



**KANSAS STATE COUNCIL
SOCIETY FOR HUMAN RESOURCE MANAGEMENT**



**Written Comments regarding A&E Efficiency Recommendation
KDOL Rate Assessment Change
March 7, 2016
Natalie S. Bright**

Chairman Hutton and honorable committee members,

I am Natalie Bright, governmental affairs consultant for Kansas Society for Human Resource Management (KS SHRM). For those unfamiliar with KS SHRM, it is an organization comprised of over 2,300 human resource (HR) professionals in Kansas. Our members serve public and private sectors, as well as large and small businesses. The focus of the HR professional is to facilitate between the employer and employee so that a safe and productive work environment is reached. On a daily basis, our members are on the front line working to administer and control business cost.

Thank you for the opportunity to present comments on the A&E Study recommendation to increase state revenue by adjusting the KDOL Administrative Fund assessment levied to state Workers' Compensation carriers from 2.79% assessment on prior year losses to a 1% assessment on carriers' written premium. Initially, one might perceive this recommendation as a reduction in the assessment rate, however according to the recommendation, by applying the lower rate to premiums, employers' costs/taxes, will increase by more than \$30 million. As a result, KS SHRM cannot support this recommendation.

At the request of Chairman Hutton, I inquired if there is support by KS SHRM members to shift the assessment from net losses to premiums by our members if it was at a revenue neutral rate. At this time, the direction from my members is to remain neutral on this proposal until further information can be ascertained on what impact this change, even at a lower rate of 1%, might have on employers' costs.

In conclusion, KS SHRM members do not support a recommendation that increases the cost to do business in Kansas. The recommendation is nothing more than a hidden tax increase on Kansas employers. KS SHRM urges if the Kansas Legislature wants to raise taxes on Kansas employers, then it should be transparent in doing so. The A&E recommendation notes, "the 1% rate is consistent with neighboring state Missouri and comfortably falls within the conservative rate ranges of the 14 premium-based peer states change will make Kansas comparable to Missouri." With all due respect the members of KS SHRM respectfully ask since when has being "comparable" to Missouri, and raising costs on Kansas employers by over \$30 million, been a benchmark for Kansas?

Thank you for the opportunity to present the KS SHRM members' comments on the recommendation. I am happy to answer any questions the committee may have for me. I can be reached at 316.640.1422.