 2014.
4. Increase wage base from its current \$8K to \$9K in 2012, \$10K in 2013, and \$11K in 2014.

He shared a summary of feedback he 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. Overall, he said employers voiced the most frustration with the following:

1. Inconsistencies from Kansas Adjudicators. (2007 Legislative Post Audit indicated Kansas ranked the highest in the US for 2005 at 44.7% in overpayment rates.) He also explained a table entitled, "Historical TAG Unemployment Costs, the Arnold Group (TAG) Benefit Charges Summary.
2. Notice Periods and Time-frame for Appeal. (2011 Experience Rating Notices were dated 12-13-10 – new rates were effective January 2, 2011, 17 days notice. 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.)
3. Providing Predictability to all employers – restore respectability to the Experience/Merit ratings of each employer. (He offered table 2, showing Kansas SUTA rate comparisons.)
4. Provide accountability within the system. (Asked if we can we link actual job refusals once a claimant is registered on the KANSASWORKS.com website?)

## CONTINUATION SHEET

The minutes of the Senate Commerce Committee at 8:30 a.m. on February 9, 2011, in Room 548-S of the Capitol.

A copy of his testimony is (Attachment 1) attached and incorporated into the Minutes as referenced.

The second proponent to testify was Ms. Natalie Bright, on behalf of the Wichita Independent Business Associations who stated:

- 1.) They offer their support for the direction we are heading in reforming the Kansas Unemployment Compensation Trust Fund, which is now bankrupt and in dire need of redirection.
- 2.) WIBA became actively engaged last session in the issues surrounding unemployment insurance after several of their members notified them regarding significant increase in their 2010 contributions amounts and they worked with the Legislature to pass **HB2676**, with the understanding the issues would be revisited during the 2011 session.
- 3.) The most important component contained in KDOL's proposal is the continuation of rate caps set out in **HB2676** and if these caps are not extended, over two-thirds of the positive balanced employers will be assessed the maximum rate of 5.4% in 2012, which would cause significant layoffs.
- 4.) 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.

A copy of her testimony is (Attachment 2) attached and incorporated into the Minutes as referenced.

Three written proponent testimonies were also offered from:

- 1.) Ms. Ashley Sherard, Vice President, Lenexa Chamber of Commerce
- 2.) Mr. John Lay, President, George Jay Signs Inc.
- 3.) Ms. Emily Compton, President/CEO, Goodwill Industries of Kansas Inc.

A copy of the above testimonies are (Attachment 3) attached and incorporated into the Minutes as referenced.

The Chair then recognized the first of two opponents, Mr. Robert Bausch, Assistant Business Manager for I.B.E.W. Local Union #226 stating he had worked in the Electrical Construction field for 17 years and his purpose for being before the Committee was to let them know that reinstating the waiting week for unemployment benefits has a devastating effect on workers. He offered them an idea of what some of his fellow electricians and construction trade workers are experiencing with unemployment benefits in the current economy. In closing, he again asked the Committee consider not to reinstate the waiting week regarding unemployment benefits as it only causes severe hardship when people need help the most. A copy of his testimony is (Attachment 4) attached and incorporated into the Minutes as referenced.

The second opponent called to testify was Mr. Robert Taylor, Journeyman Wireman, Local #226 to let the Committee know how hard it is for the working man to survive on unemployment as it is. (UI benefits provide families with about 1/3 of the weekly income they are use to having and their expenses are still the same.) And he asked them to take him into consideration during their discussion of reinstating the waiting week and taking away the option for benefits for relocating spouses. He stated he has traveled all over the country chasing every rumor and opportunity of

## CONTINUATION SHEET

The minutes of the Senate Commerce Committee at 8:30 a.m. on February 9, 2011, in Room 548-S of the Capitol.

work that he could find and there is nothing like having to leave his family behind to find work in a strange place and it would be extremely hard to relocate his family to another location if he found permanent work elsewhere without the eligibility of UI benefits for his spouse. A copy of his testimony is (Attachment 5) attached and incorporated into the Minutes as referenced.

As there was no neutral testimony, Chairperson Wagle asked for questions which came from Senators Lynn Schodorf, Holland and Wagle including:

1. For Mr. Bausch and Mr. Taylor - Is the one week of the waiting week going to solve your overall life problem, for example, finding a job? (The longer you are on UI benefits the more important that week becomes, making a difference of whether you keep your head above or you fall behind.) Which would help the most, the third week or the end week? (In the beginning to me it is most important, it keeps you from going under.)
2. For Mr. Hayes – How many members are in SHERM and have their been lay offs due to the unexpected tax increase last year? (Shared a story of a man from Lawrence who had a printing company and had to decrease his payroll.) Regarding Goodwill and the tax increase, what do they do if they cannot pay, do they take out a loan, or put it on a credit card? (In Goodwill's case because of the downturn in the economy has forced more people into their stores and this revenue has helped to offset that.)

### Adjournment

As there was no further discussion or questions, the Chair told the Committee that they would work the bill tomorrow. The meeting was adjourned at 9:15 a.m.

The next meeting is scheduled for February 10, 2011.

# SENATE COMMERCE COMMITTEE GUEST LIST

DATE: Wednesday, 2-9-11

NAME	REPRESENTING
T.J. Cahill	Senator Dennis Pyle
Pipe Routhier	Hein Law Firm
Michelle Butler	Cap. Strategics
Kelly Navinsky-Wenzl	Kearney & Assoc
Andy Sanchez	KS AFL-CIO
Roger Taylor	Worker
Harin Brownlee	KS DOL
Kathie Spaeths	K DOL
LARRY R BARR	LKM
Dan Murray	NFIB
Mandy Miller	SCORRS
Line Walsh	Judicial Branch
Rob Bauer	Workers
ISREAL T. OWENS	WORKERS
Brent McCollough	Jewell County



**Testimony for the KS Senate Business and Labor Committee  
SB 77 – Employment Security Law;  
Interest Payment Assessment; Duties of Secretary.**

**February 9, 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](mailto: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 2,200 HR Professionals from around the state. I am writing to comment about the Kansas Unemployment Insurance System and 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; the positive eligible employers would prefer the same level of predictability regarding SUTA taxes that has been afforded to ineligible and negative eligible employers.
  2. Although many employers would rather not pay a surcharge on their base rate, they would be 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 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 fixed method which also includes a fair surcharge for all employers to help stabilize the fund and pay back necessary federal loans and interest.*

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.
  - 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, any conduct that constitutes a felony; or repeated incidents after written warning of either of the 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.

*Senate Commerce Committee  
Date: February 9, 2011  
Attachment 1*



Table 1: The Arnold Group (TAG) Benefit Charges Summary

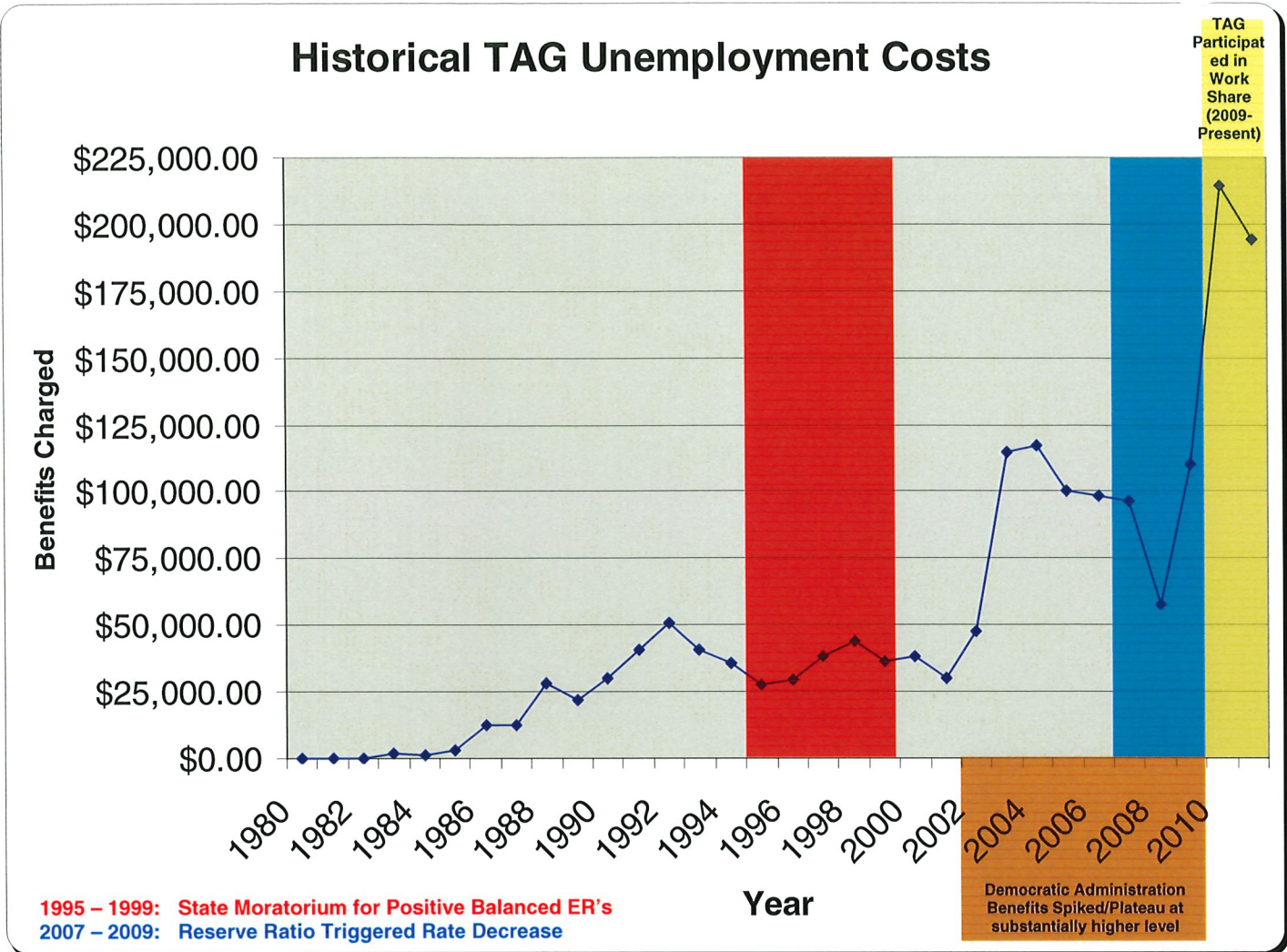


Chart 1: The Arnold Group (TAG) Unemployment History

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Contrib. Pd (Prev. Year)</b>	\$138,159.35	\$243,200.97	\$218,883.43	\$286,244.81	\$146,983.99	\$56,419.90	\$48,591.54	\$164,706.09
<b>Bene. Chrgd (Prev Year)</b>	\$117,183.26	\$100,388.37	\$98,577.88	\$96,414.18	\$57,577.38	\$110,262.43	\$214,182.20	\$194,057.59
<b>Average Payroll</b>	\$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
<b>Account Balance</b>	\$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
<b>Res. Ratio to Avg. PR</b>	7.070%	10.430%	13.094%	15.692%	15.908%	14.144%	12.372%	14.543%
<b>Contribution Rate</b>	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...**

The *Appeal Rights* section of the notice states:

*In accordance with Kansas Administrative Regulation 50-2-19 (Contributions Appeal Process for Employers), each employer shall have 15 days from the mailing date on the face of this notice to request in writing an administrative review to protest the correctness of the experience rate computation. You must state the reason you feel the computation is not correct. The request must be mailed to the address shown below and post marked within 15 days of the date mailed: KS Dept. of Labor, 401 S.W. Topeka Blvd, Topeka, KS 66603-3182, Attn: Chief of Contributions.*

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.

## 3. Providing Predictability to All Employers – Restore Respectability to the Experience/Merit Ratings of Each Employer

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

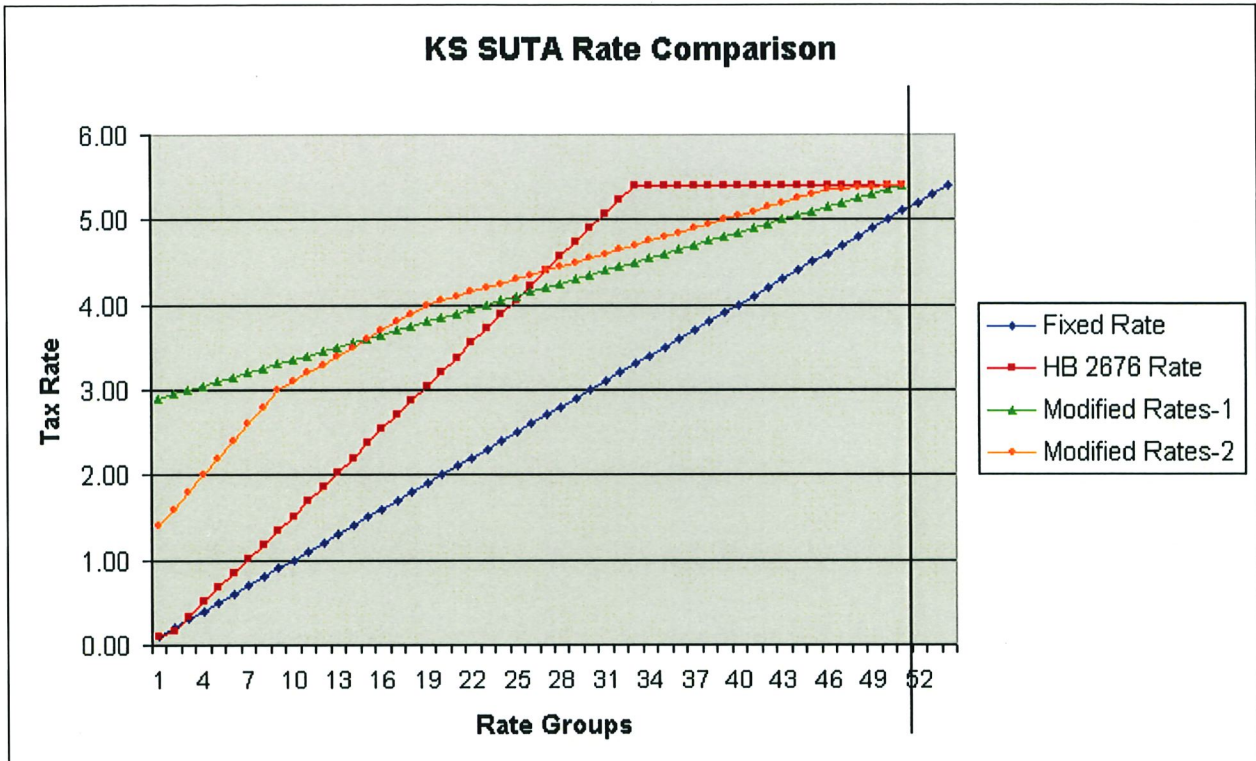
- Transition from the "Arrayed Employer Ranking" method to a "Fixed Employer Ranking" method to allow more emphasis on employer merit/experience when factoring employer contribution rates.



Obviously the system is much more complicated than we would like to think it could be, but 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.

Table 2: KS SUTA Rate Comparisons



#### 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 job refusal, 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](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](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](http://www.ksshrm.com/associations/3537/files/KS-SHRM_KS-UI-History.pdf)

This completes my prepared statement. I will be pleased to answer any questions the Committee might have. Additionally, I can be contacted at 316.263.9283 ext. 223 or by email at [phayes@the-arnold-group.com](mailto:phayes@the-arnold-group.com) if additional questions arise.

Respectfully,

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



## Wichita Independent Business Association

### THE VOICE OF INDEPENDENT BUSINESS

Testimony in favor of SB 77

By Natalie S. Bright

February 8, 2011

Madam Chair 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.

*Senate Commerce Committee  
Date: February 9, 2011  
Attachment 2*





*The Historic Lackman-Thompson Estate*

11180 Lackman Road

Lenexa, KS 66219-1236

913.888.1414

Fax 913.888.3770

TO: Sen. Susan Wagle, Chairperson  
Members, Senate Commerce Committee

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

DATE: February 8, 2011

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

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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 testified they may be forced to lay off workers or forego plans to hire/rehire workers, 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.

*Senate Commerce Committee  
Date: February 9, 2011  
Attachment 3*

# George Lay Signs Inc.

(316) 262-0433

(800) 888-0433

FAX: 262-3306

February 8, 2011

Kansas Senate Commerce Committee

Ms. Susan Wagle, Chair

Ms. Julia Lynn, Vice-Chair

Mr. Tom Holland, Ranking Minority Member

Mr. Robert Olson

Ms. Jean Schodorf

Mr. Jay Emler

Mr. Jeff Longbine

Mr. Ty Masterson

Mr. Ray Merrick

Mr. Chris Steineger

Ms. Oletha Faust-Goudeau

Madame Chair and Commerce Committee members,

My name is John Lay and I operate a second generation family owned electric sign and billboard business in Wichita. I currently have 18 employees, down from 25 just a few years ago. As commercial and retail development stalled out, demand for our products and services have diminished, and we have reduced our workforce through both attrition and layoffs.

Every year, we receive notices from KDOL listing our rate groups for unemployment taxes, and in many years we haven't had any benefits charged to our account. That has changed these last few years, but we have continued to retain positive balances. Our contributions in recent years have been as follows:

<u>Year</u>	<u>Rate</u>	<u>Contributions</u>
2007	2.12%	\$ 5,208.09
2008	1.29%	\$ 2,983.49
2009	1.93%	\$ 3,587.66
2010	3.58%	\$ 4,145.17
2011	5.40%	\$ 8,640.00 (estimated)

Our business has struggled to control expenses and stay out of red ink, so any tax that doubles in one year is cause for great concern – especially when we realize that further increases are on the horizon.

1016 N. Waco • Wichita, KS 67203-3999

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Senate Commerce Committee  
February 8, 2011

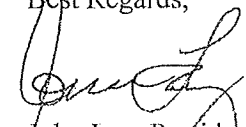
I understand that the State is between a rock and a hard place on this one, and all employers will have to come together to bail out the system. I would support the proposed increase in the taxable wage base from the current \$8,000 to \$10,000 per year. Alternately, I would support modest increases in the contribution rates, but I think the system needs to be designed to shift more of the load to negatively balanced employers either through contribution rates or through surcharges. Although my business has benefited incrementally from the 5.4% rate cap passed in last year's session, I am convinced that the negatively balanced employers have realized the greatest benefit from the cap.

I believe we have two problems in the unemployment system. The short term problem which must be dealt with during this legislative session is to raise the funds to pay off the Feds and pay promised benefits. The long term problem I see is that we have a system that has shifted from providing a safety net to being an out of control entitlement program. Unless we also tackle the long term problem, these funding problems will continue and get worse. Some of my observations of the problem are:

- Terminated employees stop by the unemployment office on their way home after losing their job. For example, I recently fired an employee for falsifying records, and he called an hour later from the unemployment office to verify that he was fired and not laid off. He hadn't had time to even make it home, much less look for another job!
- I was appalled that the Department of Labor's web address is now [www.GetKansasBenefits.com](http://www.GetKansasBenefits.com), and the front and center message on the site is "Click-claim-collect". Shouldn't our message to displaced workers be "how can we help you find another job?"
- Kansas consistently ranks as a low cost of living state, but we offer one of the highest weekly benefits to our unemployed
- What standards of accountability are people held to for seeking employment while drawing benefits? I suspect they are minimal, and this needs to change.
- The ability to draw generous benefits from the system serves as a reason for people to refuse jobs that may pay less than their expectations, and defer seriously seeking jobs until their jobless benefits are ready to expire.

I hope that under Secretary Brownlee and your committee's leadership the long term problems with our unemployment system will be reformed. Thank you for your time.

Best Regards,



John Lay, President  
GEORGE LAY SIGNS INC.





# 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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Mark Nichols  
Koch Industries, Inc.

**Vice Chairman**  
Shawn Lancelot  
Bank of America

**Secretary**  
Rhonda Dennis  
Capitol Federal Savings

**Treasurer**  
Bill A. Pickert  
BKD CPAs & Advisors

## Executive Committee Members

Joe Johnson  
Schaefer Johnson Cox  
Frey Architecture

Tod Wawzysko  
Spirit Aero Systems

**President/CEO**  
Emily Compton

**Members**  
Don Barry  
Wells Fargo Advisors, LLC

Brad Clothier  
Preferred Health Systems

Melissa Dick  
DEN Management

Tom Dondlinger  
Dondlinger & Sons  
Construction, Inc.

Brent Edmisten  
Hawker Beechcraft

Bill Hanna  
Community Volunteer

Robert P. Harmon  
INTRUST Bank

Dixie Harris  
Cargill Meat Solutions

Chris Hurst  
Foulston Siefkin, L.L.P.

Debra McArthur  
Wesley Medical Center

Dave Murlin  
Murlin Drilling Company

Sue Ronshagen  
Cessna Aircraft Company

Eric Sexton  
Wichita State University

Richard Stafford  
The Boeing Company

Dave Unruh  
Sedgwick County

February 9, 2011

Chairman Susan Wagle and Committee Members  
Commerce Committee  
300 SW 10<sup>th</sup> Avenue, Room 548-S  
Topeka, KS 66612

Subject: Comments on Kansas Unemployment Insurance System

Dear Chairman Wagle 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 Notices 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

3-4

3-5

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

<b>Year</b>	<b>Paid into Fund June 30 FY</b>	<b>Benefits Charged</b>	<b>Contribution Rate</b>
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

# 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	<u>1,056,733.67</u>	<u>609,734.79</u>	.577	2009 3,193,894.61
ACCOUNT BALANCE IS:	446,998.88	(Contributions Paid Less Benefits Charged)		<b>TOTAL</b> <u>8,692,108.20</u>
			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





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				YOUR CONTRIBUTION RATE FOR	
ACCOUNT BALANCE	÷	AVERAGE ANNUAL TAXABLE PAYROLL	=	RESERVE RATIO	RATE GROUP
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

	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:	.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

3-7



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

$$\begin{array}{rclcl} \text{ACCOUNT BALANCE} & \div & \text{AVERAGE ANNUAL} & = & \text{RESERVE} & \text{RATE} \\ 399,222. & & \text{TAXABLE PAYROLL} & & \text{RATIO} & \text{GROUP} \\ & & 2,521,185. & & 15.835 & 18 \end{array}$$

YOUR CONTRIBUTION  
RATE FOR 2009 IS:

.97

IF YOU FAIL TO FILE AND  
PAY YOUR 4TH QTR 2008  
WAGE REPORT YOUR  
2009 RATE WILL BE:

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

**Testimony in Opposition of SB 77**  
**Senate Commerce Committee**  
**February 9, 2011**

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

Good morning. Thank you Chairwoman Wagle 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 6 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. Thank you.

*Senate Commerce Committee*  
*Date: February 9, 2011*  
*attachment 4*



**Testimony in Opposition of SB 77**

**Senate Commerce Committee**

**February 9, 2011**

By Roger Taylor

105 SW Clay St

Topeka, Ks 66606

Good Morning and thank you Chairwoman Wagle and members of the Committee. I appreciate this opportunity to speak in opposition to SB 77.

My name is Roger Taylor I am a Journeyman Wireman out of Local 226 Topeka, Ks, and a father of three. I am currently unemployed at this time due to the lack of work. I am here today to inform you of how hard it is for the working man to survive on unemployment as it is and to ask that you take him in to consideration during your discussions of reinstating the waiting week, and taking away the option for benefits for relocating spouses.

UI benefits provide families with about 1/3 of the weekly income they are use to having but the bills and the rent still remain the same, along with groceries, school fees, and all the other things that come along in our daily lives. After all your expenses there is nothing left and in some cases its still not enough, so I find it pretty hard to think of unemployment as "Easy Street" or "The Good Life" I have traveled all over this country these last few years chasing every rumor and opportunity of work that I could find. I can tell you there is nothing like having to leave your family behind to find work in a strange place and it would be extremely hard to relocate my family to another location if I found permanent work elsewhere without the eligibility of UI benefits for my spouse.

I understand the importance of getting the UI Trust Fund back to solvency and I recognize you have a difficult job in finding the right solutions. But, the hardship you will inflict on unemployed workers and their families by reinstating the waiting week or eliminating the "trailing spouse" provision, feels like an extremely high price for the amount of money saved. I also understand that some may feel the need to spread the pain, so to speak. But there is a difference between pain and an outright death knell. Allow me to also submit to you, that unemployment benefits did not increase when total moratoriums on UI taxes were instituted by the Kansas Legislature in years past.

The waiting week was intended to allow agencies time for manual claim processing, a problem we don't face today with modern technology. It wasn't to punish or put extra burden and grief on common people. The working man doesn't enjoy unemployment, it eats at his pride just as much as it does his wallet. What I'm trying to say is please don't be fooled by the misconceptions that people are just milking benefits dry when in all honesty they are hurting worse and worse the longer they are unemployed. I truly wish I didn't have to stand here today and tell you how important one check means to a family but it does. Thank you for your time.

*Senate Commerce Committee  
Date: February 9, 2011  
Attachment 5*