

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY AND TOURISM

The meeting was called to order by Sen. Bill Morris at
Chairperson

1:30 ~~am~~/p.m. on February 15, 1983 in room 529-S of the Capitol.

All members were present ~~except~~.

Committee staff present:

Mark Burghart, Research Department
Bruce Kinzie, Revisor
Louise Cunningham, Secretary

Conferees appearing before the committee:

Bill Abbott, Boeing Company, Wichita
Rob Hodges, Kansas Association of Commerce and Industry
Wayne Maichel, AFL-CIO
Mason Flora, Wabaunsee County
J. V. Van Allen, Wichita
Arnold Berman, Department of Human Resources

H.B. 2221 - Employment Security Law; relating to benefits and contributions; prescribing certain surcharges on employers.

Mark Burghart explained the bill to the Committee. He said the wage base was changed from \$6,000 to \$7,000. This was a conformity change. The maximum contribution rate was changed from 4.3% to 5.4% and a 20% surcharge was to be assessed against all Kansas employers for 1983. The surcharge would be charged in 1984 if the balance fell below \$100 million. The maximum benefit would be frozen at \$163.

Staff had prepared amendments to the bill which were mainly technical in nature but there were two significant changes suggested by the Chairman. One would change the trigger amount to \$80 million and the other would change the date to April 30th rather than January 1, 1984 because that is when the money comes in. It does not come in in January. Copies of the amendment were distributed. (Attachment 1). The Chairman said in order for this bill to reach the Governor's desk by Friday or Monday it must be passed out of the Committee today so that it could be taken up on General Orders on Thursday.

Bill Abbott, Boeing Company, said they supported H.B. 2221 in general but recommended it only be enacted for one year. He felt the unemployment situation would get better and the two year period was not necessary. A copy of his statement is attached. (Attachment 2).

Rob Hodges, KACI, said they supported H.B. 2221 but with two exceptions. They favored the 20% surcharge for a period of one year only instead of two years and endorsed a one-year freeze on the maximum weekly benefit amount while the bill calls for a two-year freeze. He said they had not considered the effects of the amendments and they do not wish to charge the employers for more than one year. A copy of his statement is attached. (Attachment 3).

Wayne Maichel, AFL-CIO, said they support the concept of H.B. 2221 but as a member of the Advisory Council they recommend a one-year freeze. The \$80 million figure was more realistic than the \$100 million.

Mason Flora said he was a small businessman in Wabaunsee County and was incorporated with two other employees. He said he was paying into the fund and was not eligible to collect. He did not feel this was fair. Mr. Flora was told that if he were unemployed he would be eligible to collect on the fund.

(over)

J. Van Allen has several restaurants in the Wichita area and is opposed to H.B. 2221. He said last year his restaurants paid out thousands in taxes and there was very little paid out in benefits. They do not lay off people. They realize they have a social responsibility in paying these taxes but question the extent and questioned at what point would a small business be forced out of business because of such a large tax. Since indicators are showing that unemployment figures should go down, why raise additional money that will not be needed? He suggested the Committee take a look at cash flow and maybe get the money earlier.

A motion was made by Sen. Burke to adopt the balloon amendments on Attachment 1. Motion was seconded by Sen. Arasmith. The motion carried.

A motion was made by Sen. Burke to recommend H.B. 2221, as amended, favorably for passage. Motion was seconded by Sen. Arasmith.

A substitute motion was made by Sen. Feleciano conceptionally to basically go back to the one year provision as suggested by the Advisory Council and also if the surcharge is not needed and goes off the benefits to the employee should be triggered on also rather than to wait for six months. Motion was seconded by Sen. Karr.

Arnold Berman explained to the Committee that the 1983 surcharge is locked into place. If the surcharge is triggered on in 1984 it would be levied on the employer in 1984. At the same time because of the wage computation date of June 30th the employee benefit freeze would apply into 1985. There would be a six month dislocation period. Mr. Berman passed out two tables on Estimated Weeks Claimed, Payments, Income, and Balance of the Reserve Fund. (Attachment 4).

The substitute motion did not carry.

The Committee voted on the motion by Sen. Burke to report H.B. 2221, as amended, favorably for passage. The motion carried with Senators Feleciano, Karr, Daniels and Chaney voting against the measure.

On a motion from Sen. Arasmith and a second from Sen. Werts the Minutes of February 8th were approved. Motion carried.

Meeting was adjourned.

SENATE LABOR, INDUSTRY & TOURISM COMMITTEE

Date 2-15-83 Place 529-S. Time 1:30

GUEST LIST

NAME

ADDRESS

ORGANIZATION

A Berman	Topeka	DHR
Bill Abbott	Wichita	Bearing
Karaine Heffner	Topeka	Manpower Inc
John Van Allen	Wichita	Doyle & Shaker Inc.
Wayne Mankel	Topeka	Wenger AIA-CIO
BUD COBBERT	TOPEKA	KACI
Rob Halya	Topeka	KACI
DAN MORGAN	"	AGC of KS
David Fuenias	Wichita	Chambers
Best Cantwell	Topeka	Gov. off.
Tony Gardner	UPI	Topeka
Steve Warrren	Great Bend	Radio
Sandra Johnson	Topeka	KTWK
Geris Cullen	"	"
Mel Ketter	"	"
Masha Schuybach	Wichita	Beech Aircraft Corp
Jim Meyer	"	" " "
Raymond S. Sudwick	Topeka	D.H.R.
Paul S. Sudwick	"	"
Marion Florn	Wob C-	Self
Rob McNulty	Topeka	KSN

0713 more than the maximum weekly benefit amount, it shall be
 0714 reduced to the maximum weekly benefit amount; and

0715 (3) if the individual's determined weekly benefit amount is
 0716 not a multiple of ~~one dollar (\$1)~~ \$1, it shall be ~~raised~~ reduced to
 0717 the next ~~higher~~ lower multiple of ~~one dollar (\$1)~~ \$1.

0718 (c) *Maximum weekly benefit amount.* On July 1 of each year,
 0719 the secretary shall determine the maximum weekly benefit
 0720 amount by computing ~~sixty percent (60%)~~ 60% of the average
 0721 weekly wages paid to employees in insured work during the
 0722 previous calendar year and shall prior to that date announce the
 0723 maximum weekly benefit amount so determined, by publication
 0724 in at least one newspaper of general circulation in this state *the*
 0725 *Kansas register, except that (1) the maximum weekly benefit*
 0726 *amount for the twelve-month ~~periods~~ period commencing on July*
 0727 *1, 1983, and July 1, 1984, shall not be more than the maximum*
 0728 *weekly benefit rate for the twelve-month period commencing on*
 0729 *July 1, 1982, and (2) if the ~~annual~~ surcharge for calendar year*
 0730 *1984 is assessed against employers under subsection (a) of sec-*
 0731 *tion 4, the maximum weekly benefit amount for the twelve-*
 0732 *month period commencing on July 1, 1984, shall not be more*
 0733 *than the maximum weekly benefit rate for the twelve-month*
 0734 *period commencing on July 1, 1982. Such computation shall be*
 0735 *made by dividing the gross wages reported as paid for insured*
 0736 *work during the previous calendar year by the product of the*
 0737 *average of midmonth employment during such calendar year*
 0738 *multiplied by ~~fifty-two (52)~~ 52. The maximum weekly benefit*
 0739 *amount so determined and announced for the twelve-month*
 0740 *period shall apply only to those claims filed in that period*
 0741 *qualifying for maximum payment under the foregoing formula.*
 0742 *All claims qualifying for payment at the maximum weekly benefit*
 0743 *amount shall be paid at the maximum weekly benefit amount in*
 0744 *effect when the benefit year to which the claim relates was first*
 0745 *established, notwithstanding a change in ~~said~~ the maximum*
 0746 *benefit amount for a subsequent twelve-month period. If the*
 0747 *computed maximum weekly benefit amount is not a multiple of*
 0748 *one dollar (\$1) \$1, then ~~said~~ the computed maximum weekly*
 0749 *benefit amount shall be ~~computed~~ reduced to the nearest next*

it shall be raised to the next higher multiple of \$1, except that for all new claims for benefits filed after June 30, 1983,

the computed maximum weekly benefit amount shall be computed to the nearest multiple of \$1, except that for maximum weekly benefit amounts determined after June 30, 1983,

Atch. 1

0750 lower multiple of one dollar (~~\$1~~) \$1.

0751 (d) *Minimum weekly benefit amount.* The minimum weekly
0752 benefit amount payable to any individual shall be ~~twenty-five~~
0753 ~~percent (25%)~~ 25% of the maximum weekly benefit calculated in
0754 accordance with subsection (c) of this section and shall be an-
0755 nounced by the secretary in conjunction with the published
0756 announcement of the maximum weekly benefit, also as provided
0757 in said subsection (c). The minimum weekly benefit amount so
0758 determined and announced for the twelve-month period begin-
0759 ning July 1 of each year shall apply only to those claims which
0760 establish a benefit year filed within that twelve-month period and
0761 shall apply through the benefit year of such claims notwith-
0762 standing a change in said amount in a subsequent twelve-month
0763 period. If the minimum weekly benefit amount is not a multiple
0764 of one dollar (~~\$1~~) \$1 it shall be reduced to the next lower multiple
0765 of one dollar (~~\$1~~) \$1.

0766 (e) *Weekly benefit payable.* Each eligible individual who is
0767 unemployed with respect to any week shall, except as to final
0768 payment, be paid with respect to such week a benefit in an
0769 amount equal to his or her such individual's determined weekly
0770 benefit amount, less that part of the wage, if any, payable to such
0771 individual with respect to such week which is in excess of eight
0772 dollars (~~\$8~~) \$8 and if the resulting amount is not a multiple of one
0773 dollar (~~\$1~~) \$1 it shall be computed reduced to the next higher
0774 lower multiple of one dollar (~~\$1~~) \$1. For the purpose of this
0775 section, remuneration received for services performed on a public
0776 assistance work project shall not be construed as wages.

0777 (f) *Duration of benefits.* Any otherwise eligible individual
0778 shall be entitled during any benefit year to a total amount of
0779 benefits equal to whichever is the lesser of (1) ~~twenty-six (26)~~ 26
0780 times his or her such individual's weekly benefit amount, or (2)
0781 ~~one-third~~ 1/3 of his or her such individual's wages for insured
0782 work paid during his or her such individual's base period. Such
0783 total amount of benefits, if not a multiple of one dollar (~~\$1~~) \$1
0784 shall be computed at reduced to the next higher lower multiple of
0785 one dollar (~~\$1~~) \$1.

0786 (g) For the purposes of this section, wages shall be counted as

, it shall be computed to the next higher multiple of \$1, except that for all weeks payable after June 30, 1983,

, shall be computed at the next higher multiple of \$1, except that for new claims filed after June 30, 1983, such total amount of benefits, if not a multiple of \$1,

1009 odic payment which is attributable to such week; or (2) if only a
1010 portion of contributions to such plan were provided by the base
1011 period employer, the weekly benefit amount payable to such
1012 individual for such week shall be reduced (but not below zero) by
1013 the prorated weekly amount of the pension, retirement or retired
1014 pay, annuity or other similar periodic payment after deduction of
1015 that portion of the pension, retirement or retired pay, annuity or
1016 other similar periodic payment that is directly attributable to the
1017 percentage of the contributions made to the plan by such indi-
1018 vidual; or (3) if the entire contributions to the plan were provided
1019 by such individual, or by the individual and an employer (or any
1020 person or organization) who is not a base period employer, no
1021 reduction in the weekly benefit amount payable to the individual
1022 for such week shall be made under this subsection (n); or (4)
1023 whatever portion of contributions to such plan were provided by
1024 the base period employer, if the services performed for the
1025 employer by such individual during the base period, or remun-
1026 eration received for the services, did not affect the individual's
1027 eligibility for, or increased the amount of, such pension, retire-
1028 ment or retired pay, annuity or other similar periodic payment, no
1029 reduction in the weekly benefit amount payable to the individual
1030 for such week shall be made under this subsection (n). The
1031 conditions specified in *clause* (4) of this subsection (n) shall not
1032 apply to payments made under the social security act or the
1033 railroad retirement act of 1974, or the corresponding provisions of
1034 prior law. Payments made under these acts shall be treated as
1035 otherwise provided in this subsection (n). If the reduced weekly
1036 benefit amount is not a multiple of \$1, it shall be computed
1037 reduced to the next higher lower multiple of \$1.

1038 ~~New Sec. 4. (a) (1) Each contributing employer, rated gov-~~
1039 ~~ernmental employer and reimbursing employer shall pay an an-~~
1040 ~~nuual surcharge to the employment security fund for calendar year~~
1041 ~~1983 in an amount equal to 20% of the total estimated amount of~~
1042 ~~contributions, benefit cost payments and payments in lieu of~~
1043 ~~contributions that such employer will be required to pay into the~~
1044 ~~employment security fund for calendar year 1983 as determined~~
1045 ~~by the secretary of human resources based on the best informa-~~

it shall be computed to the next higher multiple of \$1, except that for new claims filed after June 30, 1983,

1046 ~~Non and evidence available to the secretary at the time. The~~
 1047 ~~amount of such annual surcharge for calendar year 1983 shall be~~
 1048 ~~paid by each contributing employer, rated governmental em-~~
 1049 ~~ployee and reimbursing employer upon receipt of certification of~~
 1050 ~~the amount thereof by the secretary of human resources.~~

1051 (2) Each contributing employer, rated governmental em-
 1052 ployer and reimbursing employer shall pay an annual surcharge
 1053 to the employment security fund for calendar year 1984 unless
 1054 the balance of money in the employment security fund which is
 1055 available to pay benefits on January 1, 1984, is equal to or more
 1056 than an amount equal to 75% of total wages, as defined by
 1057 paragraph (4) of subsection (c) of K.S.A. 44-703 and amendments
 1058 thereto, on that date as determined by the secretary of human
 1059 resources on or before February 15, 1984. If such balance is
 1060 determined to be equal to or more than such amount, no annual
 1061 surcharge for calendar year 1984 shall be assessed against em-
 1062 ployers. If such balance is determined to be less than such
 1063 amount each contributing employer, rated governmental em-
 1064 ployer and reimbursing employer shall pay an annual surcharge
 1065 for calendar year 1984 in an amount equal to 20% of the total
 1066 estimated amount of contributions, benefit cost payments and
 1067 payments in lieu of contributions that such employer will be
 1068 required to pay into the employment security fund for calendar
 1069 year 1984 as determined for and certified to each such employer
 1070 by the secretary of human resources on or after January 1 Febru-
 1071 ary 15, 1984, and based on the best information and evidence
 1072 ~~available to the secretary at the time.~~

1073 (b) (1) At the end of each calendar quarter commencing after
 1074 the effective date of this act and occurring in calendar year 1983
 1075 or 1984, the secretary of human resources shall prepare and adopt
 1076 an estimate of the financial condition of the employment security
 1077 fund during the ensuing calendar quarter, based on the best
 1078 information and evidence available to the secretary at the time.
 1079 Prior to adoption of such estimate for a calendar quarter, the
 1080 secretary of human resources shall advise and consult thereon
 1081 with the state employment security advisory council under sub-
 1082 section (d) of K.S.A. 44-714 and amendments thereto. If the

New Sec. 4. (a) (1) For calendar year
 1983: (A) Each contributing employer shall
 pay a surcharge to the employment security
 fund, in addition to paying contributions at
 the rate assigned for calendar year 1983
 under K.S.A. 44-710a and amendments thereto,
 which surcharge is equal to a 20% increase
 in such contributing employer's assigned
 rate of contributions rounded to the nearest
 .01% effective January 1, 1983, and (B) each
 rated governmental employer shall pay a sur-
 charge to the employment security fund, in
 addition to paying benefit cost payments at
 the calendar year rate assigned for calendar
 year 1983 under K.S.A. 44-710d, which sur-
 charge is equal to a 20% increase in such
 rated governmental employer's calendar year
 rate rounded to the nearest .01% effective
 January 1, 1983.

(2) For calendar year 1984, each con-
 tributing employer and each rated govern-
 mental employer shall pay a surcharge to the
 employment security fund as prescribed by
 this subsection (a)(2) unless the balance of
 money in the employment security fund which
 is available to pay benefits on April 30,
 1984, is equal to or more than \$80,000,000
 as determined by the secretary of human
 resources. If such balance is determined to
 be equal to or more than \$80,000,000, no
 surcharge for calendar year 1984 shall be
 assessed against such employers. If such
 balance is determined to be less than
 \$80,000,000, (A) each contributing employer
 shall pay a surcharge for calendar year
 1984, in addition to paying contributions at
 the rate assigned for calendar year 1984
 under K.S.A. 44-710a and amendments thereto,
 which surcharge is equal to a 20% increase
 in such contributing employer's assigned
 rate of contributions rounded to the nearest
 .01% effective January 1, 1984, and (B) each
 rated governmental employer shall pay a sur-
 charge for calendar year 1984, in addition
 to paying benefit cost payments at the
 calendar year rate assigned for calendar
 year 1984 under K.S.A. 44-710d, which sur-
 charge is equal to a 20% increase in such
 rated governmental employer's calendar year
 rate rounded to the nearest .01% effective
 January 1, 1984.

0010 estimate adopted by the secretary for a calendar quarter shows
0011 that the balance of money in the employment security fund which
0012 is available to pay benefits at the beginning of any month of such
0013 calendar quarter will be less than \$35,000,000, the secretary shall
0014 assess and collect a surcharge for that calendar quarter under this
0015 subsection (b) from each contributing employer, rated govern-
0016 mental employer and reimbursing employer. The total amount of
0017 the surcharge assessed for a calendar quarter under this subsec-
0018 tion (b) shall be fixed by the secretary of human resources in an
0019 amount equal to the amount which is required to be paid into the
0020 employment security fund so that the total of the estimated
0021 ending balance in the employment security fund which is avail-
0022 able to pay benefits at the end of that calendar quarter plus the
0023 total amount of the surcharge assessed for that calendar quarter is
0024 equal to \$35,000,000.

0025 ~~(c) The amount of the surcharge assessed against each con-~~
0026 ~~tributing employer, rated governmental employer or reimbursing~~
0027 ~~employer for a calendar quarter under this subsection (b) shall be~~
0028 ~~fixed by the secretary of human resources and shall be equal to~~
0029 ~~the amount which bears the same proportion to the total amount~~
0030 ~~assessed against all such employers for such calendar quarter~~
0031 ~~under this subsection (b) that the amount assessed against such~~
0032 ~~employer under the most recent annual surcharge under subsec-~~
0033 ~~tion (a) for the calendar year in which the calendar quarter occurs,~~
0034 ~~bears to the total amount assessed against all such employers~~
0035 ~~under the most recent annual surcharge under subsection (a) for~~
0036 ~~such calendar year. The secretary of human resources shall certify~~
0037 ~~the amount of the surcharge assessed against each contributing~~
0038 ~~employer, rated governmental employer or reimbursing employer~~
0039 ~~for a calendar quarter under this subsection (b) to such employer~~
0040 ~~and such employer shall pay such amount upon receipt of such~~
0041 ~~certification. In any case where no annual surcharge has been~~
0042 ~~assessed against an employer under subsection (a), the secretary~~
0043 ~~of human resources shall determine the amount such employer~~
0044 ~~would have been assessed under the appropriate annual sur-~~
0045 ~~charge under subsection (a) and such amount shall be used in~~
0046 ~~determining the amount assessed such employer for a calendar~~

and

0047 ~~quarter under this subsection (b).~~

0048 ~~(3)~~ In accordance with this subsection (b), the secretary of
 0049 human resources may assess a separate surcharge under this
 0050 subsection (b) for each calendar quarter commencing after the
 0051 effective date of this act and occurring in calendar year 1983 or
 0052 1984.

0053 ~~(c) Each surcharge assessed under this section shall apply to~~
 0054 ~~employers which are under the employment security law on the~~
 0055 ~~first day of the fiscal period for which the surcharge is assessed.~~

0056 (e) (d) This section shall be construed as part of the employ-
 0057 ment security law. The provisions of this section shall expire on
 0058 July 1, 1985.

0059 Sec. 5. K.S.A. 1982 Supp. 44-710a is hereby amended to read
 0060 as follows: 44-710a. (a) *Classification of employers by the secre-*
 0061 *tary.* The term "employer" as used in this section refers to
 0062 contributing employers. The secretary shall classify employers in
 0063 accordance with their actual experience in the payment of con-
 0064 tributions on their own behalf and with respect to benefits
 0065 charged against their accounts with a view of fixing such con-
 0066 tribution rates as will reflect such experience. If, as of the date
 0067 such classification of employers is made, the secretary finds that
 0068 any employing unit has failed to file any report required in
 0069 connection therewith, or has filed a report which the secretary
 0070 finds incorrect or insufficient, the secretary shall make an es-
 0071 timate of the information required from such employing unit on
 0072 the basis of the best evidence reasonably available to the secretary
 0073 at the time, and notify the employing unit thereof by mail ad-
 0074 dressed to its last-known address. Unless such employing unit
 0075 shall file the report or a corrected or sufficient report as the case
 0076 may be, within 15 days after the mailing of such notice, the
 0077 secretary shall compute such employing unit's rate of contribu-
 0078 tions on the basis of such estimates, and the rate as so determined
 0079 shall be subject to increase but not to reduction on the basis of
 0080 subsequently ascertained information. The secretary shall deter-
 0081 mine the contribution rate of each employer in accordance with
 0082 the requirements of this section.

0083 (1) *New employers.* For employer accounts established sub-

(4)

(c) Each surcharge assessed under this section which is paid by a contributing employer shall be considered to be the payment of contributions and shall be credited to the appropriate experience rating account of the contributing employer. Each surcharge assessed under this section which is paid by a rated governmental employer shall be considered to be a benefit cost payment and shall be credited to the appropriate experience rating account of the rated governmental employer.

Insert B

(2) (A) The amount of the surcharge assessed against each contributing employer and each rated governmental employer for a calendar quarter under this subsection (b) shall be fixed by the secretary of human resources and shall apply to each contributing employer and rated governmental employer which is under the employment security law on the first day of such calendar quarter. The total amount of the surcharge assessed for a calendar quarter shall be apportioned between contributing employers and rated governmental employers which are subject thereto as provided in paragraphs (B) and (C) of this subsection (b)(2).

(B) The portion of the total amount of the surcharge assessed for a calendar quarter which is to be paid by contributing employers (the "contributing employers' portion") shall be equal to the result obtained by dividing (i) the product of such total amount of the surcharge multiplied by the total wages paid by such contributing employers during the first four of the last six completed calendar quarters which immediately precede the calendar quarter for which the surcharge is being assessed, by (ii) the sum of such total wages paid by contributing employers plus the total wages paid by such rated governmental employers during the same period.

(C) The portion of the total amount of the surcharge assessed for a calendar quarter which is to be paid by rated governmental employers (the "rated governmental employers' portion") shall be equal to the result obtained by subtracting (i) the contributing employers' portion as determined under paragraph (B) of this subsection (b)(2), from (ii) such total amount of the surcharge.

(D) The amount of the surcharge assessed for a calendar quarter against each contributing employer subject thereto shall be a proportionate share of the contributing

employers' portion of the total amount of the surcharge assessed for such calendar quarter under subsection (b)(1) and shall be equal to the product of (i) the result obtained by dividing the total taxable wages paid by such contributing employer during the first four of the last six completed calendar quarters which immediately precede the calendar quarter for which the surcharge is being assessed, by the total taxable wages paid by all such contributing employers during the same period, multiplied by (ii) the contributing employers' portion of the total amount of the surcharge assessed for the calendar quarter under subsection (b)(1).

(E) The amount of the surcharge assessed for a calendar quarter against each rated governmental employer subject thereto shall be a proportionate share of the rated governmental employers' portion of the total amount of the surcharge assessed for such calendar quarter under subsection (b)(1) and shall be equal to the product of (i) the result obtained by dividing the total wages paid by such rated governmental employer during the first four of the last six completed calendar quarters which immediately precede the calendar quarter for which the surcharge is being assessed, by the total wages paid by all such rated employers during the same period, multiplied by (ii) the rated governmental employers' portion of the total amount of the surcharge assessed for the calendar quarter under subsection (b)(1).

(3) The secretary of human resources shall certify the amount of the surcharge assessed against each contributing employer or rated governmental employer for a calendar quarter under this subsection (b) to such employer and such employer shall pay such amount upon receipt of such certification.

1309 ever of the following dates is later: (1) One year from the date on
1310 which such payment was made; or (2) three years from the last
1311 day of the period with respect to which such payment was made.
1312 For like cause and within the same period adjustment or refund
1313 may be so made on the secretary's own initiative. The secretary of
1314 human resources shall not be required to refund any contribu-
1315 tions, payments in lieu of contributions or benefit cost payments
1316 based upon wages paid which have been used as base-period
1317 wages in a determination of a claimant's benefit rights when
1318 justifiable and correct payments have been made to the claimant
1319 as the result of such determination.

1320 (i) *Refund for reimbursing employer.* Upon termination of an
1321 employer's business or termination of any election to make pay-
1322 ments in lieu of contributions, a reimbursing employer may file
1323 for a refund of any payments made to the fund which are in
1324 excess of any regular or extended benefits which have been
1325 charged or could become chargeable to the reimbursing em-
1326 ployer's account. No refund may be made within a twenty-four-
1327 month period following termination of a reimbursing employer's
1328 business or election for payments in lieu of contributions.

1329 New Sec. 9. The rates of contributions determined or as-
1330 signed for contributing employers ~~and the amounts of weekly~~
1331 ~~benefits payable~~ under the employment security law for calendar
1332 year 1983 and in effect prior to the effective date of this act, shall
1333 be redetermined or assigned by the secretary of human resources
1334 in accordance with the provisions of this act.

1335 Sec. 10. K.S.A. 44-703, 44-704, 44-711, 44-714 and 44-717
1336 and K.S.A. 1982 Supp. 44-706 and 44-710a are hereby repealed.

1337 Sec. 11. This act shall take effect and be in force from and
1338 after its publication in the Kansas register.

2

BOEING

BOEING MILITARY AIRPLANE COMPANY
A Division of The Boeing Company
Wichita, Kansas 67210 • Seattle, Washington 98124

February 15, 1983

Senate Labor, Industry
and Tourism Committee
State House
Topeka, Kansas

Mr. Chairman:
Members of the Committee:

My name is Bill Abbott; I am the Public Affairs Manager for the Boeing Military Airplane Company in Wichita.

I appear today in general support of H.B. 2221 on Unemployment Compensation, however, I do recommend a change.

The Boeing Company has supported the basic concept of our Kansas U.C. statute over the years and we believe our current law, passed in 1972, is one of the best U.C. statutes in the United States. True it needs to be fine tuned from time to time and as members of the legislature you have to be constantly alert to insure that benefits go to those people intended, namely, those who are unemployed through no fault of their own; but the basic law is good.

You have heard testimony that the present problem is unusual and is due to an extra heavy drain on the fund because of the current rate of unemployment and that some adjustments in the fund were made in 1978.

We recommend that the proposal in H.B. 2221 be inacted for one year to get us through this temporary period. We recommend a study to determine the condition of the fund and other changes that may be necessary to insure an adequate program for future years.

We are optimistic about employment in the state for the next few years. We believe 1983 will see increased employment in Kansas. I urge the Committee to consider these measures as temporary and that our current statute does not need a major overhaul, but some temporary help.

Mr. Chairman, I'll be happy to answer any questions the Committee may have.

Respectfully,



William T. Abbott

Atch. 2



Legislative Testimony

Kansas Association of Commerce and Industry

500 First National Tower, One Townsite Plaza

Topeka, Kansas 66603

A/C 913 357-6321

3

KANSAS ASSOCIATION OF COMMERCE AND INDUSTRY

Testimony Before the

SENATE COMMITTEE ON LABOR, INDUSTRY, AND TOURISM

February 15, 1983

Mr. Chairman and Members of the Committee:

My name is Rob Hodges and I am Executive Director of the Kansas Industrial Council, a major division of the Kansas Association of Commerce and Industry. I appreciate the opportunity of appearing before the Committee today to discuss with you House Bill 2221.

The Kansas Association of Commerce and Industry (KACI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KACI is comprised of more than 3,000 businesses plus 215 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KACI's members having less than 25 employees, and 86% having less than 100 employees.

The KACI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

The Kansas Association of Commerce and Industry as an organization, and as a member of the Employment Security Advisory Council, endorses the concepts addressed in HB 2221 -- with two substantial exceptions. KACI policy favors imposition of a 20% surcharge on employer taxes for a period of one year to maintain the solvency of the

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employment security trust fund, while the bill calls for a two-year surcharge with a mechanism designed to remove the second year of the surcharge if certain requirements are met.

Similarly, KACI policy endorses a one-year freeze on the maximum weekly benefit amount as a solvency measure, while HB 2221 calls for a two-year freeze with the same mechanism to remove the second year of the freeze.

There has been, however, an amendment to the provisions of HB 2221 which has never been addressed by either the KACI Board of Directors or the Employment Security Council. Specifically, that amendment provides the mechanism to which I referred earlier; one designed to remove the second year of the surcharge and benefit freeze. As approved by the House of Representatives, that mechanism requires a balance in the employment security trust fund on January 1, 1984, equal to .75% of total wages in the state, if the second year of the provisions of the bill are to be removed. It is our understanding that this mechanism was included in the bill to cut short the surcharge and benefit freeze if experience during the remainder of 1983 proves that they will not be needed to assure solvency.

While falling short of placing the bill in a form which KACI could support, we do recognize the amendment as an attempt to assure solvency while not asking employers or employees to do more than is necessary for solvency. The effects of that amendment remain somewhat in question, in our opinion.

Once again, thank you for the opportunity to appear before you today. I'll attempt to answer any questions you may have.

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Table 1
Estimated Weeks Claimed, Payments, Income,
and Balance of the Reserve Fund
Moderate Rate 1/

(Revised 2/9/83)

2 year

Year	Month	Weeks Claimed	Payments (000's)	Income (000's)	Balance (000's)
1983	January.....	190,000	20,900	3,800	117,700
	February.....	200,000	22,000	10,400	106,100
	March.....	212,000	23,300		82,800
	April.....	204,000	22,400	81,500	141,900
	May.....	191,000	21,000	2,800	123,700
	June.....	220,000	24,200		99,500
	July.....	209,000	23,000	44,100	120,600
	August.....	197,000	21,700	3,300	102,200
	September.....	214,000	23,500		78,700
	October.....	197,000	21,700	24,000	81,000
	November.....	185,000	20,300	2,700	63,400
	December.....	223,000	24,500		38,900
1984	January.....	211,000	23,200	18,500	34,200
	February.....	222,000	24,400	1,600	11,400
	March.....	235,000	25,800		-14,400
	April.....	225,000	24,800	105,900	66,700
	May.....	211,000	23,200		43,500
	June.....	238,000	26,200		17,300
	July.....	202,000	22,200	57,300	52,400
	August.....	191,000	21,000	1,200	32,600
	September.....	206,000	22,700		9,900
	October.....	191,000	21,000	31,200	20,100
	November.....	178,000	19,600	900	1,400
	December.....	215,000	23,700		-22,300
1985	January.....	204,000	22,400	24,000	-20,700
	February.....	215,000	23,600		-44,300
	March.....	226,000	24,900		-69,200
	April.....	217,000	23,900	100,800	7,700
	May.....	204,000	22,400		-14,700
	June.....	230,000	25,300		-40,000

1/ All estimates are predicted on the following assumptions and Legislative changes.

1. Fiscal year 1983 unemployment rate of 6.1 per cent.
Fiscal year 1984 unemployment rate of 5.8 per cent.
Fiscal year 1985 unemployment rate of 5.6 per cent.
2. Annual growth in total wages of 7.0 per cent.
3. Increase in taxable wage base from \$6,000 to \$7,000.
4. Increase of the maximum tax rate to 5.4 per cent.
5. Reimbursing employers not included.
6. Change size-of-fund control schedule I.
7. Add a 20 per cent surcharge on the amount of contributions by all employers.
8. Cancel any increase in the maximum weekly benefit amount through fiscal year 1985.
9. Round individual benefit amounts "down" to the next lowest multiple of \$1.00.
10. New employers pay at an average rate for their respective industry division, but in no case less than 2.0 per cent.

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Table 2
 Estimated Weeks Claimed, Payments, Income,
 and Balance of the Reserve Fund
 Most Favorable Rate 1/

(Revised 2/9/83)

Year	Month	Weeks Claimed	Payments (000's)	Income (000's)	Balance (000's)
1983	January.....	190,000	20,900	3,800	117,700
	February.....	200,000	22,000	10,400	106,100
	March.....	212,000	23,300		82,800
	April.....	173,000	19,000	81,500	145,300
	May.....	163,000	17,900	2,800	130,200
	June.....	187,000	20,600		109,600
	July.....	175,000	19,300	44,100	134,400
	August.....	167,000	18,400	3,400	119,400
	September.....	180,000	19,800		99,600
	October.....	164,000	18,000	24,000	105,600
	November.....	151,000	16,600	3,200	92,200
	December.....	182,000	20,000		72,200
1984	January.....	172,000	18,900	18,500	71,800
	February.....	181,000	19,900	2,500	54,400
	March.....	192,000	21,100		33,300
	April.....	156,000	17,200	105,900	122,000
	May.....	147,000	16,200	1,500	107,300
	June.....	169,000	18,600		88,700
	July.....	168,000	18,500	57,300	127,500
	August.....	160,000	17,600	2,900	112,800
	September.....	173,000	19,000		93,800
	October.....	156,000	17,200	31,200	107,800
	November.....	145,000	15,900	3,100	95,000
	December.....	175,000	19,200		75,800
1985	January.....	165,000	18,100	24,000	81,700
	February.....	174,000	19,100	2,600	65,200
	March.....	184,000	20,200		45,000
	April.....	150,000	16,500	94,500	123,000
	May.....	141,000	15,500	1,800	109,300
	June.....	162,000	17,800		91,500

1/ All estimates are predicted on the following assumptions and Legislative changes.

1. Fiscal year 1983 unemployment rate of 5.9 per cent.
 Fiscal year 1984 unemployment rate of 4.8 per cent.
 Fiscal year 1985 unemployment rate of 4.6 per cent.
2. Annual growth in total wages of 7.0 per cent.
3. Increase in taxable wage base from \$6,000 to \$7,000.
4. Increase of the maximum tax rate to 5.4 per cent.
5. Reimbursing employers not included.
6. Change size-of-fund control schedule III.
7. Add a 20 per cent surcharge on the amount of contributions by all employers.
8. Cancel any increase in the maximum weekly benefit amount through fiscal year 1985.
9. Round individual benefit amounts "down" to the next lowest multiple of \$1.00.
10. New employers pay at an average rate for their respective industry division, but in no case less than 2.0 per cent.