



P.O. Box 1676, Topeka, KS 66601-1676 ♦ 2951 SW Woodside Drive, Topeka, KS 66614-4181 ♦ 785-233-1816 ♦ 1-800-227-0089 ♦ Fax: 785-232-3454

Testimony in Favor of HB 2638

Renea Dennison
February 16, 2012

Chairman Brown and honorable committee members,

I am Renea Dennison and I am the Manager of Financial Services at Century Health Solutions, Inc. For the past 11 years, I have also been our Human Resource professional. The function of the human resource professional is to serve as the liaison between the employer and employee. It is my pleasure to be before you today to discuss my support for HB 2638, which proposes to make several changes to the current unemployment insurance laws in Kansas.

As a human resource professional, I have a great amount of respect for the purpose of the Kansas Unemployment Insurance system of Kansas. It is difficult and stressful to lay individuals off at no fault of their own. Having a system in place to assist individuals during this time is important and serves an important function in keeping our workers and our economy from economic crisis. Employers willingly contribute and pay their unemployment assessments against their accounts so that when they are forced to lay off workers they can be assured there is an insurance system available to them.

Unfortunately, at times there are workers and employers who misuse the system, which erodes the program for those it is intended. HB 2638 contains several provisions which I believe will reinforce the intended public policy of the Kansas UI system. Specifically the bill will:

- Recognizes that holiday pay is considered as wages under the current statute definition and claimants should not be able to claim UI benefits consecutively.
- Sets out that severance pay, if paid in a lump sum, shall be averaged by the number of weeks equal to the claimant's base pay. Claimants will be unable to collect benefits until the severance has been used as if it was paid out weekly.

In addition, HB 2638 proposes to make the UI more competitive with our surrounding states. It proposes to:

- Lower the new employer rate to 2.7% from the current 4% for all industries but construction which would remain at the current 6.00%. Currently, Kansas has the highest new employer rate in the nation except that it is in line with our surrounding states for construction.
- Lower the high cost multiple (HCM), which factors into the formula determining the amount of contributions the fund must receive to be considered "solvent." The higher 1.2 HCM requires unnecessary reserves be contributed into the fund.

In these tough economic times, competitiveness can be a useful tool to attract business and jobs to Kansas. In addition, a lower rate means lower assessments and more dollars for the new employer to invest in its business. More business will ultimately mean more jobs.

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Senate Commerce Committee

Date: March 6, 2012

Attachment 4

Finally, HB 2638 would put into statute the requirement that the KS Secretary of Labor notify employers by November 15 (approximately 6 weeks' notice) of their new assessment rate. This deadline will give employers the time to plan and prepare for their contribution rates in their upcoming budgets. It also guarantees that the practice of notifying employers of their new rate one or two weeks before the effective date will no longer occur.

Therefore, I urge you to vote YES on HB 2638.

Thank you for your time. I appreciate the opportunity to appear before you today in support of HB 2638. I would be happy to answer any questions. Additionally, I can be reached at 785-286-6421 or rdennison@century-health.com.

Respectfully,



Renea Dennison
Manager of Financial Services
Century Health Solutions, Inc.

