



March 16, 2021

Testimony for Kansas Senate Commerce Committee
HB 2196

I am Jeff Oswald, President of Unemployment Insurance Services. I am here today to speak in support of HB 2196. I along with my fellow members of the business community believe that this bill will provide the employer and claimants of the state with a more secure and user-friendly system when it comes to managing the state's unemployment claims.

This bill will first and foremost put an emphasis on a much-needed modernization of the Kansas unemployment claim system. For the first time in decades, Kansas will have the opportunity to develop a claims processing system that is secure and can provide both employers and claimants much needed improvements in their end user experience.

Having been in the unique experience of seeing many of these system updates developed and implemented in different states, I cannot stress enough the importance of engaging with all users of the system in the development of the new system. We have an opportunity to develop a system that will meet the needs of all three primary stakeholders that will utilize this program. However, I feel that it is crucial to receive as much input from those parties who are utilizing the system the most. To maximize the tax dollars that is going to be spent on modernizing this process, we will need to have a collaborative effort including the KDOL, employers, claimants, and other outside entities. Therefore, I believe that a council, specially created for this purpose, will be the most effective way of achieving this goal.

I also want to speak in favor of the other major component of this bill, which is the reform of the surcharge used to replenish the UI trust fund. When we initiated the switch from the arrayed tax system to the fixed model, one of the primary goals was to implement a system that was truly merit based. We felt it was important to reward employers who were not putting a strain on the system with a lower tax rate. We did not appropriately consider the impact that the current surcharge method would have on this goal. Under the current method, every employer, regardless of how many claims you had, is going to receive the same surcharge. We feel that this is contrary to the intent of the 2014-15 reforms. The revisions in HB 2196 will correct this oversight so that all employers are contributing to the replenishment of the fund, but at a rate commensurate with their impact on the trust fund. This will bring the final piece of the tax model into line with our original goals of providing a consistent and fair UI tax rate for each employer of the state.



In conclusion, on behalf of my clients, I support the passage of HB 2196. I feel that it will provide the stakeholders of the Kansas unemployment system with a modern and secure claims processing system, at the same time implementing a fair and consistent method of financing the trust fund.

On behalf of my clients, I thank you for your time.

Jeff Oswald
President
Unemployment Insurance Services