



February 16, 2021

Mr. Chairman and Members of the Committee,

On behalf of the Wichita Regional Chamber of Commerce and our nearly 1,500 members, thanks for the opportunity to provide testimony in support of S.B. 177, An Act AN ACT concerning employment security; creating the unemployment compensation modernization and improvement council; providing for development of a new unemployment insurance information technology system; claimant tax information; website publication of trust fund data; maximum benefit period; charging of employer accounts for benefits paid; employer contribution rate determination and schedules; abolishing the employment security interest assessment fund; crediting employer accounts for fraudulent or erroneous payments; transferring moneys from the state general fund to the unemployment insurance trust fund for improper benefit payments; services performed by petroleum land men; lessor employment unit employee leasing restrictions; relating to other unemployment trust fund provisions; shared work compensation program; amending K.S.A. 44-758 and K.S.A. 2020 Supp. 44-703, 44-704, 44-710, 44-710a, 44- 710b and 44-757 and repealing the existing sections.

This legislation provides for several important updates and critical reforms to the state's Unemployment Insurance program. These include creating the Unemployment Compensation Modernization and Improvement Council, modernizing the unemployment system's information technology, notifying unemployment insurance beneficiaries of tax obligations, providing for transparency in computations and data reporting, realigning Kansas' duration of benefits to the Federal Reserve's definition of full employment threshold of 5%, providing employer relief for fraudulent claims, providing immediate refunds to employer accounts for fraudulent claims, expanding the work share program, and requiring the Kansas Department of Labor to acknowledge, process and respond to all reported job refusals.

The Wichita Chamber stands in strong support of this legislation. The Chamber and our members have long advocated for a structurally sound Unemployment Insurance program that strikes a fair balance between providing the critical lifeline needed by unemployed Kansans and ensuring fairness and affordability for Kansas job creators. We believe that S.B. 177 contains several provisions that help ensure that goal is realized in the future.

Like most trade associations and businesses, we have been alarmed and troubled by the unprecedented amount of fraud experienced within the Kansas Unemployment Insurance Program. Also troubling is the time and amount of difficulty our unemployed workforce has experienced in receiving legitimate benefits when they were most needed. News reports of horrifying hold times only to be disconnected, resulting in months-long backlogs are not acceptable. The Chamber has absolutely no interest in pointing fingers or participating in the blame game regarding the levels of fraud and/or the difficulty experienced by unemployed fellow Kansans. That serves no purpose, nor does it fix the problem. We simply want solutions.



We believe that S.B. 177 moves the ball towards toward the desired goal line in resolving these troubling circumstances.

Finally, we applaud the expansion of the Work Share program. This update and expansion not only helps keep Kansans employed in some of our state's most advanced and technical manufacturing roles, it also protects our government's and our employer's significant investments in talent creation by keeping highly trained Kansans in the state during times of economic turmoil. The Chamber cannot emphasize enough the critical importance of this provision of the bill.

We respectfully request that Committee report this bill favorable for passage. Thank you, and I am happy to stand for questions at the appropriate time.

Very truly yours,

Jason P. Watkins
Wichita Regional Chamber of Commerce

EMPLOYMENT SECURITY LAW REFORMS



KS SHRM is a professional organization representing over 2,200 HR professionals in Kansas, serving their needs and advancing the interests of the profession throughout the state. Our members serve public and private sectors as well as large and small businesses. On a daily basis, our members are on the front lines when it comes to important employment issues such as workforce planning, HR development, compensation and benefits, employee relations, workers' compensation, and unemployment insurance.

KSSHrm.org

CRITICAL REFORMS TO KANSAS UI SYSTEM AND PROGRAMS

The magnitude of the COVID-19 pandemic is unprecedented, overwhelming the Kansas Department of Labor's Unemployment Division's ability to serve claimants in a timely manner, and exposing significant structural weaknesses in the system. The Kansas Unemployment Insurance system was not equipped to deal with the challenges workers and employers faced. The antiquated computer system in Kansas has caused delays in legitimate payments and has opened up the state for unprecedented fraud throughout the system.

REFORM RECOMMENDATIONS

It's imperative that we modernize our UI system so that it serves Kansans promptly, efficiently and securely. The Kansas State Council of the Society of Human Resource Management (KS SHRM) supports necessary and critical reforms:

1. Create Unemployment Compensation Modernization and Improvement Council
2. Modernization of UI IT System
3. Notify Recipients of UI Benefits of Tax Liability
4. Transparency in Kansas UI Fund Computations and Data Reporting
5. Realign Kansas Duration of Benefits to the Federal Reserve's Definition of Full Employment Threshold of 5.0%
6. Provide Employer Relief for Fraudulent Claim Charges
7. Base Employer Solvency Charge by Employers Experience Rating
8. Provide Immediate Refund to Employer Accounts for Claimant Fraud
9. Expand Work Share Program to Prevent Future Layoffs
10. Require KDOL to Acknowledge, Process and Respond to ALL Reported Job Refusals

KS SHRM strongly supports the critical changes necessary to preserve and strengthen the Employment Security Law and to ensure that payments made are not fraudulent and do not increase the financial burden on employers. We support HB 2196 and SB XX.