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Testimony before Senate
Committee on Commerce

Chairwoman Lynn and Members of the Committee:

Thank you for the opportunity to testify in support of passage of 2017 House Bill 2329. This bill, introduced at the request of the Department of Labor, improves the Kansas Employment Security Law in two ways. First, the bill revises the procedure the Kansas Department of Labor (KDOL) uses in applying severance payments to unemployment benefits. Prior to 2013, severance payments were deducted from unemployment benefits only for the week in which the severance payment was made. This, in the opinion of many, contravened the intent of K.S.A. 44-702, and led to the enactment of 2013 H.B. 2105 which spread application of the severance payments to unemployment benefits based upon the number of weeks the severance was intended to cover. Individuals would be required to exhaust their severance, and then be able to claim unemployment benefits. This was good policy and should not be changed.

However, current law states the deduction begins immediately after separation from employment, regardless of when the severance payment was made. Since enactment of 2013 H.B. 2105, KDOL has discovered that claimants frequently don’t receive their severance payment until several weeks after their separation from employment. As a result, individuals end up not entitled to (or overpaid) benefits for the period of time between the end of their employment until exhaustion of their severance. This creates a financial hardship for claimants that unemployment insurance should remedy. See, K.S.A. 44-702.

The revision in H.B. 2329 changes when the severance payments first begin to be deducted. By changing the start date of the deduction to until after the severance is actually paid, the State would provide economic security for unemployed individuals for the period of time from their separation until they receive severance. Once severance is exhausted, the individuals would be able to claim the remainder of their unemployment entitlement. This change keeps the positive public policy of 2013 H.B. 2105.

The second change in this bill closes a loophole that prevents long term unemployed individuals from receiving regular unemployment benefits. Specifically, it allows individuals who receive 52 weeks or more of severance to receive regular unemployment benefits (after they exhaust their severance) they would have been entitled to. This is consistent with K.S.A. 44-702 and the changes made by 2013 H.B. 2105.

Thank you again for your favorable consideration of H.B. 2329.

Respectfully,

/s/ Justin McFarland