

Testimony of Scott Siemers, Cerner VP of Finance

Friday, March 13, 2015

Kansas House Commerce Committee

SB 154 – Kansas Unemployment Insurance

Introduction:

Madame Chair and Members of the Commerce Committee: My name is Scott Siemers and I am the Vice-President of Finance for Cerner. . As you may not know, Cerner has built two large office buildings (our Continuous Campus), located at Village West in Wyandotte County. This investment of over \$180M represents our commitment to the state. We now have over 2,000 Cerner Associates at the Continuous Campus. These are NEW, high paying jobs to the state.

Statement of Support:

Cerner supports SB 154 which reforms the Unemployment Tax rate system.

Testimony:

Kansas has long worked to improve its business environment. Cerner has been thankful to be a voice at the table of policy and appreciate the bi-partisan work that has done.

Kansas Unemployment Insurance has long been a discussion point among businesses. As a rapidly expanding business in Kansas, we know the importance of a sound and solvent unemployment insurance fund. At the same time, Cerner believes it is imperative that the formula for unemployment insurance be predictable, consistent and competitive with other states.

The current arrayed system used by the State makes it difficult for small business and large businesses to budget from year to year. The highs and lows within the current system change yearly. It creates an atmosphere of uncertainty for businesses of all sizes. Further the reserve ratio in Kansas is much higher than other states and is a disincentive to growth in hiring.

Just a reminder that the taxable wage base which was \$8,000 in 2014 is \$12,000 this year and is scheduled to rise to \$14,000 in 2016. The dramatic rise in the taxable wage base (75%) in two years is already driving higher payments by business in Kansas and makes the case for reform of the reserve ratio even more necessary.

Cerner, along with businesses and business groups around the state, are supportive of a fixed system for unemployment insurance. This system would allow businesses of all sizes to better budget the cost of UI taxes year to year and make better growth decisions for the future. Creating stability with a fixed system strengthens the confidence of the business community while creating an atmosphere for growth.

We appreciate the Department of Labor and Secretary Gordon for coming to the table of discussion and working with businesses to create a “fixed system proposal” that will help all businesses in Kansas.

We are open to discussions and want to work with the state to finalize a plan that creates a solvent system, while at the same time insuring a more stable and predictable UI tax plan.

Cerner strongly supports the fixed system plan. We support a lower reserve ratio that would allow Kansas companies to use their funds to build their businesses and create more jobs.

Thank you for your time and I am glad to take any questions from the committee.