

Approved: 3/01/10
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:05 a.m. on January 27, 2010, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Gene Suellentrop- absent

Committee staff present:

Art Griggs, Office of the Revisor of Statutes
Rena Jefferies, Office of the Revisor of Statutes
Jerry Donaldson, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Stephen Bainum, Committee Assistant

Conferees appearing before the Committee:

Susan Smith, GLMV Architecture, Inc.
Emily Compton, Goodwill Industries
Phillip Hayes, The Arnold Group
Don Saylor, Kansas Restaurant & Hospitality Assn.
Bill Rowe, Wichita Casual Dining, Inc.
Joan Barrett, KWCH TV
Tom Casey, Express Well Service and Supply
Rob Chestnut, Allen Press
Patti Bossert, Premier Employment Solutions
Larry D. Van Horn, GLMV Architecture, Inc.
Steve Seifert,

Others attending:

See attached list.

The Chairman called for any bill introductions. Luke Bell introduced a bill for changes to the Real Estate Licensing Act.

Susan Smith, GLMV Architecture, Inc. presented testimony about the UI rate increase (Attachment 1). She said the rate increase was unprecedented and wondered how it had happened.

Representative Jack asked if there was anything they could have been done differently. Susan replied that they felt like they were being penalized and that it was curbing their motivation.

Representative Bowers asked about the rates for Missouri and Texas. She said Missouri was similar but had less rate increase.

Representative Quigley asked if they had a higher payment in the first quarter because taxes were paid on the first \$8,000.00 income. Susan agreed that they did.

Emily Compton, Goodwill Industries submitted written testimony about the rate increases (Attachment 2). Representative Tietze asked if the increase would cause them to lose an employee this year. She replied that they did not do the documentation on that but that the Sales Tax exemption saves the equivalent of a job. Representative Brunk recognized that they were employing the generally unemployable who would become dependant on the State if they were laid off.

Phillip Hayes, The Arnold Group gave testimony about UI benefits (Attachment 3). He had five areas of concern about Unemployment Insurance. He testified that people are staying on Unemployment rather than accepting positions with his company because the benefits are too high. He suggested that the rate tables should be more static to enable companies to plan ahead. He also felt that the representation on the Advisory Council was not fair.

Representative Tietze asked if he meant that we should have the same rates every year. He said yes.

CONTINUATION SHEET

Minutes of the House Commerce and Labor Committee at 9:05 a.m. on January 27, 2010, in Room 784 of the Docking State Office Building.

Representative Quigley asked if their rates were OK in past years. Phillip replied that they had not been concerned with the rates in previous years.

Don Sayler, Kansas Restaurant & Hospitality Assn., said that employers that use part time workers pay four times the normal rate (Attachment 4). He complained of a 500 % increase in the UI tax.

Bill Rowe, Wichita Casual Dining, Inc., testified about the UI tax rates (Attachment 5). He said that there was fraud in UI and it appeared to be rewarding bad behavior.

Representative Brunk commented that they had 45 employees with a combined payroll of \$500,000. They employed a lot of part time employees. Were they looking for ways to cut the costs of doing business? Bill indicated that they only way to cut costs was to lay off employees.

Joan Barrett, KWCH TV presented testimony on the impact of the 2010 Unemployment Insurance Tax Increase (Attachment 6). She indicated that although they had a positive balance in their account, their rate went from 1.32% to 5.4%. In 2009 they paid \$16,500 in unemployment taxes and estimate that they will pay \$60,000 in 2010, an increase of 264%. In addition it is an added burden that most of this has to be paid in the first quarter.

Representative Quigley asked if their rates were stable before this year. Joan said they were.

Tom Casey, Express Well Service and Supply, presented testimony about the impact of Unemployment Benefits (Attachment 7). He complained that they could not find employees for their company. Part of the problem was that people could earn \$20,000 a year on Unemployment Insurance. Additionally their rate had gone from .51% to 4.86% even tho they have a positive balance.

Rob Chestnut, Allen Press, presented a chart on Allen Press unemployment information (Attachment 8). He said they were a 75 year old company. The UI tax rate had gone from 1.3% to 5.4%. He indicated that they had anticipated a budget increase for UI taxes but it was not enough. He said that companies need a steady tax rate so that they could have predictability.

Representative Brunk asked if it would be helpful to spread the payment out this year. Rob indicated that they have already had layoffs to cover the expense of the increase.

Patti Bossert, Premier Employment Solutions, presented testimony on the SUI rate increases (Attachment 9). Patti said that the rate increase was a dis-incentive to create jobs. Her company did not have a profit margin last year as large as the tax rate for this year. Many of the unemployed refuse to take jobs because they are receiving almost the same amount from Unemployment.

Representative Tietze asked if part time employees were more expensive. Patti answered yes.

Larry D. Van Horn, GLMV Architecture, Inc., said that his company had a 500% increase in UI taxes (Attachment 10). Their business as architects is tied to the construction industry and it is not going up. There ar no jobs for young architects. He suggested that the costs of the increase should be spread out over the year.

Steve Seifert, an unemployed individual gave verbal only testimony about the difficulty of finding a job. He has been laid off since 2008 and always worked before that. Also it is difficult to start a small business because of all the red tape. He calculated that he made \$10.17 per hour on unemployment but would gladly take a job if he could find one.

The next meeting is scheduled for January 28, 2010.

The meeting was adjourned at 10:35 a.m.

COMMERCE & LABOR COMMITTEE

DATE: 1-27-10

NAME	REPRESENTING
James Dwyer	Rep. Brunk
Josh Mitchell	Rep. Brunk
Megan Bottenberg	ICDOL
Katie Stuy	Rep. Pottorff
Katie Mishler	Rep. Pottorff
Kassandra Short	Rep. Tietz
Grant Sander	Rep. Ruiz
Bob Anderson	Rep. Quigley
Josiah Rosell	Rep. Quigley
Meredith Foulke	Rep. Prescott
Gary Foulke	Rep. Prescott
Larry D. Van Horn	GLMV Architecture, Inc.
Susan Smith	GLMV Architecture, Inc.
Joe Mosimann	PMCA
Patti Bassett	Key Staffing
Rob Chestnut	Allen Press, Inc.



GLMV Architecture

**Kansas House Committee on Commerce and Labor
Testimony in Opposition of the 2010 Kansas Unemployment Tax Rates**

By:
Susan Smith, SPHR
Senior Vice President/CHRO
GLMV Architecture, Inc.
420 S. Emporia, Wichita, KS 67202
Phone (316) 265-9367 - Fax (316) 265-5646

January 28, 2010

Kansas Unemployment Tax has never before had such a skewed relationship between our business activities and the tax rate. Over the past three years, we have had one involuntary termination, and benefits were paid to that individual. The termination was not a lay-off, and we filled the position with a Kansas resident who had been unemployed when hired by us. We paid benefits for one unemployed and put another to work. Our good employment performance has been recognized with a five-fold increase in unemployment tax charges.

We are GLMV Architecture, Inc., a company formed on January 1, 2010 by the merger of Gossen Livingston Associates, Inc. and McCluggage Van Sickle & Perry Corp. Our first realization of the unreasonableness of the 2010 Kansas Unemployment Tax rates charged occurred when we reviewed the rates for the two companies to determine what was to be done for our merged company going forward. We observed that both companies, in the same business, with about the same numbers of employees in Kansas, and with about the same experience, were charged significantly different rates. Upon closer analysis, we realized the remarkable magnitude of the increase in rates for both companies. When we estimated the cash at stake, the results were, frankly, stunning.

Our "Experience Rating Notifications" were dated December 15, 2009 and stamped "received Dec 17." The Kansas Unemployment web site states that the: "determination of the contribution rate becomes conclusive and binding upon an employer unless within 15 days from the mailing date of this notice, the employer requests a review and predetermination and sets forth in writing the reasons for the request." This is clever timing if you really don't want to consider appeals.

Our office closed at noon on December 24 and did not reopen for business until January 4, 2010. We are not unique among Kansas businesses in this practice. You may rest assured that few Kansas employers spent the last 15 days of the calendar year, tax year, and the holiday season with its closures, holidays, and heightened business, personnel and personal pressures, worrying about what their 2010 Kansas Unemployment Tax charge was. Kansas employers generally know what their experience has been and expect a rate charge reasonable to that. We are not generally disappointed and never to such a grave extent as we are experiencing now. **The 2010 rates are increases of an unprecedented magnitude. So much so that it should have been treated as a major policy shift that would be announced clearly and loudly across the state and include a public comment period.**

House Commerce & Labor
Date: 1-27-10
Attachment # 1

420 S Emporia St • Wichita, KS 67202 T 316.265.9367 F 316.265.5646
125 S Washington St • Wichita, KS 67202 T 316.262.0451 F 316.262.5465

Formed by the merger of Gossen Livingston Associates and McCluggage Van Sickle & Perry.

www.glmv.com

We researched the history of Gossen Livingston's experience relative to charges and utilization. We also gathered information to try to assemble a history of the rate tables themselves, which were not available on line. We learned several things:

- The rating group number had nothing to do with the nature of our business—it is tied to our reserve ratio. During the eight-year period 2002-2009:
 - we have paid in 23% more than we have had charged against
 - Our current account balance is, interestingly, 23% higher than our 2002 balance
 - Our current 3-year average payroll (a reserve ratio factor) is only 3% higher than the 2002 figure
 - Our current reserve ratio is 19% higher than it was in the beginning of 2002.

This information is illustrated below:

Gossen Livingston Associates, Inc. Experience and Rate History							
Experience Rating Year	Contributions	Benefit Charges	Account Balance	New Rate/Rate Group	Reserve Ratio	Payroll	3-year Average Payroll
2010	\$28,350.00		67,696.81	5.40	14.074		481,000.79
2009	4,887.19	7,700.28	71,509.85	1.03	15.768	447,442.03	447,442.03
2008	3,604.69	0.00	66,905.16	0.75	16.498	503,887.45	405,528.28
2007	5,562.24	0.00	53,175.16	0.69	13.922	486,608.10	381,960.05
2006	14,344.47	647.09	47,612.92	3.17	12.852	452,506.82	370,461.92
2005	18,699.38	5,002.00	33,915.54	4.86	8.749	403,211.16	387,661.33
2004	10,162.67	17,252.59	41,005.46	2.88	8.775	360,866.87	419,492.02
2003	6,249.93	8,749.93	43,505.46	1.71	9.713	381,802.11	447,918.22
2002	3,154.77	14,642.00	54,992.69		11.810	368,716.79	465,644.78
2001						412,465.10	
2000						477,294.16	
1999						453,995.40	
8 years	66,665.34	53,993.84					

- The "experience" referenced in the notification implies that our rate is relevant to our experience—for 2010 it clearly is NOT relevant to our company's experience. Perhaps it is to the Division of Kansas Unemployment's experience.
 - the rate increase was 4.5 times last year's for the same groups.
 - The reserve ratio lower limits change from year to year without clear basis:
 - those that we could identify have raised substantially since 2002, but
 - they have actually decreased by slight amounts over the last two years

This information is illustrated below:

Rate Group	2010		Partial Table of Kansas State Unemployment Insurance Groups and Rates as Disclosed on Gossen Livingston Experience Notifications							
	Lower reserve ratio									
	Contribution rate									
32	0.12657	5.40	(no data for 2007)		2006		(no data for 2005)			
31	0.12971	5.40			Lower reserve ratio					
30	0.13257	5.40			Contribution rate					
29	0.13457	5.40					3.17			
28	0.13676	5.40			0.12997		3.06		2004	
27	0.13875	5.40			0.13138		2.95		Lower reserve ratio	
26	0.14137	5.40			0.13201		2.83		Contribution rate	
25	0.14318	5.40			0.13275		2.72		2.88	
24	0.14468	5.40			0.13419		2.61		0.09903	
23	0.14662	5.40							2.76	
22	0.14930	5.38	2009						0.10143	
5	0.15113	5.12	Lower reserve ratio						2.64	
20	0.15343	4.86	Contribution rate						0.10298	
19	0.15584	4.61			1.03				5.52	
18	0.15628	4.35	0.15814		0.97		2008		0.10509	
17	0.15719	4.10	0.15880		0.92		Lower reserve ratio		2.40	
16	0.15918	3.84	0.16038		0.86		Contribution rate		0.10700	
15	0.16139	3.58	0.16211		0.80				2.28	
14	0.16320	3.33	0.16344		0.74		0.16504		0.75	
13	0.16449	3.07	no data				0.16683		0.64	
12	0.16676	2.82	no data				0.16769		0.59	
11	0.16805	2.56	no data				0.16915		0.54	
10	0.17031	2.30	no data				0.17065		0.48	
9	0.17298	2.05	no data				no data		no data	
8	0.17612	1.79	no data				no data		no data	
7	0.17952	1.54	no data				no data		no data	
6	0.18418	1.28	no data				no data		no data	
5	0.18963	1.02	no data				no data		no data	
4	0.19721	0.77	no data				no data		no data	
3	0.20878	0.51	no data				no data		no data	
2	0.23131	0.26	no data				no data		no data	
1	0.28992	0.16	no data				no data		no data	

In 2009, GLA was charged \$7,700 for benefits. Assume that GLA's taxable payroll is \$525,000 for 2010:

- Based on 2009's contribution rate, we would pay \$5,407 (\$525,000 x 1.03%).
- Applying the 2010 rate, we would pay \$28,350 (\$525,000 x 5.4%).
- For \$7,700 in benefits charged in 2009, we must pay in an additional \$22,943 in tax?

In 2009, MVP was charged \$5,260 for benefits. Assume MVP's taxable payroll is \$460,000 for 2010:

- Based on 2009's contribution rate, we would pay \$1,840 (\$460,000 x 0.4%).
- Applying the 2010 MVP rate, we would pay \$17,664 (\$460,000 x 3.84%).
- For \$5,261 in benefits charged in 2009, we must pay an additional \$15,824 in tax?

The sum of the two companies' new rates is \$46,014, whereas **last year they paid a combined \$6,792**. When we combine account balances and three-year average payrolls to determine a new reserve ratio for GLMV Architecture, the result is .14921, a drop to Rate Group 21 for a new aggregate rate of 5.21. For our estimated 2010 combined UI taxable payroll of 985,000, that rate will require us to contribute a whopping **\$50,432—nearly 7½ times what we paid last year**. No one budgets for these kinds of increases with no other corresponding changes in business conditions.

Our company has a history of keeping a lean staff. We create new jobs only when we feel that we have experienced sustainable growth. We also have a culture of employing individuals whose talents and work behaviors are compatible with our needs and those of their coworkers. When we find that we've misjudged the potential or abilities of an individual in our employ, we will terminate the employment relationship and seek to better fill the position. As it is our responsibility to ensure the best possible fit in hiring, we do not protest benefits paid to anyone terminated in such a scenario.

Under the current unemployment tax structure, we will be extremely hard-pressed to create jobs as readily as in the past. The additional tax alone, 46K for our company, represents the cost of an entry-level professional. Profit margins have been squeezed to keep existing staff working. The cost of correcting an error in hiring judgment has soared to unprecedented heights, further discouraging job creation. This tax increase is one more overhead expense standing between our company and the next new job we can create. The implementation of the increase, with no warning or opportunity to weigh in, illuminates our inability to plan for or manage this tax and serves as further deterrent to job creation.

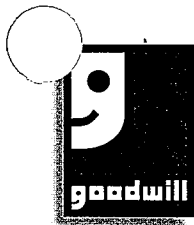
So now we find ourselves between a rock and a very hard place. Not just we, GLMV Architecture, but we, our company and the KDOL. We understand that KDOL seeks funding for benefits that must be paid under current law. But this is a mere puzzle piece in a much larger picture. How do we stimulate employment with such a heavy penalty laid before those who would risk hiring again? How many businesses will cut a position or two just to manage the additional tax burden?

This tax will result in more overtime and higher wages paid to fewer individuals. We have already seen this outcome in the industries of size that have undergone mass lay-offs again and again. They are undoubtedly paying maximum rates and, ironically, keeping their employment numbers down will keep their tax expense down. Now the strategy will necessarily spread to much smaller Kansas businesses. Unemployment will continue, even rise, and replenishment of the benefit coffers will not keep up with the demand.

The solution on the table for funding 2010 unemployment benefits is wrong and will backfire. We look to our lawmakers and taxing authorities to work together to find a solution that does not perpetuate the problem. This solution should include:

1. Amending the notification and appeal timing for Kansas Unemployment tax rate changes to a schedule that invites and accommodates business to participate
2. Amending the rates charged to all Kansas businesses, possibly excepting those who have had mass lay offs during the current recession, or have negative balances. These rates are 4.5 times higher for employers who are in their same rate group, and much more heavily multiplied for those who entered a higher group.
3. Amending the process by which this circumstance came to be by bringing representatives from Kansas businesses and human resources practitioners/strategists into the conversation.

Thank you for this hearing on the subject and for the opportunity to submit this testimony.



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

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Sedgwick County

January 27, 2010

Chairman Steven Brunk and Committee Members
House Committee on Commerce and Labor
300 SW 10th Avenue, Docking Bldg., Room 784
Topeka, KS 66612

Subject: Comments on Kansas Unemployment Insurance System

Dear Chairman Brunk 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 380 people, with 60 percent of the people with employment barriers, we were hit with a *five-fold increase in our unemployment compensation rates*. Under the new 2010 rates, *Goodwill will pay \$155,000 into the fund while our benefits charged to the fund for the last three years have averaged about \$30,000*. In simple terms, in 2009 we paid \$31,270 into the fund and in 2010 we will pay \$155,000 into the fund, an increase of \$123,730. I've attached our KDOL Experience Rating Notices for 2010 and 2009 for your review. Somehow or another, this just isn't fair.

Our income was also cut by \$45,000 when the Governor's office made a 10 percent across the board cut to Medicaid funding.

During last year's legislative session Goodwill worked very hard to have our sales tax exemption re-instated after the KDOR erroneously sent us an invalid exemption certificate. I understand that this year the KDOR is trying to remove many non-profits, including Goodwill Industries of Kansas, sales tax exemptions. Our exemption saves us about \$50,000 to \$60,000/year. That money is used to supplement services the state has provided for in the past.

Between the obscene Unemployment Compensation increase, the Medicaid cuts and the threat of removing our tax exemption, the state of Kansas is forcing our agency and many other us to limit services we provide to people with disabilities and severe employment barriers as well as making it very difficult to do business in Kansas. With unemployment in Wichita nearing 10 percent, this is not the time to be increasing employment related taxes.

On behalf of those who need our services, PLEASE support any votes that will reduce the unfair burden we are experiencing from the increase in unemployment compensation fund and Medicaid funding. PLEASE oppose any votes that will jeopardize our sales tax exemption.

Thank you. In Goodwill service,

Emily Compton
President/CEO

House Commerce & Labor
Date: 1-27-10
Attachment # 2



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of Social & Rehabilitation Services

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



DEPARTMENT OF LABOR

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

2010 EXPERIENCE RATING NOTICE

DATE MAILED: 12-16-2009

305

ACCOUNT NO.: 086370

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	<u>971,257.47</u>	<u>568,624.44</u>	2008	2,865,276.55
			TOTAL	<u>7,926,657.02</u>
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

	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									

ACCOUNT NO. 086370 FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION _____ \$ 2-2
Your voluntary contribution must be postmarked by: 01-15-2010

CONTRIBUTION RATES EFFECTIVE FOR CALENDAR YEAR 2010 FOR EMPLOYERS WITH A POSITIVE ACCOUNT BALANCE

Rate Group	Upper & Lower Reserve Ratio (in percent)		2010 Rate (in percent)	Rate Group	Upper & Lower Reserve Ratio (in percent)		2010 Rate (in percent)
	Upper	Lower			Upper	Lower	
1	14801.470	28.992	0.16	26	14.317	14.137	5.40
2	28.991	23.131	0.26	27	14.136	13.875	5.40
3	23.130	20.878	0.51	28	13.874	13.676	5.40
4	20.877	19.721	0.77	29	13.675	13.457	5.40
5	19.720	18.963	1.02	30	13.456	13.257	5.40
6	18.962	18.418	1.28	31	13.256	12.971	5.40
7	18.417	17.952	1.54	32	12.970	12.657	5.40
8	17.951	17.612	1.79	33	12.656	12.344	5.40
9	17.611	17.298	2.05	34	12.343	11.998	5.40
10	17.297	17.031	2.30	35	11.997	11.688	5.40
11	17.030	16.805	2.56	36	11.687	11.324	5.40
12	16.804	16.676	2.82	37	11.323	10.892	5.40
13	16.675	16.493	3.07	38	10.891	10.476	5.40
14	16.492	16.320	3.33	39	10.475	10.083	5.40
15	16.319	16.139	3.58	40	10.082	09.531	5.40
16	16.138	15.918	3.84	41	09.530	09.181	5.40
17	15.917	15.719	4.10	42	09.180	08.532	5.40
18	15.718	15.628	4.35	43	08.531	07.916	5.40
19	15.627	15.584	4.61	44	07.915	07.298	5.40
20	15.583	15.343	4.86	45	07.297	06.587	5.40
21	15.342	15.113	5.12	46	06.586	05.774	5.40
22	15.112	14.930	5.38	47	05.773	04.787	5.40
23	14.929	14.662	5.40	48	04.786	03.705	5.40
24	14.661	14.468	5.40	49	03.704	02.658	5.40
25	14.467	14.318	5.40	50	02.657	01.262	5.40
				51	01.261	00.000	5.40

SURCHARGE ON NEGATIVE ACCOUNTS

K.S.A. 44-710a provides that negative balance employers shall pay contributions at the assigned rate of 5.40% and in addition shall pay a surcharge based on the size of the employer's negative reserve ratio. The schedule shown below provides the amount of surcharge that will be added to the assigned rate for calendar year 2010. Contribution payments made as a result of this surcharge shall be credited to the experience rating account of such negative balance employers.

Upper & Lower Negative Reserve Ratio (in percent)		Assigned Rate	Surcharge (in percent)	2010 Rate (in percent)
Upper	Lower			
-0.001	-1.999	5.40	.20	5.60
-2.000	-3.999	5.40	.40	5.80
-4.000	-5.999	5.40	.60	6.00
-6.000	-7.999	5.40	.80	6.20
-8.000	-9.999	5.40	1.00	6.40
-10.000	-11.999	5.40	1.20	6.60
-12.000	-13.999	5.40	1.40	6.80
-14.000	-15.999	5.40	1.60	7.00
-16.000	-17.999	5.40	1.80	7.20
-18.000	and over	5.40	2.00	7.40



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	<u>939,986.49</u>	<u>540,763.86</u>	2007	<u>2,632,937.04</u>
			TOTAL	<u>7,563,556.30</u>
ACCOUNT BALANCE IS:	399,222.63	(Contributions Paid Less Benefits Charged)	Average of Taxable Payrolls Shown is	→ 2,521,185.43

ACCOUNT BALANCE \div 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

OPTION	Lower Reserve Ratio Is	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 2-4 \$

Your voluntary contribution must be postmarked by: 01-12-2009



CONTRIBUTION RATES EFFECTIVE FOR CALENDAR YEAR 2009 FOR EMPLOYERS WITH A POSITIVE ACCOUNT BALANCE

Rate Group	Upper & Lower Reserve Ratio (In percent)		2009 Rate Rate (In %) (In %)		Rate Group	Upper & Lower Reserve Ratio (In percent)		2009 Rate Rate (In %) (In %)	
	Upper	Lower				Upper	Lower		
1	4836.776	28.786	0.07	0.00	26	14.623	14.412	2.87	1.43
2	28.785	22.915	0.11	0.00	27	14.411	14.247	2.98	1.49
3	22.914	20.581	0.23	0.00	28	14.246	14.012	3.10	1.55
4	20.580	19.586	0.34	0.00	29	14.011	13.818	3.33	2.00
5	19.585	18.890	0.46	0.00	30	13.817	13.635	3.12	1.87
6	18.889	18.399	0.57	0.28	31	13.634	13.524	3.40	2.06
7	18.398	17.999	0.69	0.34	32	13.523	13.335	3.56	2.14
8	17.998	17.641	0.80	0.40	33	13.334	13.032	3.67	2.20
9	17.640	17.472	0.92	0.46	34	13.031	12.803	3.79	2.27
10	17.471	17.205	1.03	0.51	35	12.802	12.497	3.90	2.34
11	17.204	16.941	1.15	0.57	36	12.496	12.217	4.02	2.41
12	16.940	16.694	1.26	0.63	37	12.216	11.941	4.13	2.48
13	16.693	16.543	1.38	0.69	38	11.940	11.608	4.25	2.55
14	16.542	16.344	1.49	0.74	39	11.607	11.164	4.36	2.62
15	16.343	16.211	1.61	0.80	40	11.163	10.714	4.48	2.69
16	16.210	16.038	1.72	0.86	41	10.713	10.185	4.59	2.75
17	16.037	15.880	1.84	0.92	42	10.184	09.619	4.71	2.83
18	15.879	15.814	1.95	0.97	43	09.618	09.085	4.82	2.89
19	15.813	15.736	2.07	1.03	44	09.084	08.483	4.93	2.96
20	15.735	15.548	2.18	1.09	45	08.482	07.632	5.05	3.03
21	15.547	15.348	2.30	1.15	46	07.631	06.548	5.16	3.10
22	15.347	15.179	2.41	1.20	47	06.547	06.081	5.28	3.17
23	15.178	14.985	2.52	1.26	48	06.080	04.662	5.39	3.23
24	14.984	14.823	2.64	1.32	49	04.661	03.415	5.40	3.24
25	14.822	14.624	2.75	1.37	50	03.414	02.034	5.40	3.24
					51	02.033	00.000	5.40	3.24

SURCHARGE ON NEGATIVE ACCOUNTS

K.S.A. 44-710a provides that negative balance employers shall pay contributions at the assigned rate of 5.40% and in addition shall pay a surcharge based on the size of the employer's negative reserve ratio. The schedule shown below provides the amount of surcharge that will be added to the assigned rate for calendar year 2009. Contribution payments made as a result of this surcharge shall be credited to the experience rating account of such negative balance employers.

Upper & Lower Negative Reserve Ratio (In Percent)		Assigned Rate	Surcharge (In Percent)	2009 Rate (In Percent)
Upper	Lower			
-0.001	-1.999	5.40	.20	5.60
-2.000	-3.999	5.40	.40	5.80
-4.000	-5.999	5.40	.60	6.00
-6.000	-7.999	5.40	.80	6.20
-8.000	-9.999	5.40	1.00	6.40
-10.000	-11.999	5.40	1.20	6.60
-12.000	-13.999	5.40	1.40	6.80
-14.000	-15.999	5.40	1.60	7.00
-16.000	-17.999	5.40	1.80	7.20
-18.000	and over	5.40	2.00	7.40

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

2-6

<u>Year</u>	<u>Paid into Fund</u> <u>June 30 FY</u>	<u>Benefits</u> <u>Charged</u>
2005	\$130,279.24	\$47,787.04
2006	\$114,488.73	\$20,830.01
2007	\$63,819.77	\$16,065.55
2008	\$35,225.55	\$11,194.43
2009	\$31,270.98	\$27,860.58
2010	\$153,000.00	

2-6



The Arnold Group

A HUMAN RESOURCE COMPANY

Testimony for the KS House Commerce and Labor Committee Regarding KS Unemployment Insurance & KS Employment Security Law

January 27, 2010
Topeka, Kansas

By Phillip M. Hayes, SPHR
VP, HR Services & Operations
The Arnold Group

530 S. Topeka, Wichita, KS 67208
P – 316.263.9283 x223 / phayes@the-arnold-group.com

Dear Members of the Committee:

My name is Phillip M. Hayes and I am writing on behalf of my employer, The Arnold Group. Today I would like to share my concern and frustration with the current KS Employment Security Law. I have five points I would like to briefly share with you this morning:

1. The Arnold Group's History as it Relates to our KS Unemployment Rates, Contributions and Charges
2. Concern Regarding the Notice Period and Timeframe for Appeal
3. Concern Regarding Inequities with the System and the Dynamic Rate Tables that Change Each Year
4. Concern Regarding the KS Employment Security Advisory Council
5. A Summary of Recommendations for Consideration

1. The Arnold Group's History as it Relates to our KS Unemployment Rates, Contributions and Charges

Overall, employers I have visited with share the same concerns with myself and my employer... there are inequities in the current system. This concern is not new this year; I have been trying to piece together the KS Unemployment Insurance puzzle for years. My first encounter was in 2005 when the rate tables were not published and distributed with our employer experience rating notice. At that time, I visited the local KS Workforce Center in Wichita to request a rate table. After repeated requests and about 30 minutes later, I received an internal report with the rate groups. Interestingly enough, this table was different than those that had been published in years past and since (including 2005.) The primary difference was the internal document listed the number of KS employers rated in each rate group – see Attachment E.

Each year, we have tried to accurately estimate our experience mod rating by analyzing previous year rate groups, average payroll, reserve ratio, etc, but it seems to be an elusive target as the rate groups change every year making this a tough assignment. It seems as though the KS Unemployment Insurance system is not merit based and does not reward employers that proactively manage their unemployment processes and claims.

In my packet of information, I have attached a summary of our KS Unemployment History dating back to 1980. As you can see our rate jumped from 1.55% (reduced) / 3.10% (full) in 2009 to 5.40% in 2010. Although we were projecting an increase, we weren't expecting to be in a rate group with the max rating as a positively balanced employer. It's unfortunate that 29 of the 51 Rate Groups for 2010 share the same max experience rating of 5.40% as positively balanced employers. Even more frustrating is the fact that there are 10 rate groups for negatively balanced employers that share the same 5.40% with my company, albeit they pay an additional surcharge. It's a bit perplexing to me that we currently have a positive paper balance of \$848,060.059, yet we are treated like an employer with a negative reserve ratio, although we will not incur an additional .20 surcharge. Our current reserve ratio is 12.372%. Ironically, most Kansas employers would be better off closing their company and reopening with a new name as the rate then would only be 4.00%. Our current rating is unacceptable based on the history of the rate groups in years past. In calendar year 2009, we paid \$53,517 in KS SUTA taxes. Based on our estimations, in calendar year 2010 The Arnold Group will pay an additional \$132,931 over and above what we paid in 2009 *IF* our taxable payroll remained unchanged from last year. Ultimately we feel as though we are subsidizing negatively balanced employers and its business as usual for them.

530 SOUTH TOPEKA, WICHITA, KS 67208

316.263.9283 • FAX: 316.262.8790

www.the-arnold-group.com

House Commerce & Labor

Date: 1-27-10

Attachment # 3

Concern Regarding the Notice Period and Timeframe for Appeal

Our "2010 Experience Rating Notice" was dated December 16, 2009. 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 a very drastic increase from the previous years.

3. Concern Regarding Inequities with the System and the Dynamic Rate Tables that Change Each Year

As I briefly highlight the information in *Attachments A and B*, keep the following question in the back of your mind

"What's the point of having rate groups if they are based solely on the trust fund balance and trust fund target balance?"

Although our history is only a snapshot as it represents just a single, independent employer in the state it does highlight concerns that many employers in the state share regarding the dynamic fluctuation in the rate tables from year to year. This is best illustrated on *Attachment A*. Out of curiosity, I averaged the reserve ratios and rates from the year 2000 through 2010. Additionally, I added a row labeled "Proposed:" indicating a more static rating for employers. Next, I analyzed my company's history from 2000 through 2010 and compared my actual rate group to the self-proposed rate group. To our surprise, it did not work out in our favor as the 11 year average was .31 higher than my actual rating average. Even with this knowledge, I think there is some merit in having a static table to allow Kansas employers the ability to plan appropriately for each upcoming fiscal year. On the flip side of the coin, the state would have benefited in this case by having collected more state unemployment tax revenue from my employer. Obviously the system is much more complicated than I 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.

4. Concern Regarding the KS Employment Security Advisory Council

Faced with such a severe increase in KS SUTA rates in 2010 coupled with continued economic uncertainty, Kansas employers may be forced to react with additional lay-offs as they will not be in a position to reinvest in their workforce to create new jobs as well as cover such a drastic increase in unemployment taxes. This does not seem like a practical approach to benefit the state of Kansas regarding workers, businesses (existing and potential) and our communities. Furthermore it seems contradictory to K.S.A. 44-714(e) which states:

"The secretary...shall take all appropriate steps to reduce and prevent unemployment; to encourage and assist in the adoption of practical methods... in time of business depression and unemployment; to promote the reemployment of unemployed workers throughout the state in every other way that may be feasible."

I feel some of the recommendations being discussed by KS ESAC will cause further erosion in Kansas employment as businesses will be faced with an additional and compounded tax if the taxable wage limit is increased in subsequent years. For example, an employer with 1,000 employees with a 5.40% experience rating will pay an additional \$54,000 if the taxable wage is increased from \$8,000 to \$9,000. Furthermore, another \$54,000 will be assessed if the taxable wage is increased from \$9,000 to \$10,000 the following year. Mind you, this is in addition to the increased ratings employers have already received this year. My assumption is the experience ratings will likely not be reduced for several years to come if the KS Unemployment Insurance System remains unchanged, therefore a continuation of subjectively taxing employers without regard for their experience will remain.

It's my understanding KS DOL evaluates and fully investigates the health of the Unemployment Insurance Trust Fund by determining the Average High Cost Multiple of the fund's balance as of June 30th of each and every single year. As such, I ask the simple question, if our situation is as dire as it is, why wasn't there better communication to the employer community to plan for such a drastic increase. Certainly we have all followed the general news stories and prepared for an increase, but the countless employers I have visited with weren't expecting to have a max rating when they maintain a positive balance, including The Arnold Group. I'm not sure that our current system can't be improved to allow Kansas employers to better anticipate their experience rating for each upcoming year.

Statute 44-714:

"...Whenever the secretary believes that a change in contribution or benefit rates will become necessary to protect the solvency of the fund, the secretary shall promptly so inform the governor and the legislature, and make recommendations with respect thereto."

3-2

...**(d) Advisory councils.** The secretary shall appoint a state employment security advisory council and appoint local advisory councils, composed in each case of men and women which shall include an equal number of employer representatives and employee representatives who may fairly be regarded as representative because of their vocation, employment, or affiliations, and of such members representing the general public as the secretary may designate. Each such member shall serve a four-year term. On July 1, 1996, the secretary shall designate term lengths for seated members of the council. One-half of the seated members representing employers, 1/2 of the seated members representing employees and 1/2 of the members representing the general public shall be designated by the secretary to serve two-year terms. The remaining seated members of the council shall be designated to serve four-year terms. When the term of any member expires, the secretary shall appoint the member's successor to a four-year term. If a position on the council becomes vacant prior to the expiration of the vacating member's term, the secretary may appoint an otherwise qualified individual to fulfill the remainder of such unexpired term. Such councils shall aid the secretary in formulating policies and discussing problems related to the administration of this act and in securing impartiality and freedom from political influence in the solution of such problems. Members of the state employment security advisory council attending meetings of such council, or attending a subcommittee meeting thereof authorized by such council, shall be paid amounts provided in subsection (e) of K.S.A. 75-3223 and amendments thereto. Service on the state employment security advisory council shall not in and of itself be sufficient to cause any member of the state employment security advisory council to be classified as a state officer or employee.

KS Employment Security Advisory Council:

Labor:

Kansas AFL-CIO; Kansas AFL-CIO; Topeka Federation of Labor, AFL-CIO; Kansas Organization of State Employees (KOSE)

Business:

KS Chamber of Commerce; Gill Studios, Inc; Olson Manufacturing and Distribution, Inc; Boeing Company

Public Members:

Economists from Washburn University School of Business; HWB Center for Small Business & Entrepreneurism; Kansas State University; The University of Kansas

Under the current system, maximum weekly benefit amounts are automatically triggered based on the overall average wage in the state of Kansas. Many in the business community would question the necessity of having Labor represented on the KS ESAC if the only recommendations that can be made from the council impact employers. Additional concern exists around the KS ESAC based on the overall design of our system:

- KS DOL establishes the UI rates for employers
- KS DOL administers the UI system
- KS DOL appoints (or makes recommendations to the Governor) members to the ESAC

I'm not sure a fair representation currently exists on the KS ESAC when you balance the members from a representative standpoint. The Labor appointees represent more than 200,000 members; the business appointees represent more than 1,000 members. The final four public member appointees cause concern as they have no real business world experience and have not faced the realities of double and triple digit tax increases in addition to possible recurring financial and operational challenges business and industry face on a daily, monthly, quarterly and annual basis.

5. A Summary of Recommendations for Consideration

- Adjust the current system to reward employers who proactively manage their processes and claims.
 - Eliminate the dynamic rate group table and create a more consistent, static rate group table that employers can use to better plan with from year to year.
 - To allow for "projected short" years implement a consistent and fair surcharge (up to X%) that would be applied to every rate group – this would be applied to each employers *earned rate group* thereby allowing every employer to still pay based on their merit. For example:
 - An earned rate of 1.00% X 20% = 0.04 + 1.00% = 1.04%;
 - An earned rate of 4.30% X 20% = 0.86 + 4.30% = 5.16%
- Abolish the current group method as it is inherently unfair to growing companies and those companies that manage their claims well. Consider a variable system for taxable wage limits based rate groups to reward positively balanced employers:
 - Option 1:
 - Positive Balanced Groups: \$8,000 (Groups 1-51)
 - Negative Balanced Employers: \$9,000

3-3

- Option 2: Have a tiered system for taxable wage limits based rate groups:
 - Groups 1-25: \$8,000
 - Groups 26-51: \$9,000
 - Negative Rate Groups: \$10,000
- Increase the timeline for employers notices and increase appeal process from 15 days to a minimum of 30 days.
- It would be interesting to profile all employers in the top 15 rate groups to determine what kind of employer demographics are revealed... are these declining businesses? Attachment E is a document I discovered in 2005 which is the 2005 Rate Table with an additional column of information: the number of employers covered in each rate group.
- Regarding maximum weekly unemployment benefits, Kansas is near the top of the list, in relation to other states in the Midwestern and regional states:

Maximum Wkly Benefit Amounts					
	State	11/2008	02/2009	Difference	
1.	Minnesota	\$538	\$566	\$28	
2.	Colorado	\$455	\$475	\$20	
3.	Iowa	\$426	\$443	\$17	
4.	Kansas	\$407	\$423	\$16	
5.	Arkansas	\$409	\$409	-	
6.	Oklahoma	\$392	\$392	-	
7.	Indiana	\$390	\$390	-	
8.	Illinois	\$511	\$385	(\$126)	
9.	North Dakota	\$385	\$385	-	
10.	Texas	\$378	\$378	-	
11.	Ohio	\$493	\$372	(\$121)	
12.	Michigan	\$362	\$365	\$3	
13.	Wisconsin	\$355	\$363	\$8	
14.	Missouri	\$320	\$320	-	
15.	Nebraska	\$298	\$308	\$10	
16.	South Dakota	\$285	\$285	-	
	Average	\$400	\$391	(\$9)	

Certainly automatic indexing increases for the maximum weekly benefit amounts impact the solvency of the trust fund, should Kansas look at removing this automatic trigger and make the increase strictly statutory in the future as the maximum weekly benefit amount is obviously on a runaway pace? Should Kansas look at freezing maximum weekly benefit amounts until the fund recovers fully?

- Regarding state taxable wage base amounts for employers, Kansas is currently at the bottom of the list, in relation to other states in the Midwestern and regional states:

State Taxable Wage Base Amounts					
	State	2009	2010	Difference	
1.	Minnesota	\$26,000	\$27,000	\$1,000	
2.	North Dakota	\$23,700	\$24,700	\$1,000	
3.	Iowa	\$23,700	\$24,500	\$800	
4.	Oklahoma	\$14,200	\$14,900	\$700	
5.	Missouri	\$12,500	\$13,000	\$500	
6.	Illinois	\$12,300	\$12,520	\$220	
7.	Wisconsin	\$12,000	\$12,000	-	
8.	Arkansas	\$10,000	\$12,000	\$2,000	
9.	Colorado	\$10,000	\$10,000	-	
10.	South Dakota	\$9,500	\$10,000	\$500	
11.	Indiana	\$7,000	\$9,500	\$2,500	
12.	Texas	\$9,000	\$9,000	-	
13.	Ohio	\$9,000	\$9,000	-	
14.	Michigan	\$9,000	\$9,000	-	
15.	Nebraska	\$9,000	\$9,000	-	
16.	Kansas	\$8,000	\$8,000	-	
	Average	\$12,806	\$13,382	\$576	

3-4

Increasing our taxable wage base seems like an easy solution, but it could cost us in the future. If our taxable wage base were increased, Kansas would potentially lose its competitive position in attracting new business to the state.

- How much back taxes have not been collected and what efforts are underway to collect?
- What changes have been to the system since the Legislative Post Audit was completed in 2007 indicating that Kansas ranked the highest in the US for 2005 at 44.7% in overpayment rates? Arizona was the 2nd highest state at 34.2%. At the time, Federal data showed that Kansas had the highest rate for 2003, 2004 and 2005. 87% of the payments found to be in error – this occurred because the claimant hadn't met the statutory requirement to register for job services.
- How have the technological changes to the KS Unemployment Insurance System impacted the qualifying requirements of the unemployed recipients? KS Unemployment claimants are automatically registered on the KANSASWORKS.com website, which allows them to search job openings, post an online resumes, save job searches and receive email updates. What do employers do when a KS Unemployment Claimant is offered a job and the conversation goes something like this:

Potential Employer: "You appear to be a good fit for our company and X position, can you start Monday?"

Potential Job Seeker: "How much does the job pay?"

Potential Employer: "It starts at \$X dollars per hour."

Potential Job Seeker: ***"That's comparable to what I am receiving on unemployment, I think I'll pass at this time, maybe next time."***

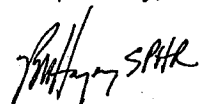
This happens several times per week in all of our offices.

- It's my understanding the state doesn't pay in advance, they pay as they go... Why is this not an option for the private sector? This creates an additional incentive for government to retain employees when it is really the practical solution.

In closing, I would remind the legislature that many of my business colleagues have shared that revenue was down by as much as 30% from 2008. The Arnold Group began feeling the pressures of the economy in February, 2008. From that time, we have reduced our staff by more than 30% and do not anticipate hiring additional staff in 2010 as we are now confronted with such a steep increase for 2010 and into the foreseeable future. I would agree there are no perfect systems, but I do feel that changes are necessary to reward employers more consistently and allow the employer community to better plan from year to year. In closing, I urge the Kansas Legislature to look at other states with merit-based systems and approaches to Employment Security Law and evaluate how our current system might be improved. Thank you for the opportunity to visit with you this morning to share my concerns regarding the Kansas Employment Security Law

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 if additional questions arise.

Respectfully,



Phillip M. Hayes, SPHR
VP, HR Services & Operations

3-5

Attachment A

3-6

1980 - 1989	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Contribution Rate	0.00%	1.71%	1.94%	6.04%	4.36%	0.06%	3.52%	3.76%	3.74%	3.60%
Benefits Charged (Prev Year)	\$0.00	\$0.00	\$116.26	\$1,928.95	\$1,236.97	\$2,882.11	\$12,503.35	\$12,537.25	\$28,167.28	\$21,781.81
Account Balance	\$0.00	\$0.00	\$8,753.00	\$12,634.00	\$32,207.00	\$78,596.00	\$90,133.00	\$103,229.00	\$136,904.00	\$185,135.00

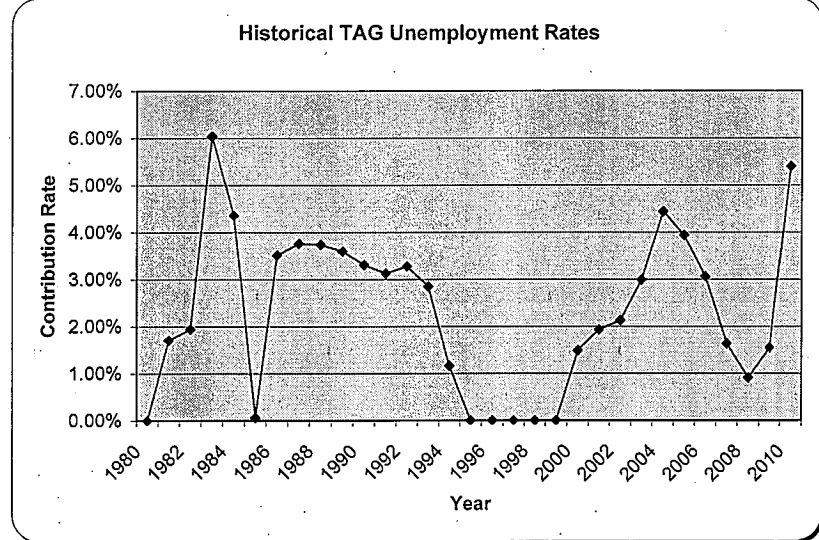
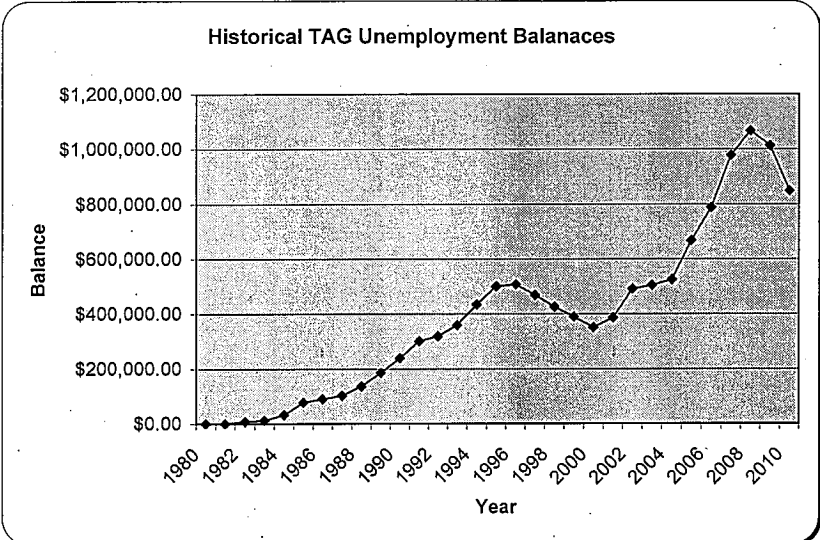
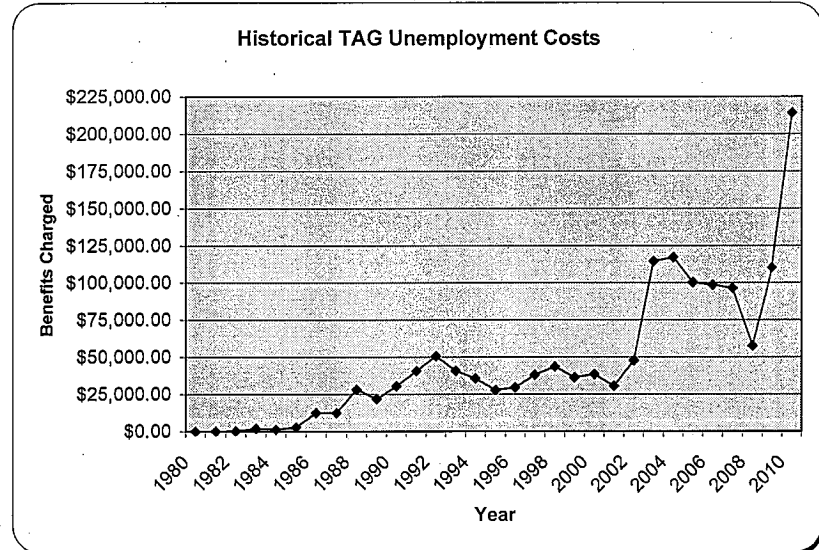
1990 - 1990	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Contribution Rate	3.31%	3.13%	3.28%	2.85%	1.16%	0.00%	0.00%	0.00%	0.00%	0.00%
Benefits Charged (Prev Year)	\$30,372.87	\$40,503.61	\$50,634.34	\$40,844.48	\$35,547.39	\$27,828.60	\$29,573.84	\$38,022.28	\$43,626.47	\$36,238.01
Account Balance	\$239,839.00	\$301,576.00	\$318,367.00	\$360,043.00	\$434,589.00	\$500,363.00	\$507,512.00	\$469,490.00	\$425,863.00	\$389,625.00

2000 - 2009	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Contribution Rate	1.49%	1.93%	2.13%	2.99%	4.44%	3.94%	3.06%	1.64%	0.91%	1.55%
Benefits Charged (Prev Year)	\$38,496.21	\$30,331.43	\$47,571.23	\$114,492.57	\$117,183.26	\$100,388.37	\$98,577.88	\$96,414.18	\$57,577.38	\$110,262.43
Account Balance	\$351,129.00	\$386,133.00	\$491,215.00	\$504,162.00	\$525,138.00	\$667,950.00	\$788,256.00	\$978,087.17	\$1,067,493.78	\$1,013,651.25

2010 -	2010
Contribution Rate	5.40%
Benefits Charged (Prev Year)	\$214,182.20
Account Balance	\$848,060.59

Average Contribution Rates	
3 Year (2007 - 2009)	1.37%
5 Year (2005 - 2009)	2.22%
10 Year (2000 - 2009)	2.41%
15 Year (1995 - 2009)	1.61%
20 Year (1990 - 2009)	1.89%
25 Year (1985 - 2009)	2.10%

Highest 3 Yr Contribution Rates in Past 20 Yrs	
2004	4.44%
2005	3.94%
1990	3.31%
Highest 3 Yr Contribution Rate Avg.	3.90%



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Positive Balanced Accounts																		
Rate Group	1			2			3			4			5			6		
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate
2000	8,834.000	26.230	0.02	26.229	22.712	0.04	22.711	21.350	0.08	21.349	19.757	0.11	19.756	18.776	0.15	18.775	17.829	0.19
2001	35,978.000	27.728	0.03	27.727	22.664	0.06	22.663	20.549	0.11	20.548	19.259	0.17	19.258	18.072	0.22	18.071	17.087	0.28
2002	3,236.254	26.277	0.04	26.276	21.957	0.08	21.956	19.719	0.13	19.718	18.217	0.19	18.216	17.198	0.25	17.197	16.517	0.31
2003	1,833.828	27.658	0.05	26.657	21.931	0.09	21.930	19.435	0.17	19.434	17.929	0.26	17.928	17.205	0.34	17.204	16.415	0.43
2004	3,341.647	29.012	0.08	29.011	22.624	0.12	22.623	20.019	0.24	20.018	18.091	0.36	18.090	17.006	0.48	17.005	16.093	0.60
2005	8,586.245	29.687	0.08	29.686	22.894	0.13	22.893	19.982	0.26	19.981	18.120	0.39	18.119	17.212	0.52	17.211	16.489	0.66
2006	11,567.299	30.377	0.07	30.376	22.633	0.11	22.632	19.814	0.23	19.813	18.487	0.34	18.486	17.553	0.45	17.552	17.077	0.57
2007	6,083.531	29.870	0.06	29.869	22.731	0.10	22.730	20.298	0.19	20.297	19.016	0.29	19.015	18.261	0.38	18.260	17.790	0.48
2008	5,069.609	29.809	0.07	29.808	22.712	0.11	22.711	20.520	0.22	20.519	19.194	0.32	19.193	18.710	0.43	18.709	18.237	0.54
2009	4,836.776	28.786	0.07	28.785	22.915	0.11	22.914	20.581	0.23	20.580	19.586	0.34	19.585	18.890	0.46	18.889	18.399	0.57
2010	14,801.470	28.992	0.16	28.991	23.131	0.26	23.130	20.878	0.51	20.877	19.721	0.77	19.720	18.963	1.02	18.962	18.418	1.28
Avg.	9,469.878	28.584	0.07	28.492	22.628	0.11	22.627	20.286	0.22	20.285	18.852	0.32	18.851	17.986	0.43	17.985	17.305	0.54
Proposed	>=28.510	28.500	0.15	28.499	22.628	0.25	22.627	20.286	0.36	20.285	18.852	0.46	18.851	17.986	0.57	17.985	17.305	0.67
Rate Group	7			8			9			10			11			12		
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate
2000	17.828	17.162	0.23	17.161	16.490	0.27	16.489	15.843	0.30	15.842	15.279	0.34	15.278	14.862	0.38	14.861	14.265	0.42
2001	17.086	16.156	0.33	16.155	15.597	0.39	15.596	14.945	0.44	14.944	14.471	0.50	14.470	14.082	0.55	14.081	13.835	0.61
2002	15.516	15.649	0.38	15.648	15.064	0.44	15.063	14.583	0.55	14.582	14.268	0.56	14.267	13.745	0.63	13.744	13.333	0.69
2003	16.414	15.555	0.51	15.554	14.795	0.60	14.794	14.568	0.88	14.567	14.156	0.77	14.155	13.615	0.85	13.614	13.243	0.94
2004	16.092	15.594	0.72	15.593	15.195	0.84	15.194	14.870	0.96	14.869	14.216	1.08	14.215	13.725	1.20	13.724	13.240	1.32
2005	16.488	16.005	0.79	16.004	15.715	0.92	15.714	15.305	1.05	15.304	14.798	1.18	14.797	14.366	1.31	14.365	13.918	1.44
2006	17.076	16.777	0.68	16.776	16.257	0.79	16.256	15.986	0.91	15.985	15.627	1.02	15.626	15.327	1.13	15.326	15.111	1.25
2007	17.789	17.547	0.58	17.546	17.224	0.67	17.223	16.970	0.77	16.969	16.728	0.87	16.727	16.618	0.96	16.617	16.397	1.06
2008	18.236	17.820	0.65	17.819	17.649	0.75	17.648	17.308	0.86	17.307	17.065	0.97	17.064	16.915	1.08	16.914	16.769	1.18
2009	18.398	17.990	0.69	17.988	17.641	0.80	17.640	17.472	0.92	17.471	17.205	1.03	17.204	16.941	1.15	16.940	16.694	1.26
2010	18.417	17.952	1.54	17.951	17.612	1.79	17.611	17.298	2.05	17.297	17.031	2.30	17.030	16.805	2.56	16.804	16.676	2.82
Avg.	17.213	16.746	0.65	16.746	16.294	0.75	16.293	15.923	0.88	15.922	15.531	0.97	15.530	15.182	1.07	15.181	14.862	1.18
Proposed	17.304	16.746	0.78	16.745	16.294	0.88	16.293	15.923	0.99	15.922	15.531	1.10	15.530	15.182	1.20	15.181	14.862	1.31
Rate Group	13			14			15			16			17			18		
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate
2000	14.264	14.011	0.46	14.010	13.973	0.50	13.972	13.923	0.53	13.922	13.622	0.57	13.621	13.201	0.61	13.200	12.798	0.65
2001	13.834	13.533	0.66	13.532	13.073	0.72	13.072	12.425	0.77	12.424	12.050	0.83	12.049	11.571	0.88	11.570	11.072	0.94
2002	13.332	12.851	0.75	12.850	12.628	0.81	12.627	11.828	0.88	11.827	11.223	0.94	11.222	10.703	1.00	10.702	10.340	1.07
2003	13.242	12.708	1.02	12.707	12.205	1.11	12.204	11.690	1.20	11.689	11.227	1.28	11.226	10.773	1.37	10.772	10.507	1.45
2004	13.239	12.821	1.44	12.820	12.441	1.56	12.440	12.062	1.68	12.061	11.662	1.80	11.661	11.413	1.92	11.412	11.053	2.04
2005	13.917	13.604	1.57	13.603	13.263	1.71	13.262	13.033	1.84	13.032	12.803	1.97	12.802	12.579	2.10	12.578	12.372	2.23
2006	15.110	14.918	1.36	14.917	14.762	1.47	14.761	14.613	1.59	14.612	14.444	1.70	14.443	14.290	1.81	14.289	14.171	1.93
2007	16.396	16.257	1.15	16.256	16.118	1.25	16.117	16.008	1.35	16.007	15.889	1.44	15.888	15.796	1.54	15.795	15.678	1.64
2008	16.768	16.683	1.29	16.682	16.504	1.40	16.503	16.359	1.51	16.358	16.186	1.61	16.185	16.010	1.72	16.009	15.896	1.83
2009	16.693	16.543	1.38	16.542	16.344	1.49	16.343	16.211	1.61	16.210	16.038	1.72	16.037	15.880	1.84	15.879	15.814	1.95
2010	16.675	16.493	3.07	16.492	16.320	3.33	16.319	16.139	3.58	16.138	15.918	3.84	15.917	15.719	4.10	15.718	15.628	4.35
Avg.	14.861	14.584	1.29	14.583	14.876	1.40	14.302	14.026	1.50	14.025	13.733	1.61	13.732	13.449	1.72	13.448	13.212	1.83
Proposed	14.861	14.584	1.41	14.583	14.876	1.52	14.875	14.026	1.62	14.025	13.733	1.73	13.732	13.449	1.83	13.448	13.212	1.94

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Positive Balanced Accounts																		
Rate Group	19			20			21			22			23			24		
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate
2000	12.797	12.232	0.69	12.231	11.747	0.72	11.746	11.248	0.76	11.247	10.873	0.80	10.872	10.639	0.84	10.638	10.346	0.88
2001	11.071	10.505	0.99	10.504	10.253	1.05	10.252	10.038	1.10	10.037	9.563	1.16	9.562	9.110	1.22	9.109	8.740	1.27
2002	10.339	10.310	1.13	10.309	9.917	1.19	9.916	9.448	1.25	9.447	9.350	1.32	9.349	9.019	1.38	9.018	8.729	1.44
2003	10.506	10.438	1.54	10.437	9.973	1.62	9.972	9.571	1.71	9.570	9.359	1.79	9.358	9.140	1.88	9.139	8.968	1.96
2004	11.052	10.732	2.16	10.731	10.700	2.28	10.669	10.509	2.40	10.508	10.298	2.52	10.297	10.143	2.64	10.142	9.903	2.76
2005	12.371	12.183	2.36	12.182	12.012	2.49	12.011	11.848	2.62	11.847	11.764	2.76	11.763	11.600	2.89	11.599	11.438	3.02
2006	14.170	14.024	2.04	14.023	13.968	2.15	13.967	13.874	2.27	13.873	13.714	2.38	13.713	13.572	2.49	13.571	13.419	2.61
2007	15.677	15.580	1.73	15.579	15.516	1.83	15.515	15.388	1.92	15.387	15.252	2.02	15.251	15.121	2.12	15.120	15.012	2.21
2008	15.895	15.737	1.94	15.736	15.697	2.04	15.696	15.614	2.15	15.613	15.438	2.26	15.437	15.286	2.37	15.285	15.164	2.47
2009	15.813	15.736	2.07	15.735	15.548	2.18	15.547	15.348	2.30	15.347	15.179	2.41	15.178	14.985	2.52	14.984	14.823	2.64
2010	15.627	15.584	4.61	15.583	15.343	4.86	15.342	15.113	5.12	15.112	14.930	5.38	14.929	14.662	5.40	14.661	14.468	5.40
Avg.	13.211	13.006	1.93	13.005	12.789	2.04	12.785	12.545	2.15	12.544	12.338	2.25	12.337	12.116	2.34	12.115	11.910	2.42
Proposed	13.211	13.006	2.04	13.005	12.789	2.15	12.788	12.545	2.25	12.544	12.338	2.36	12.337	12.116	2.46	12.115	11.910	2.57

Rate Group	25			26			27			28			29			30		
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate
2000	10.345	9.860	0.91	9.859	9.491	0.95	9.490	9.039	0.99	9.038	8.653	1.03	8.652	8.304	1.07	8.303	8.107	1.10
2001	8.739	8.686	1.33	8.685	8.356	1.38	8.355	8.058	1.44	8.057	7.595	1.49	7.594	7.126	1.55	7.125	6.973	1.60
2002	8.728	8.375	1.50	8.374	8.057	1.57	8.056	7.702	1.63	7.701	7.490	1.69	7.489	7.347	1.76	7.346	6.951	1.82
2003	8.967	8.615	2.05	8.614	8.306	2.13	8.305	8.051	2.22	8.050	7.846	2.30	7.845	7.734	2.39	7.733	7.549	2.48
2004	9.902	9.658	2.88	9.657	9.419	3.00	9.418	9.267	3.12	9.266	9.127	3.24	9.126	8.893	3.36	8.892	8.699	3.48
2005	11.437	11.340	3.15	11.339	11.311	3.28	11.310	11.175	3.41	11.174	10.984	3.54	10.983	10.709	3.67	10.708	10.526	3.81
2006	13.418	13.275	3.72	13.274	13.201	2.83	13.200	13.138	2.95	13.137	12.997	3.06	12.996	12.823	3.17	12.822	12.678	3.29
2007	15.011	14.998	2.31	14.997	14.860	2.41	14.859	14.690	2.50	14.689	14.553	2.60	14.552	14.389	2.69	14.388	14.205	2.79
2008	15.163	14.994	2.58	14.993	14.870	2.69	14.869	14.697	2.80	14.696	14.495	2.91	14.494	14.303	3.01	14.302	14.135	3.12
2009	14.822	14.624	2.75	14.623	14.412	2.87	14.411	14.247	2.98	14.246	14.012	3.10	14.011	13.818	3.33	13.817	13.635	3.12
2010	14.467	14.318	5.40	14.317	14.137	5.40	14.136	13.875	5.40	13.874	13.676	5.40	13.675	13.457	5.40	13.456	13.257	5.40
Avg.	11.909	11.704	2.60	11.703	11.493	2.59	11.492	11.267	2.68	11.266	11.039	2.76	11.038	10.809	2.85	10.808	10.610	2.91
Proposed	11.909	11.704	2.67	11.703	11.493	2.78	11.492	11.267	2.88	11.266	11.039	2.98	11.038	10.809	3.09	10.808	10.610	3.19

Rate Group	31			32			33			34			35			36		
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate
2000	8.106	7.802	1.14	7.801	7.351	1.18	7.350	7.079	1.22	7.078	6.657	1.26	6.656	6.050	1.29	6.049	5.490	1.33
2001	6.972	6.551	1.66	6.550	6.056	1.71	6.055	5.634	1.77	5.633	5.268	1.82	5.267	4.933	1.88	4.932	4.655	1.93
2002	6.950	6.855	1.88	6.854	6.553	1.94	6.552	6.220	2.01	6.219	5.974	2.07	5.973	5.760	2.13	5.759	5.512	2.19
2003	7.548	7.376	2.56	7.375	7.113	2.65	7.112	6.920	2.73	6.919	6.694	2.82	6.693	6.456	2.90	6.445	6.258	2.99
2004	8.698	8.495	3.60	8.494	8.265	3.72	8.264	8.026	3.84	8.025	7.766	3.96	7.765	7.597	4.08	7.596	7.353	4.20
2005	10.525	10.311	3.94	10.310	10.102	4.07	10.101	9.896	4.20	9.895	9.693	4.33	9.692	9.390	4.46	9.389	9.134	4.59
2006	12.677	12.459	3.40	12.458	12.217	3.51	12.216	11.961	3.63	11.960	11.721	3.74	11.720	11.399	3.85	11.398	11.063	3.97
2007	14.204	14.021	2.89	14.020	13.869	2.98	13.868	13.636	3.08	13.635	13.362	3.18	13.361	13.070	3.27	13.069	12.843	3.37
2008	14.134	13.958	3.23	13.957	13.728	3.34	13.727	13.458	3.44	13.457	13.165	3.55	13.164	12.892	3.66	12.891	12.654	3.77
2009	13.634	13.524	3.40	13.523	13.335	3.56	13.334	13.032	3.67	13.031	12.803	3.79	12.802	12.497	3.90	12.496	12.217	4.02
2010	13.256	12.971	5.40	12.970	12.657	5.40	12.656	12.344	5.40	12.343	11.998	5.40	11.997	11.688	5.40	11.687	11.324	5.40
Avg.	10.609	10.393	3.01	10.392	10.113	3.10	10.112	9.837	3.18	9.836	9.555	3.27	9.554	9.248	3.35	9.246	8.955	3.43
Proposed	10.609	10.393	3.30	10.392	10.113	3.40	10.112	9.837	3.51	9.836	9.555	3.61	9.554	9.248	3.72	9.247	8.955	3.82

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Positive Balanced Accounts																		
Rate Group	37			38			39			40			41			42		
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate
2000	5.489	5.165	1.37	5.164	4.604	1.41	4.603	4.215	1.45	4.214	3.890	1.49	3.889	3.545	1.52	3.544	3.208	1.56
2001	4.654	4.349	1.99	4.348	4.096	2.04	4.095	3.877	2.10	3.876	3.625	2.15	3.624	3.366	2.21	3.365	3.111	2.26
2002	5.511	5.282	2.26	5.281	5.085	2.32	5.084	4.797	2.38	4.796	4.557	2.44	4.556	4.290	2.51	4.289	4.063	2.57
2003	6.257	5.954	3.07	5.953	5.706	3.16	5.705	5.382	3.24	5.381	5.091	3.33	5.090	4.789	3.41	4.788	4.409	3.50
2004	7.352	7.103	4.32	7.102	6.785	4.44	6.784	6.477	4.56	6.476	6.142	4.68	6.141	5.809	4.80	5.808	5.483	4.92
2005	9.133	8.816	4.72	8.815	8.574	4.86	8.573	8.261	4.99	8.260	7.979	5.12	7.978	7.661	5.25	7.660	7.178	5.38
2006	11.062	10.716	4.08	10.715	10.332	4.19	10.331	10.038	4.31	10.037	9.586	4.42	9.585	9.063	4.53	9.062	8.501	4.65
2007	12.842	12.541	3.46	12.540	12.225	3.56	12.224	11.930	3.66	11.929	11.527	3.75	11.526	11.100	3.85	11.099	10.571	3.95
2008	12.653	12.410	3.87	12.409	12.052	3.98	12.051	11.647	4.09	11.646	11.217	4.20	11.216	10.769	4.30	10.768	10.203	4.41
2009	12.216	11.941	4.13	11.940	11.608	4.25	11.607	11.164	4.36	11.163	10.714	4.48	10.713	10.185	4.59	10.184	9.619	4.71
2010	11.323	10.892	5.40	10.891	10.476	5.40	10.475	10.083	5.40	10.082	9.531	5.40	9.530	9.181	5.40	9.180	8.532	5.40
Avg.	8.954	8.652	3.52	8.651	8.322	3.60	8.321	7.988	3.69	7.987	7.624	3.77	7.623	7.251	3.85	7.250	6.807	3.94
Proposed	8.954	8.652	3.93	8.651	8.322	4.03	8.321	7.988	4.14	7.987	7.624	4.25	7.623	7.251	4.35	7.250	6.807	4.46

Rate Group	43			44			45			46			47			48		
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate
2000	3.207	3.000	1.60	2.999	2.676	1.64	2.675	2.369	1.68	2.368	1.963	1.71	1.962	1.577	1.75	1.576	1.215	1.79
2001	3.110	2.837	2.32	2.836	2.519	2.38	2.518	2.200	2.43	2.199	1.904	2.49	1.903	1.556	2.54	1.555	1.183	2.60
2002	4.062	3.821	2.63	3.820	3.469	2.70	3.468	3.126	2.76	3.125	2.723	2.82	2.722	2.288	2.88	2.287	2.055	2.95
2003	4.408	4.023	3.59	4.022	3.552	3.67	3.551	3.104	3.76	3.103	2.586	3.84	2.585	2.028	3.93	2.027	1.857	4.01
2004	5.482	5.019	5.04	5.018	4.575	5.16	4.574	3.861	5.28	3.860	3.209	5.40	3.208	2.700	5.40	2.699	2.190	5.40
2005	7.177	6.662	5.40	6.661	6.146	5.40	6.145	5.678	5.40	5.677	4.982	5.40	4.981	4.300	5.40	4.299	3.319	5.40
2006	8.500	7.846	4.76	7.845	7.163	4.87	7.162	6.208	4.99	6.207	5.334	5.10	5.333	4.083	5.21	4.082	3.401	5.33
2007	10.570	10.035	4.04	10.034	9.387	4.14	9.386	8.624	4.23	8.623	7.771	4.33	7.770	6.501	4.43	6.500	5.125	4.52
2008	10.202	9.624	4.52	9.623	8.941	4.63	8.940	8.013	4.73	8.012	7.037	4.84	7.036	6.436	4.95	6.435	5.084	5.06
2009	9.618	9.085	4.82	9.084	8.483	4.93	8.482	7.632	5.05	7.631	6.548	5.16	6.547	6.081	5.28	6.080	4.660	5.39
2010	8.531	7.916	5.40	7.915	7.298	5.40	7.297	6.587	5.40	6.586	5.774	5.40	5.773	4.787	5.40	4.786	3.705	5.40
Avg.	6.806	6.352	4.01	6.351	5.837	4.08	5.836	5.218	4.16	5.217	4.530	4.23	4.529	3.849	4.29	3.848	3.072	4.35
Proposed	6.806	6.352	4.56	6.351	5.837	4.67	5.836	5.218	4.77	5.217	4.530	4.88	4.529	3.849	4.98	3.848	3.072	5.09

Rate Group	49			50			51												
	Upper	Lower	Rate	Upper	Lower	Rate	Upper	Lower	Rate										
2000	1.214	0.748	1.83	0.747	0.325	1.87	0.324	0.000	1.90										
2001	1.182	0.698	2.65	0.697	0.507	2.71	0.506	0.000	2.78										
2002	2.054	1.565	3.01	1.564	0.782	3.07	0.781	0.000	3.13										
2003	1.856	1.521	4.10	1.520	1.066	4.18	1.065	0.000	4.27										
2004	2.189	1.284	5.40	1.283	0.109	5.40	0.108	0.000	5.40										
2005	3.318	2.190	5.40	2.189	0.848	5.40	0.847	0.000	5.40										
2006	3.400	1.793	5.40	1.792	0.822	5.40	0.821	0.000	5.40										
2007	5.124	4.226	4.62	4.225	2.305	4.72	2.304	0.000	4.81										
2008	5.083	3.226	5.16	3.225	0.910	5.27	0.909	0.000	5.38										
2009	4.661	3.415	5.40	3.414	2.034	5.40	2.033	0.000	5.40										
2010	3.704	2.658	5.40	2.657	1.262	5.40	1.261	0.000	5.40										
Avg.	3.071	2.120	4.40	2.119	0.997	4.44	0.996	0.000	4.48										
Proposed	3.071	2.120	5.19	2.119	0.997	5.30	0.996	0.000	5.40										

3

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Negative Balanced Accounts															
Rate Group	52					53					54				
	Upper	Lower	Rate	Surchg	Full Rate	Upper	Lower	Rate	Surchg	Full Rate	Upper	Lower	Rate	Surchg	Full Rate
2000	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2001	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2002	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2003	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2004	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2005	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2006	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2007	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2008	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2009	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
2010	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
Avg.	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00
Proposed	-0.001	-1.999	5.40	0.20	5.60	-2.000	-3.999	5.40	0.40	5.80	-4.000	-5.999	5.40	0.60	6.00

Rate Group	55					56					57				
	Upper	Lower	Rate	Surchg	Full Rate	Upper	Lower	Rate	Surchg	Full Rate	Upper	Lower	Rate	Surchg	Full Rate
2000	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2001	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2002	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2003	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2004	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2005	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2006	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2007	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2008	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2009	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
2010	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
Avg.	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60
Proposed	-6.000	-7.999	5.40	0.80	6.20	-8.000	-9.999	5.40	1.00	6.40	-10.000	-11.999	5.40	1.20	6.60

Rate Group	58					59					60				
	Upper	Lower	Rate	Surchg	Full Rate	Upper	Lower	Rate	Surchg	Full Rate	Upper	Lower	Rate	Surchg	Full Rate
2000	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2001	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2002	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2003	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2004	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2005	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2006	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2007	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2008	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2009	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
2010	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
Avg.	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20
Proposed	-12.000	-13.999	5.40	1.40	6.80	-14.000	-15.999	5.40	1.60	7.00	-16.000	-17.999	5.40	1.80	7.20

Rate Group	61															
	Upper	Lower	Rate	Surchg	Full Rate											
2000	-18.000	> -18.001	5.40	2.00	7.40											
2001	-18.000	> -18.001	5.40	2.00	7.40											
2002	-18.000	> -18.001	5.40	2.00	7.40											
2003	-18.000	> -18.001	5.40	2.00	7.40											
2004	-18.000	> -18.001	5.40	2.00	7.40											
2005	-18.000	> -18.001	5.40	2.00	7.40											
2006	-18.000	> -18.001	5.40	2.00	7.40											
2007	-18.000	> -18.001	5.40	2.00	7.40											
2008	-18.000	> -18.001	5.40	2.00	7.40											
2009	-18.000	> -18.001	5.40	2.00	7.40											
2010	-18.000	> -18.001	5.40	2.00	7.40											
Avg.	-18.000	> -18.001	5.40	2.00	7.40											
Proposed	-18.000	> -18.001	5.40	2.00	7.40											

As this chart demonstrates, negative balanced employers have been able to plan appropriately from year to year as their rate groups have remained static over the years.

Attachment D

The Arnold Group History

with the actual state rate tables compared to the self proposed rates found on Attachment B

	Actual - Dynamic Rate Tables			Proposed - Static Rate Table		
	Reserve Ratio	Rate Group	Rate	Reserve Ratio	Rate Group	Rate
2000	4.076	40	1.49	4.076	47	4.98
2001	4.712	36	1.93	4.712	46	4.88
2002	5.835	35	2.13	5.835	45	4.77
2003	6.274	36	2.99	6.274	44	4.67
2004	7.070	38	4.44	7.070	42	4.46
2005	10.430	31	3.94	10.430	31	3.30
2006	13.094	28	3.06	13.094	19	2.04
2007	15.692	18	1.64	15.692	10	1.10
2008	15.908	18	1.83	15.908	10	1.10
2009	14.144	28	3.10	14.144	15	1.62
2010	12.372	33	5.40	12.372	22	2.36
Average			2.90			3.21



**Testimony Re: KS Unemployment Tax Rate Increase
House Commerce and Labor
January 27, 2010**

Chairman Brunk and Members of the Committee:

My name is Don Sayler, and I am the President & CEO for the Kansas Restaurant & Hospitality Association (KRHA). The KRHA is the leading business association for restaurants, hotels, motels, country clubs and allied business in Kansas. Along with the KRHA Educational Foundation, the association works to represent, educate and promote the growing industry of hospitality in Kansas.

Like many other businesses in Kansas, we have concerns about the significant increase for 2010 unemployment taxes. While we understand the need to create funds to keep the unemployment security fund solvent, this is extremely detrimental to our industry. For KRHA alone, we experienced a 500% increase in tax rate. We are a small non-profit that has maintained a positive balance for years.

The restaurant, lodging and hospitality industry employs many part time workers. This creates an extra tax burden due to the tax being paid on a higher percentage of total wages. For example, if a restaurant employs four (4) PT employees during the year and pays them each \$8,000, total of \$32,000, all of the wages will be subject to tax. If another business employs one worker and pays them, \$32,000, only the first \$8,000 is subject to tax. That creates a tax rate four (4) times higher for the hospitality industry. This problem will apply to any business that employees PT workers. This example is compounded by the high employee turnover experienced in the hospitality industry.

Currently, KDOL has only two classifications for new employers, (1) construction and (2) all others. These two classifications are assigned rates of 6.0% and 4.0%, respectively. Many businesses, including KRHA, are struggling with the idea that they have a positive account balance and will pay a higher rate than a new business. We are concerned that employers with a positive account balance will end up paying more than their share.

Why is government employers allowed to pay only the amount of benefits drawn? This seems like an inequity that should be brought into parity. It would seem there are numerous positive account balance businesses that would rather pay what has been charged to their account than pay what their assessment will be for 2010.

Thank you for permitting me to testify on this important matter.

House Commerce & Labor

Date: 1-27-10

Attachment # 4

Wichita Casual Dining, Inc.

2907 North Cypress
Wichita, Kansas 67226
(316) 612-4694

Legislative Testimony: Impact of 2010 Unemployment Insurance Rate Increases

January 27, 2010

Thank you for the opportunity to address the committee on a subject that is having a significant impact on my business, and many other small businesses in Kansas.

I operate a food service business called Wichita Casual Dining. We have two operations in Wichita: a casual themed restaurant called Red Bean's Bayou Grill and Bar, and a catering operation called Blue Moon Caterers.

The food service business is very labor intensive, and our company employs about 45 people with an annual payroll of around \$500,000. Nationally, our industry employs around 12 million people and is the nation's largest private sector employer.

People in our industry who apply themselves, quickly develop skills that are in high demand, and are very transportable, and as a result, few people that have these skills and a will to work stay unemployed for very long. As a result, I suspect that most restaurants become "positively balanced" employers.

Our company is positively balanced, with around \$76,000 in our account. In the last fiscal year we paid in \$1875, and our account was charged \$425. Our contribution rate was .34%. While it could be effectively argued that there is plenty of money in our account, in 2010 our contribution rate is increasing to 2.56%, and our anticipated contribution will be around \$8600, about four and a half times what it was last year.

This increase comes at a time when our sales are down approximately 10% (and we're doing better than most in our category), which effectively has stripped us of all profitability. These increased unemployment contributions just make the problem more acute. We have responded to all of this by finding ways to operate at a lower cost, including reducing the number of employees among many other things. As labor is our largest cost category, reducing our dependence on labor is the primary cost focus for 2010, and we are in the middle of a multi-phased rework of our operations to accomplish this. Because this is a closely held private company, I have also cut my personal income from the business drastically and am finding ways to cut expenses on the personal side as well. This is a common theme you hear from other small business owners. And of course, many operators have been unable to survive these conditions, and as a result there have been a rash of restaurant closings over the past year. Many are hanging by a thread.

While it's probably reasonable that everyone share in the pain of this recession to some degree, I believe that a recovery from this recession will only come from the business community. Business will find a way to adapt to these lower revenues, and then a way to begin growing again. But to strap business with more taxes, fees, and expensive mandates, burdens it with a disproportionate share of the pain, and just makes this whole process more difficult and lengthy, and I believe is counter-productive. If businesses are allowed to keep more of their money, they will quickly put it to productive use in business-building programs that will in turn create thousands of new jobs, and get this country growing again.

House Commerce & Labor

Date: 1-27-10

Attachment # 5



Legislative Testimony
Impact of 2010 Unemployment Insurance Tax Increase
Testimony before House Commerce Committee
Joan Barrett, President & General Manager, Sunflower Broadcasting, Inc.

Thank you Mr. Chairman and members of the committee for the opportunity to voice the impact of the 2010 unemployment insurance tax increase on our group of television stations.

I operate six television stations in central and western Kansas, including: KWCH in Wichita; KBSH in Hays, KBSL in Goodland; KBSD in Dodge City; and KSCW in Wichita. We also operate the only Hispanic affiliate station in Kansas, KDCU in Wichita through a Joint Sales Agreement with Entravision. We have 137 employees, and serve 1.3 million Kansans. We have worked diligently to retain jobs and provide positive contributions in our communities. I am also the immediate past chair of the Kansas Association of Broadcasters, and while I don't speak on behalf of them here today, I can assure you that some members have similar stories.

Since Schurz Communications purchased our station group in 2006, we have increased our staff size by six full-time employees. During this time, we have not depleted our unemployment fund. I'm not aware that we have ever depleted the fund, but I do not currently have access to the records of previous owners.

Anticipating an increase in the unemployment tax, we increased our 2009 rate of 1.32% to 2.50% in our budget for 2010. We were shocked to learn that our rate went up four times our 2009 rate, and is now at 5.4%. In 2009, we paid approximately \$16,500 in unemployment taxes. Our estimate for 2010 is \$60,000, a 264% increase in one year.

The added burden is that almost all of this tax will be incurred in the first quarter of 2010. The increase represents what one full time and one part time position might cost my company. In a time where we have worked to stretch every dollar and maximize resources, it is quite challenging to have such a large increase in an uncontrollable budget line. I will still be charged with meeting my budget. As with most other businesses, we have already cut expenses and streamlined our work flow. This dramatic increase presents yet another challenge to business operators.

I'd be happy to answer questions at the appropriate time. And of course Kent Cornish the Executive Director of the KAB is here as well. Thank you to the committee members, and Mr. Chairman.

House Commerce & Labor
Date: 1-27-10
Attachment # 6

KSCW HD

KWCH12 HD

UNIVISION 31

2815 E. 37TH ST. NORTH WICHITA, KS 67219 (316) 838-1212

January 27, 2010

Representatives
Kansas House Commerce & Labor Committee
Topeka, Kansas

Dear Representative:

My name is Tom Casey and I am the manager of Express Well Service & Supply, Inc. in Victoria, Kansas.

I am here to express my frustration in hiring employees for our company. Approximately 20% of our rigs are shut down because we do not have enough employees.

Attached is a copy of our job description that is currently on the Kansas Works website. It has been posted there since October 23, 2009. We also have help wanted ads in the local newspapers and on the local cable television. Our job does not require previous experience, nor a high school education.

Our average wage for a floorhand position is around \$50,000 per year. Express' benefits are as follows: 1) 100% of premium for low deductible BC/BS health insurance plan for the whole family, (this costs our company almost \$10,000 per year per family) 2) paid holidays 3) paid vacations 4) paid uniforms and 5) a profit sharing plan.

I ask myself, 'why is it so hard to get qualified employees for a good job?' We have good wages and benefits, but the job is strenuous with long hours. Recently I found one reason that there are not many qualified employees. They can earn over \$20,000 per year on unemployment and can qualify for these benefits for 18 months. They might also be able to receive additional benefits while unemployed.

1. We have rigs shut down because we cannot get qualified employees.

2. Our unemployment rate in 2009 was .51% with an annual premium of \$1707.00 (this company started business in 1981, and has only had \$22,769.00 in claims against our unemployment account in 28 years. Our account balance is \$64,801.00.) Our rate for 2010 has increased to 4.86%, with an estimated annual premium of \$16,273.00.

3. Where are we going to get the extra money to pay the increased premium of \$14,566.00? Let's see, this money goes to people who are not working. On the other hand, we cannot find people to work. So how does Express Well Service make more money to pay the premiums when rigs are shut down because of no workers?

Ladies and gentlemen, this is in your hands.

Should you take away money from businesses that are trying to provide jobs for people, and give it to people sitting at home unemployed? Or.....

Should you encourage businesses to expand by giving them incentives, so they can hire the unemployed and make them proud to be a fellow Kansan?

My feeling is that you should concentrate on getting the unemployed back to work and help them feel productive once again!!!

Tom Casey

Tom Casey, Manager

House Commerce & Labor
Date: 1-27-10
Attachment # 7

Express Well Service

From: "JoLynn Ashmore" <jashmore@KansasWorks.com>
To: "Express Well Service" <express@ruraltel.net>
Sent: Tuesday, January 26, 2010 2:36 PM

Floorhand / No Experience Required

Job Description:

Specific Skill Requirements and Essential Job Functions:

MUST have a good work history with references. MUST present a valid drivers license and a copy of your good MVR when applying at the KANSASWORKS office. Must pass drug test. Employer furnishes uniforms. Company does have bonus programs. Employer pays 100% of family health insurance premium, paid holidays, vacation and profit sharing plan.

Express Well Service & Supply Inc.:

Express Well Svc & Supply Inc is an Oil Field Service company located in Victoria, KS. Established in 1981.

Job Information

Created	October 23, 2009
Last Updated	January 26, 2010
Job Order ID Number	8342260
Salary Range	\$12.00 to \$14.00
Job Location	Victoria, KS 676710426
Type of Employment	Regular, Full-time
Shift	Day
Hours per Week	50 or More
Overtime Available	Yes
Overtime Mandatory	Yes
Available	01/26/2010
Education Required	Some High School or less
Experience Required	No experience

Other Details

Transportation	Not Accessible by Public Transit
Temporary Position	No
Travel Required	Yes
Relocation	No
On Job Training	Available
Other Benefits	

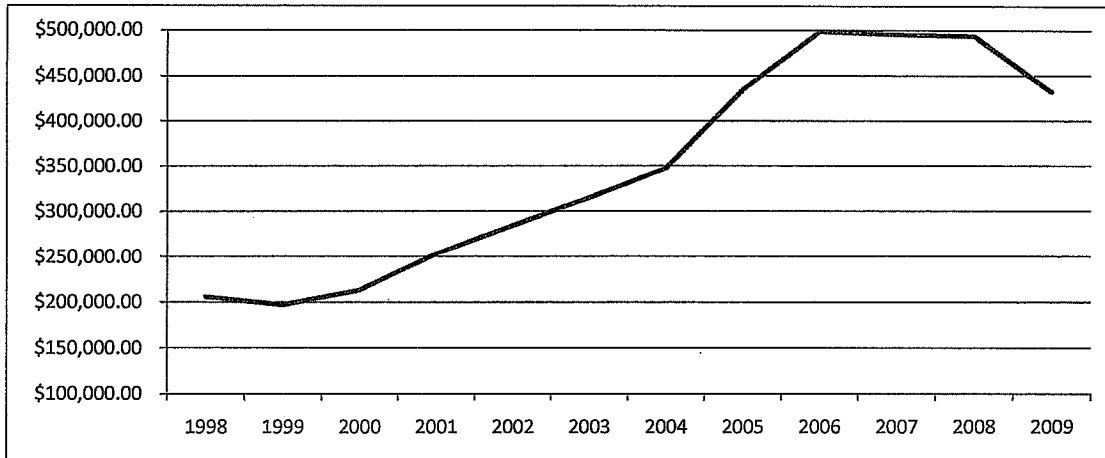
JoLynn Ashmore
 Workforce Services Specialist
 jashmore@kansasworks.com
 785-625-5654
 332 East 8th St
 Hays, KS 67601
 KANSASWORKS.com

7-2

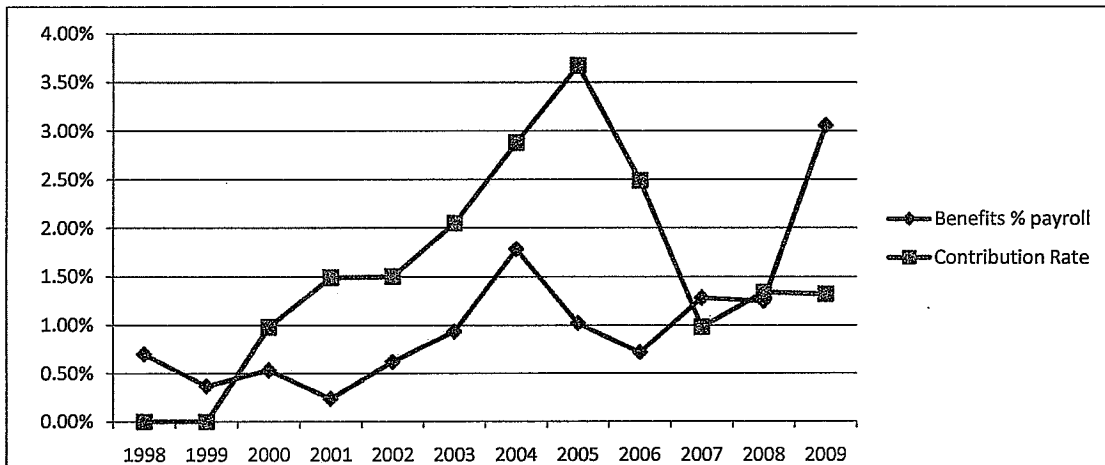
1/26/2010

ALLEN PRESS UNEMPLOYMENT INFORMATION

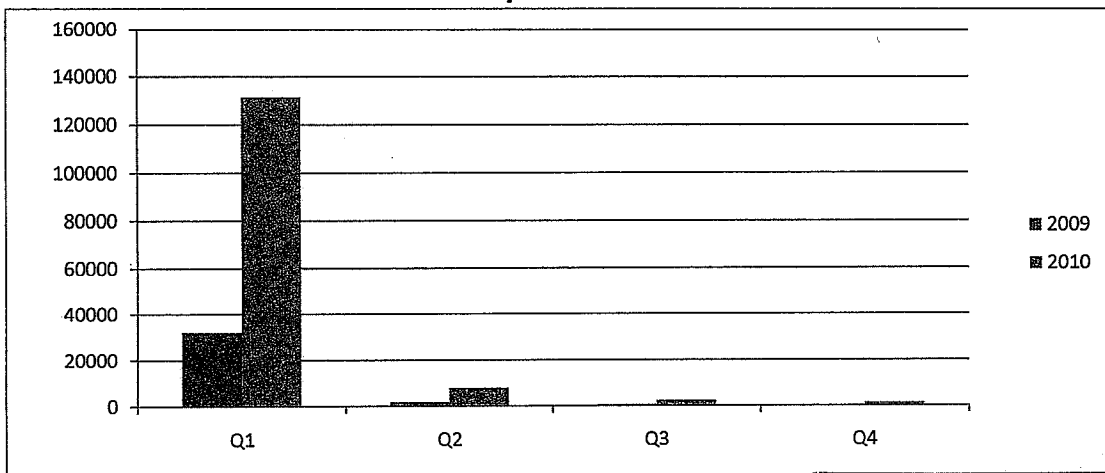
Allen Press UI Account Balance History



Allen Press Contribution and Usage % History



Actual 2009 and Expected 2010 UI Contributions



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Attachment # 8



Patti Bossert
President



"Key to Success"

Key STAFFING

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House Commerce and Labor Committee
Written Testimony on SUI Rate Increases
by Patti Bossert
January 27, 2010

Good morning. My name is Patti Bossert, and I am a Certified Woman-Owned Business owner of 2 businesses in Topeka. My businesses are Key Staffing and Premier Employment Solutions and I employ more than 756 employees in the State of Kansas. I would like to share with you the effect that the drastic increase in the state unemployment tax rate is having on my businesses. The last page of this testimony shows you the actual 2009 total payrolls for my businesses, the wages subject to the unemployment tax, and the actual tax paid by my business last year. In the 6th column I calculated what that tax would have been at the rate I am being charged as of January 1st, 2010. This increase results in a total tax increase of \$81,717.

The increase in SUTA will have an impact on my business and other businesses across the state, especially small businesses that are backbone of the economy in Kansas. The actual burden is borne by jobs that are not created and/or jobs that are eliminated. Small business did not create the shortfall in the unemployment tax fund, but we are the ones being punished for it. This is an example of the State of Kansas solving one problem, the shortage in the SUTA fund, but placing the burden on the group of small business owners and entrepreneurs who can actually do something about unemployment by saving and creating jobs. As a policy, this is counter productive. Instead the State should be offering incentives to small business to create jobs. Currently the State only offers these incentives to companies who are creating more than 25 jobs at a time, and then, purely at the discretion of the Department of Commerce.

The problems associated with this \$81,717. burden are:

- Due to the challenging economic environment, my businesses didn't show a profit of \$81,717. in 2009. How do I cover this added expense?
- I received only 2 weeks notice that this increased tax would be placed on my business as of 1/1/10. Hardly enough time to implement a new business strategy.

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- I have entered into contracts and submitted bids based on the prior rates (and assuming a small increase), and have no recourse to accommodate this increased cost. My product is essentially my payroll, so increased payroll taxes dramatically affect my cost of goods sold.
- Large corporations have power to pass these increases on to the consumer, but small companies don't. As a matter of fact, many of my customers who are large companies are requiring that I decrease my rates to them, at a time when my costs are increasing.
- Because of this increase in taxes, I had to make the decision to lay off 2 fulltime and one part-time employee from my staff, and not replace a 4th employee who quit, thereby reducing my staff by 4 employees, 4 employees who will undoubtedly now draw unemployment benefits.
- Many of the unemployed refuse to accept jobs because they are receiving generous unemployment benefits. Therefore it is increasingly difficult to fill the job openings that we have with qualified employees. Employees say "That is almost what I make on Unemployment and I don't have to leave the house and spend money on gas or daycare." We find this especially true in skilled trades, middle management, and IT.

I also have an agency in South Dakota, and the unemployment rate there increased from .5% to 1.9%. South Dakota is 2nd in the ranking of lowest state unemployment rates at 4.7% and Kansas is 4th, at 6.6%, based on DOL December statistics.

In closing, I ask that you work to find a means to reduce this burden on business as soon as possible, to more equitably distribute the burden to large, negative balance employers, and to help and encourage small businesses and entrepreneurs to not only survive this downturn in our economy, but to grow and create jobs in Kansas.

Thank you, I stand for any questions.

Impact of SUTA rate increase on Key Staffing and Premier Employment Solutions

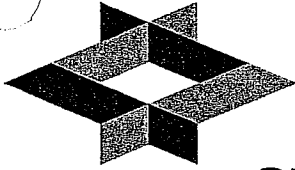
2009	# of Employees	Taxable Wages	Subject Wages	SUI Tax 2.14 %	At new rate 5.4%	Increase
Premier Temp	202	\$ 1,379,837.00	\$ 921,652.00	\$ 19,723.00	\$ 49,769.21	\$ 30,046.21
Premier Staff	18	\$ 372,268.00	\$ 124,419.00	\$ 2,662.00	\$ 6,718.63	\$ 4,056.63
	<u>220</u>					<u>\$ 34,102.83</u>

* Average Temporary pay per hour is \$13.02

2009	# of Employees	Taxable Wages	Subject Wages	SUI Tax 2.62 %	At new rate 5.4%	Increase
Key Temp	521	\$ 2,619,854.00	\$ 1,600,247.00	\$ 41,927.00	\$ 86,413.34	\$ 44,486.34
Key Staff	15	\$ 418,367.00	\$ 112,530.00	\$ 2,948.00	\$ 6,076.62	\$ 3,128.62
	<u>536</u>					<u>\$ 47,614.96</u>

* Average Temporary pay per hour is \$11.22

Total Impact **\$ 81,717.79**



GLMV Architecture

Summary Comments on SUE Experience Rating

- 1) Insurance is a misnomer—it's a tax.
- 2) Those that contributed the least to the problem appear to be the ones remedying the problem.
- 3) We will experience an estimated 425 percent increase in cost and rate from 2009, before a merger, below.
- 4) We merged with another architectural firm January 1, 2010 that had about the same number of employees, the same excellent employment record, and their increase would have been 860 percent from 2009.
- 5) On a combined basis we will approximate a \$46,000 increase in SUE tax for 2010.
- 6) We believe this increase is not only egregious, but inequitable and unfair.
- 7) We retained employees, and still are, when we could have easily and justifiably let them go. We chose not to, because they are valuable and looked at our action as an investment in the future.
- 8) We will make less money; therefore, pay less federal and state income taxes.
- 9) This increases our cost of doing business, which cannot be passed to clients.
- 10) We are tied to the construction industry, in fact we are in front of it, so we see declines first and rebounds first. We will assure you we have yet to see a rebound.
- 11) Consider that the Governor is proposing to increase state income taxes. If the increase occurs, then again our cost of business increases and our ability to do business will be diminished.
- 12) Putting people back to work, wherever and however we can, is a solution.
- 13) This is an extremely tough time to do business and try to fund government—pretty vicious cycle.
- 14) Suggested resolution would be to revisit the method of increasing the cost and spread it over a longer period to rebuild (and rebuild) the fund. Next time, build in a reserve and leave it for a rainy day.

Larry D. Van Horn, CPA
Senior Vice President/CFO

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