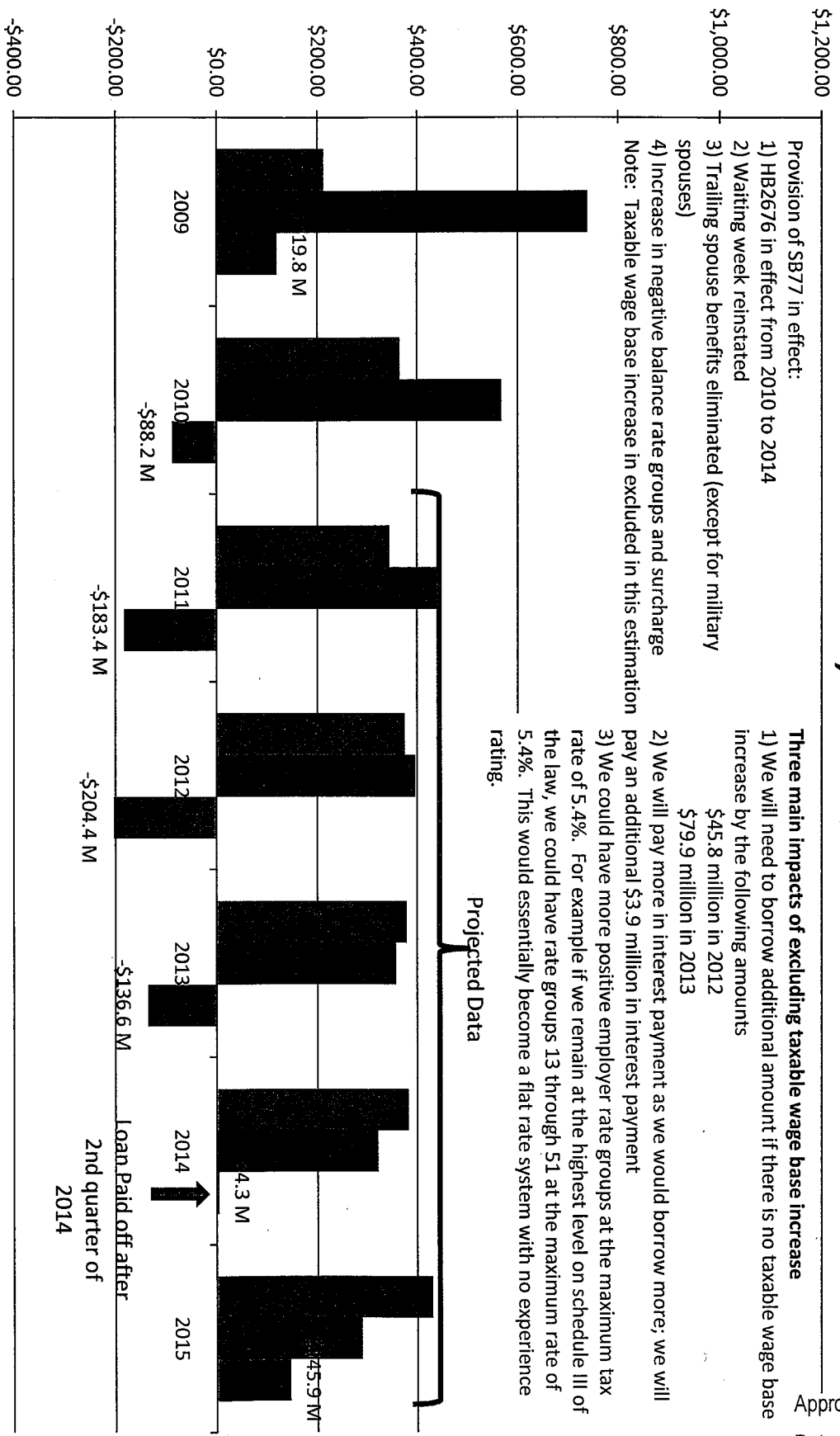


Benefits, Contributions & Trust Fund (Kansas House version of SB77) Kansas, 2009 - 2015



Total Contributions
 Total Benefits
 Trust Fund Balance (End of Year) - With not taxable wage base increase

Provision of SB77 in effect:

- 1) HB2676 in effect from 2010 to 2014
 - 2) Waiting week reinstated
 - 3) Trailing spouse benefits eliminated (except for military spouses)
 - 4) Increase in negative balance rate groups and surcharge
- Note: Taxable wage base increase in excluded in this estimation

Three main impacts of excluding taxable wage base increase

- 1) We will need to borrow additional amount if there is no taxable wage base increase by the following amounts
 - \$45.8 million in 2012
 - \$79.9 million in 2013
- 2) We will pay more in interest payment as we would borrow more; we will pay an additional \$3.9 million in interest payment
- 3) We could have more positive employer rate groups at the maximum tax rate of 5.4%. For example if we remain at the highest level on schedule III of the law, we could have rate groups 13 through 51 at the maximum rate of 5.4%. This would essentially become a flat rate system with no experience rating.

Projected Data

Tax Rates, Yield Using \$8,000 Taxable Wage Base (Positive Balance Employers)									
Rate Group	Experience Factor	Taxable Wages from \$8,000 Base	Tax Rates	Yield	Rate Group	Experience Factor	Taxable Wages from \$8,000 Base	Tax Rates	Yield from HB 2676 Rates
1	0.025	148,528,850	0.29	430,734	27	1.04	144,034,789	5.40	7,777,879
2	0.04	148,461,850	0.47	697,771	28	1.08	148,358,032	5.40	8,011,334
3	0.08	148,498,310	0.94	1,395,884	29	1.12	147,186,969	5.40	7,948,096
4	0.12	148,530,646	1.41	2,094,282	30	1.16	149,051,576	5.40	8,048,785
5	0.16	149,792,303	1.88	2,816,094	31	1.20	155,055,579	5.40	8,373,001
6	0.20	147,335,773	2.35	3,462,397	32	1.24	144,750,875	5.40	7,816,547
7	0.24	148,318,322	2.81	4,167,744	33	1.28	147,102,093	5.40	7,943,513
8	0.28	148,858,847	3.28	4,882,570	34	1.32	146,088,151	5.40	7,888,760
9	0.32	149,840,089	3.75	5,619,003	35	1.36	148,718,972	5.40	8,030,824
10	0.36	151,313,817	4.22	6,385,443	36	1.40	159,235,961	5.40	8,598,742
11	0.40	144,412,299	4.69	6,772,937	37	1.44	137,621,515	5.40	7,431,562
12	0.44	148,612,838	5.16	7,668,422	38	1.48	148,450,927	5.40	8,016,350
13	0.48	153,583,591	5.40	8,293,514	39	1.52	148,498,769	5.40	8,018,934
14	0.52	170,247,135	5.40	9,193,344	40	1.56	148,919,679	5.40	8,041,663
15	0.56	121,144,902	5.40	6,541,824	41	1.60	149,063,790	5.40	8,049,445
16	0.60	167,971,232	5.40	9,070,447	42	1.64	147,535,583	5.40	7,966,921
17	0.64	129,716,758	5.40	7,004,704	43	1.68	149,168,016	5.40	8,055,073
18	0.68	279,300,606	5.40	15,082,233	44	1.72	149,207,094	5.40	8,057,183
19	0.72	17,697,899	5.40	955,687	45	1.76	147,011,453	5.40	7,938,618
20	0.76	148,010,584	5.40	7,992,574	46	1.80	148,935,637	5.40	8,042,524
21	0.80	150,713,781	5.40	8,138,544	47	1.84	148,130,716	5.40	7,999,059
22	0.84	146,160,575	5.40	7,892,677	48	1.88	148,576,480	5.40	8,023,130
23	0.88	149,159,748	5.40	8,054,626	49	1.92	148,797,393	5.40	8,035,059
24	0.92	147,840,511	5.40	7,983,388	50	1.96	148,664,679	5.40	8,027,893
25	0.96	152,559,729	5.40	8,238,224	51	2.00	150,889,857	5.40	8,148,052
26	1.00	150,581,983	5.40	8,131,427	Total		7,576,247,563		359,255,433

NOTE: Simulation reflects taxable wages used in the calculation of CY 2010 tax rates.

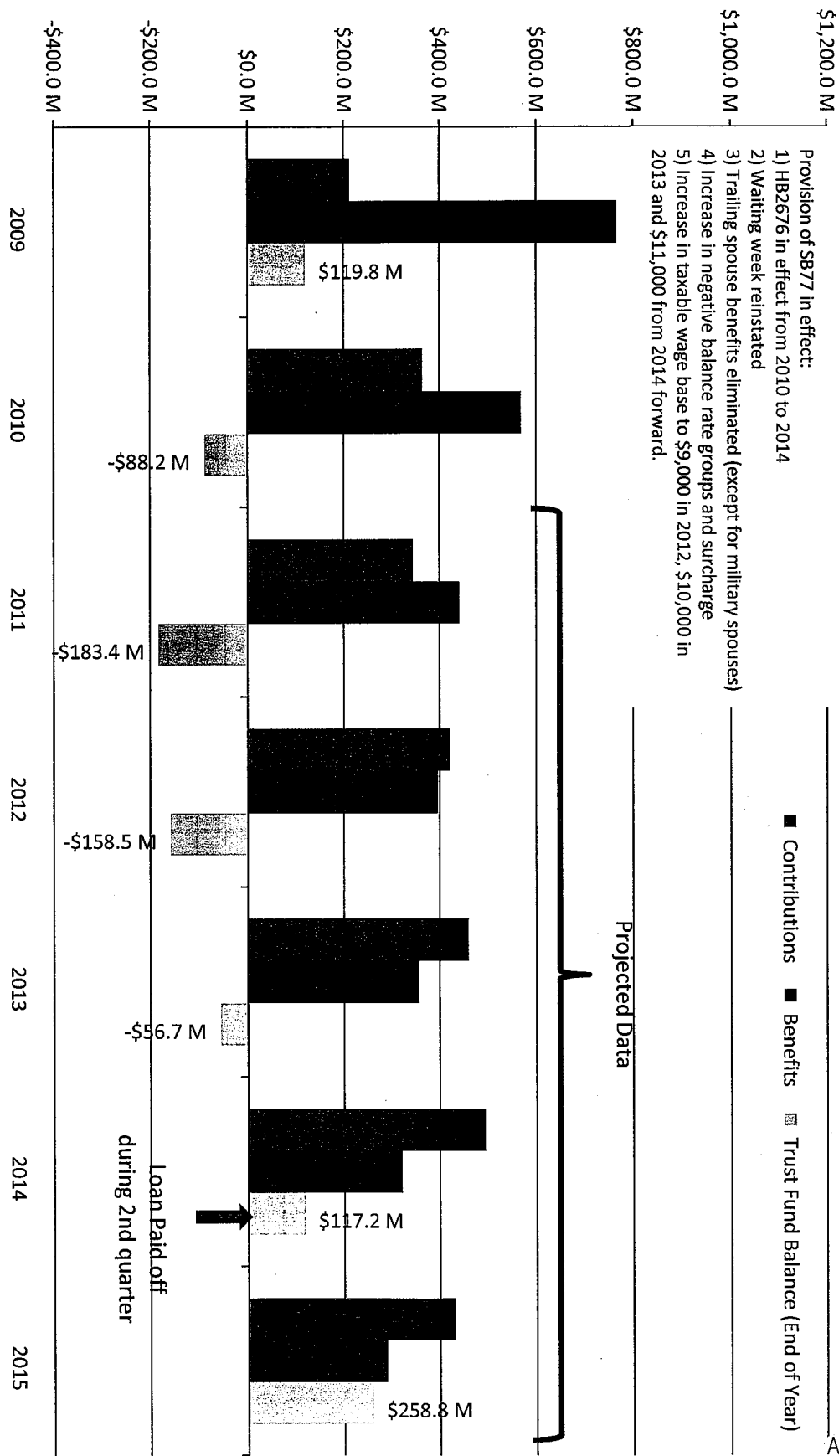
Total Tax Rate Groups with Maximum Rate = 39

Total Contributions Collected from positive balance employer = \$359.3 Million

Benefits, Contributions & Trust Fund (Senate version of SB77)

Kansas, 2009 - 2015

- Provision of SB77 in effect:
- 1) HB2676 in effect from 2010 to 2014
 - 2) Waiting week reinstated
 - 3) Trailing spouse benefits eliminated (except for military spouses)
 - 4) Increase in negative balance rate groups and surcharge
 - 5) Increase in taxable wage base to \$9,000 in 2012, \$10,000 in 2013 and \$11,000 from 2014 forward.



Source: Labor Market Information Services, Kansas Department of Labor.

Tax Rates, Yield Using \$11,000 Taxable Wage Base (Positive Balance Employers)									
Rate Group	Experience Factor	Taxable Wages from \$8,000 Base	Tax Rates	Yield	Rate Group	Experience Factor	Taxable Wages from \$8,000 Base	Tax Rates	Yield from HB 2676 Rates
1	0.025	190,613,949	0.09	171,553	27	1.04	185,245,626	3.58	6,631,793
2	0.04	190,883,840	0.14	267,237	28	1.08	190,625,224	3.72	7,091,258
3	0.08	193,712,518	0.28	542,395	29	1.12	195,861,417	3.86	7,560,257
4	0.12	187,248,195	0.41	767,718	30	1.16	192,885,972	4.00	7,715,439
5	0.16	190,734,985	0.55	1,049,042	31	1.20	183,736,568	4.13	7,588,320
6	0.20	190,526,707	0.69	1,314,634	32	1.24	190,295,521	4.27	8,125,619
7	0.24	190,563,828	0.83	1,581,680	33	1.28	190,640,041	4.41	8,407,226
8	0.28	191,206,911	0.96	1,835,586	34	1.32	190,903,755	4.55	8,686,127
9	0.32	190,651,066	1.10	2,097,162	35	1.36	192,328,429	4.68	9,000,970
10	0.36	201,483,865	1.24	2,498,400	36	1.40	188,979,329	4.82	9,108,804
11	0.40	180,622,576	1.38	2,492,592	37	1.44	189,856,130	4.96	9,416,864
12	0.44	189,539,852	1.52	2,881,006	38	1.48	221,898,039	5.10	11,316,800
13	0.48	191,736,835	1.65	3,163,658	39	1.52	160,219,514	5.23	8,379,487
14	0.52	220,867,699	1.79	3,953,532	40	1.56	191,183,019	5.37	10,266,528
15	0.56	158,967,563	1.93	3,068,074	41	1.60	191,109,940	5.40	10,319,937
16	0.60	207,175,510	2.07	4,288,533	42	1.64	189,150,372	5.40	10,214,120
17	0.64	177,144,684	2.20	3,897,183	43	1.68	193,673,010	5.40	10,458,343
18	0.68	345,038,474	2.34	8,073,900	44	1.72	190,528,980	5.40	10,288,565
19	0.72	32,895,619	2.48	815,817	45	1.76	207,895,031	5.40	11,226,332
20	0.76	190,572,531	2.62	4,993,000	46	1.80	171,124,106	5.40	9,240,702
21	0.80	190,670,045	2.76	5,262,493	47	1.84	189,629,343	5.40	10,239,985
22	0.84	191,160,669	2.89	5,524,543	48	1.88	202,516,912	5.40	10,935,913
23	0.88	194,195,180	3.03	5,884,114	49	1.92	180,577,200	5.40	9,751,169
24	0.92	195,904,376	3.17	6,210,169	50	1.96	188,384,459	5.40	10,172,767
25	0.96	181,422,735	3.31	6,005,093	51	2.00	194,453,994	5.40	10,500,516
26	1.00	195,660,234	3.44	6,730,712	Total		9,724,902,377		318,013,634

NOTE: Simulation reflects taxable wages used in the calculation of CY 2010 tax rates.

Total Tax Rate Groups with Maximum Rate = 11

Total Contributions Collected from positive balance employer = \$318.0 Million

Assumptions:

1. The following provisions in SB 77 are enacted
 - a) Reinstating the waiting week
 - b) Eliminating benefits for trailing spouse (except for military spouses)
 - c) Extends HB2676 provisions for years 2012, 2013 and 2014
 - d) Adds ten additional rate groups for negative balance employers
 - e) Adds 0.1% surcharge for rates groups 1 through 10 of negative balance employers for years 2012, 2013 and 2014.
 - f) Increases taxable wage base (with increase in contributions) to \$9,000 in 2012, \$10,000 in 2013, and \$11,000 thereafter
(Note that the house version of SB77 does not have this provision)
2. All wages (total and taxable) remain fairly constant through the projected years.
3. The distribution of wages between ineligible, negative & positive accounts remains fairly constant over this period.
4. Benefits payments continue to decline gradually as forecasted herein.

Appropriations Committee

Date April 18-19, 2011

Attachment 3-5