

Approved: March 5, 2010

Date

## MINUTES OF THE SENATE BUSINESS AND LABOR COMMITTEE

The meeting was called to order by Chairman Susan Wagle at 8:38 a.m. on January 27, 2010, in Room 548-S of the Capitol.

All members were present.

### Committee staff present:

Ms. Margaret Cianciarulo, Committee Assistant  
Mr. Reed Holwegner, Kansas Legislative Research Department  
Ms. Kathie Sparks, Kansas Legislative Research Department  
Mr. Ken Wilke, Kansas Office of the Revisors of Statutes

### Conferees appearing before the Committee:

Ms. Susan Smith, Senior VP/CHRO, GLMV Architecture, Inc., Wichita  
Mr. Larry Van Horn, Senior Vice President/CEO, GLMV Architecture, Inc., Wichita  
Ms. Emily Compton, President/CEO, Goodwill Industries of Kansas, Inc. Wichita  
Mr. Phil Hayes, VP, HR Services & Operations, The Arnold Group, Wichita  
Mr. Bill Rowe, Business Owner, Wichita Casual Dining, Inc. Wichita  
Mr. Tom Casey, Manager, Express Well Service & Supply, Hays  
Mr. Don Saylor, President & CEO, Kansas Restaurant & Hospitality Association, Wichita  
Mr. Rob Chestnut, Allen Press, Lawrence  
Ms. Patti Bossert, President, Key Staffing, Topeka

### Others attending:

See attached list.

### Hearing on the Impact of 2010 Unemployment Tax Increases on Business

The Chair stated today they are hearing from businesses across Kansas about how the impact the increase is having on their state unemployment tax . She said:

- The Committee has studied this, we have had KDOL in on several occasions and asked them to explain how they calculated these numbers and what has happened to the fund. essentially what has happened is we have an unprecedented situation where we have drawn down the funds.

- KDOL expect's in the month of February for the funds to be bankrupt at which pont we will borrow money from the federal government to pay our unemployment taxes.

- The monies that the Kansas businesses are being charged are only for state unemployment and any extensions that were made under the Obama plan or any federal extension are paid for out of federal funds.

- So everything we deal with here, including the tax you are paying, is for the state part of unemployment.

- The Committee also learned yesterday, once we start drawing down funds, we will be borrowing funds from the federal government, as 38 other states are going to be doing and that the balance of the funds will be paid to the federal unemployment system through the Federal Unemployment Tax Act (FUTA).

. In the same hearing, the Committee learned that this tax will probably increase starting next year. The figures given to the Committee are as follows:

- currently the rates are at .8%
- in 2012 they will be 1.1%
- in 2013 they will be 1.4%
- in 2014 they will be 1.7%.

In 2009 some of us had meetings with the Secretary letting him know we were very concerned that the funds that we were going to need to get through this downturn were going to be greater than what they had been projected and we were right, they certainly didn't expect to go bankrupt and so far from what we can tell, we



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have analyzed their projections and looked at their numbers and so far they are following the law in their calculations. She stated, as a business owner who pays their taxes, she looked at her back taxes the rate she has to pay Kansas unemployment this year is the same rate she paid 20 years ago.

She then recognized Senator Holland who had a special guest. Senator Holland introduced Alex Houston, who he said is shadowing him this morning, and he is from Lawrence and is with KS Association of Gifted, Talented, and Creative. The Chair also recognized Senator Brownlee who introduce her guest, Ms. Julie Lundstrom from Olathe and also with the gifted program.

The Chair stated today they are having hearings on the impact on business here in the Senate and the House is starting their hearings at 9 so they will be going through three conferees, asking questions, and then dismiss them to the House and continue on with the rest of the conferees.

She then recognized the first of 9 conferees to testify, Ms. Susan Smith, Senior VP/CHRO, GLMV Architecture, Inc., Wichita who stated that GLMV Architecture, Inc. is a new businesses due to the merger on 1-1-2010 between two other companies and their first realization of the unreasonableness of the 2010 Kansas Unemployment tax rates charged occurred when they reviewed the rates for the two companies to determine what was to be done for their merged company going forward. She went on to say they observed that both companies, in the same business, with about the same number of employees in Kansas and with about the same experience, were charged significantly different rates and over the last three years they have had one involuntary termination, benefits were paid to that individual and they filled the position. She offered charts where they researched the history of one of their merger companies relative to charges and utilization learning that the "experience" referenced in their notification is not relevant in their company's experience as shown in the second chart. And lastly, she asked all to work together for a solution that should include:

1. Amending the notification and appeal timing for the Kansas Unemployment tax rate changes.
2. Amending the rates charged to all Kansas businesses
3. Amending the process by which this circumstance came to be.

A copy of her testimony is (Attachment 1) attached and incorporated into the Minutes as referenced.

The next conferee is Mr. Larry Van Horn, Senior Vice President/CEO, GLMV Architecture, Inc., Wichita who stated that their company on a combined basis, will approximate a \$46,000 increase in SUE tax for 2010. He offered a summary of comments on SUE Experience Rating and a copy of their letter to the KDOL asking for an administrative review of the 2010 contribution rate for the two companies that have merged into one. A copy of his testimony and handout is (Attachment 2) attached and incorporated into the Minutes as referenced.

The Chair commented that she was shocked that their experience rating group was 1.03 last year and with only one termination and that was filled, their new rate is now at 5.4. She went on to say that the Committee has asked KDOL to come up, on each category, how much money have you put into the system in all of the years you have been an employer, what is your rating experience, how much money you have taken out.

The third conferee was Ms. Emily Compton, President/CEO, Goodwill Industries of Kansas, Inc. Wichita who stated as an employer of 380 people, with 60% of the people with employment barriers, they were hit with a five-fold increase in our unemployment compensation rates, a 427% increase. Under the new 2010 rates, Goodwill will pay \$155K into the fund while our benefits charged to the fund for the last three years have averaged about \$30K. She has attached KDOL's Experience Rating Notices for 2009 & 2010 for the Committee's review.

She went on to state that their income was also cut by \$45,000 when the governor's office made a 10 percent across the board cut to Medicaid funding. And, during last year's legislative session Goodwill worked very hard to have their sales tax exemption re-instated after the KDOR erroneously sent us an invalid exemption certificate. (This exemption saved them about \$50 to 60K yearly and this money goes to supplement services the state has provided for in the past.

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Lastly, she stated with unemployment in Wichita nearing 10 percent, this is not the time to be increasing employment related taxes. A copy of her testimony and attachments are (Attachment 3) attached and incorporated into the Minutes as referenced.

Questions for these first three conferees came from Senators Schodorf and Kelsey including what would Goodwill's initial payment be due April 1 and am concerned when businesses have budgeted for the year and you had short notice, how can you have the cash to send in the extra \$50K? Regarding sales tax exemptions, is that on things you buy, when you sell things in your stores do you collect sales tax on things that you sell? As there were no further discussions or questions, the Chair let these three conferees leave for the House Committee hearing.

Next, the Chair recognized Mr. Phil Hayes, VP, HR Services & Operations, The Arnold Group, Wichita who stated in lieu of time he was bypassing his the majority of his testimony and referred the Committee to page six of his testimony which was a chart illustrating, The Arnold Group's their history from 1992 through 2010 and as Chairman Wagle had mentioned, they had to go back to 1983 to get a more higher rate than where we are at the 2010 rate. Currently they have a paper balance of the State Trust Fund of \$850K and in looking at the positive balance employers, they are really taking a hit where the negative balance employer it's just business as usual.

Referring to Attachment B, he said, you can see a lot of fluctuation from the reserve ratio upper and lower limits from year to year from each rate group and then you see the corresponding rate percentage employers earned by being assigned to that group. He averaged out those over the course of the last eleven rating chart and basically dropped down the averages for the upper and lower limits and starting at the top end on rate group 51 with a maximum employer rating of 5.40 dividing it by 51 came out to roughly .105 for each rate group. Attachment C's chart is for the negative employers have been able to plan appropriately each year because their tables stay the same. In Attachment D, he took the Arnold Group's history from 2000 to 2010, looked at their reserve ratios, looked at the rate group that they were applied to, then took the same static proposed rate groups from Attachment B looked at the rate group they would have been in if they had static tables and the correlation was they would have paid in more.

But through this process, they were able to predict fairly close to what their 2010 tax rate would be. And lastly, he referred the Committee to page 3 of his testimony listing his summary of recommendations and on page 4 he shows where Kansas stands with surrounding states, showing Kansas' maximum weekly benefit amounts has increased has consistently climbed over the last 10 years and at the taxable wage base chart, Kansas is at the bottom. A copy of his testimony and attachments are (Attachment 4) attached and incorporated into the Minutes as referenced.

As there were no questions of Mr. Hayes, the Chair recognized the fifth conferee, Mr. Bill Rowe, Business Owner, Wichita Casual Dining, Inc. Wichita who stated that he is in the food service business which is positively balanced with around \$76K in their account. In the last fiscal year, he said they paid out \$1,875.00, their account was charged \$425., with their contribution rate at .34% and while it could be argued there is plenty of money in their account, in 2010 their contribution rate is increasing to 2.56% with their anticipated contribution around \$8600.00 which is around four and a half times what it was last year. He said, this increase comes at a time when their sales are down approximately 10% which effectively has stripped them of all profitability, even though they are doing better than most in their category. He concluded by saying, if businesses are allowed to keep more of their money, they will quickly put it to productive use in business-building programs that will in turn create more new jobs and get the country going again. He did ask if it was on the table to cut benefits? A copy of his testimony is (Attachment 5) attached and incorporated into the Minutes as referenced.

The Chair commented that one of the problems is that they extended the waiting week, we used to make them wait a week until they could collect unemployment and now they receiving it on the third week. This is one of the things they can do to stop the drain on the fund. Mr. Rowe also reiterated what Mr. Hays had touched on, that in interviewing for new hires, when some employees find out how much the wages are, decline the job stating they can earn more on unemployment.

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The next to testify was Mr. Tom Casey, Manager, Express Well Service & Supply, Hays who wanted to express his frustration in hiring employees for their company stating approximately 205 of their rigs are shut down because they do not have enough employees. He shared a copy of their job description and has been on the Kansas Works website since October 23, 2009. He listed their companies benefits and wages, which still has not attracted new hires for at least one reason, people can make more money on unemployment. His business' unemployment in 2009 was 51% with an annual premium of \$1,707.00 (this company started in 1981 and has only had \$22,769.00 in claims against their unemployment account in 28 year.) Regarding the increase in the rate, he said it hit them also with their rate increase of 900%. A copy of his testimony is (Attachment 6) attached and incorporated into the Minutes as referenced.

The Chair then called on the seventh conferee, Mr. Don Saylor, President & CEO, Kansas Restaurant & Hospitality Association, Wichita who stated they are experiencing a 500% increase in tax rate and they are a small non-profit that has maintained a positive balance for years.

He went on to explain that the restaurant, lodging and hospitality industry employs mainly part time workers and creates an extra tax burden due to the tax being paid on a higher percentage of total wages, Offering an example, he said if a restaurant employees 4 part time employees during the year and pays them each \$8K, total of \$32K, all of the wages will be subject to tax. If another business employs one worker and pays them \$33K, only the first \$8K is subject to tax, which creates a tax rate four times higher for th hospitality industry. He went on to say that this will apply to any business that employs part time workers and this example is compounded by the high employee turnover experienced in the hospitality industry. And lastly he asked why are government employers allowed to pay only the amount of benefits drawn, adding this seems like an inequity that should be brought into parity. A copy of his testimony is (Attachment 7) attached and incorporated into the Minutes as referenced.

Next to testify was Mr. Rob Chestnut, Allen Press, Lawrence who offered three charts showing Allen Press' UI account balance history, their contribution and usage percentage history and their actual 2009 and expected 2010 UI contributions. A copy of his handout is (Attachment 8) attached and incorporated into the Minutes as referenced.

The last conferee called on was Ms. Patti Bossert, President, Key Staffing, Topeka who referred them to the last page of her testimony where she shows the actual 2009 payroll of her business and in the sixth column she calculated what that tax would have been at the rate I am being charged as of 1-1-10, \$81K. She went on to say that due to the challenging economic environment her business did not show a profit of \$81K so how does she cover this added expense and with only two weeks notice that this increased tax would be placed on her business is hardly enough time to implement a new business strategy. She suggested the state should be offering incentives to small business to create jobs, but currently the State only offers these incentives to companies who are creating more than 25 jobs at a time. A copy of her testimony is (Attachment 9) attached and incorporated into the Minutes as referenced.

Written testimony from the following was also offered .

1. Mr. Gary Mason, CEO, iSi Environmental Services, Wichita
2. Mr. Jay Stehley, President, Interim HealthCare of Wichita, Inc.
3. Ms. Joan Barrett, President & General Manager, Sunflower Broadcasting, Inc., Wichita
4. Mr. Ron Trachsel, Partner, Allied Staffing, Lenexa
5. Kansas Business Coalition on Unemployment Insurance, Topeka
6. Ms. Darla Lanter, General Manager & President, Jackson Farmers, Inc., Holton
7. Mr. Mike Pivonka, CEO, Flame Engineering, Inc, LaCrosse
8. Ms. Kelley Williams, Associate VP, Administration & Finance, Friends University, Wichita
9. Mr. Troy Denton, Westwind Wood Specialities, Inc., Quinter
10. Ms. Angela Steinbock, Human Resources Manager, HME, Inc, Topeka
11. Ms. Angie Haggard, Chief Financial Officer, Valeo Behavioral Health Care, Inc., Topeka
12. Ms. Marcia Dechand, Human Resources/Community Outreach Director, TARC, Topeka
13. Mr. Tom McGaffin & Ms. Patricia Koehler, President J.R.Custom Metal Products, Wichita

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14. Mr. Kenneth Daniel, Government Affairs Director, Topeka Independent Business Association.

Copies of the above testimonies are (Attachment 10) attached and incorporated into the Minutes as referenced.

As it was going on adjournment time, the Chair said she would like to ask the conferees to step outside the committee room as she is sure some of them have questions, as do some of the Committee members and let constituents know that their testimony has been extremely helpful.

**Adjournment**

The meeting was adjourned at 9:32 a.m.

The next meeting is scheduled for February 2, 2010

BUSINESS AND LABOR COMMITTEE GUEST LIST  
 DATE: 1-27-10

| NAME                  | REPRESENTING                     |
|-----------------------|----------------------------------|
| Gene Meyer            | Lincoln Reporter                 |
| Matt Casey            | GBA                              |
| Jason Watkins         | Wichita Chamber                  |
| Rachelle Colombo      | KS Chamber                       |
| Ashley Sheard         | Lenexa Chamber                   |
| Ellie [unclear]       | Re. [unclear] [unclear]          |
| Julia [unclear]       | Legislative Shadowing            |
| Ray D. Van Horn       | GLMV Architects, Inc.            |
| <del>[unclear]</del>  | <del>GLMV Architects, Inc.</del> |
| Emily Caputo          | Woodruff Industries of Kansas    |
| Patti Bossert         | Key Staffing                     |
| KEN DANIEL            | MIDWAY WHOLESALE/TIBA            |
| Rob Chestnut          | Allen Press, Inc.                |
| Alex Houston          | Shadow                           |
| Mary Moring [unclear] | Visitor/Shadow                   |
| Dan Murray            | NFIB                             |
| Leigh Keck            | Hein Law Firm                    |
| Judy Macy             | KDOL                             |

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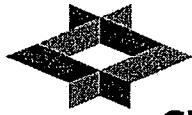
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Thank you  
 M. Cinciarulo  
 Committee assistant

BUSINESS AND LABOR COMMITTEE GUEST LIST

DATE: 1-27-10

| NAME                          | REPRESENTING        |
|-------------------------------|---------------------|
| Natalie Haag                  | Security Benefit    |
| Bernie Hentzen (316) 648-1602 | Hentzen Contractors |
| Gayle Goetz                   | Goodwill Industries |
| Jan Bruning                   | OP Chamber          |
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GLMV Architecture

**Kansas Senate Committee on Business and Labor  
Testimony in Opposition of the 2010 Kansas Unemployment Tax Rates**

**By:**

**Susan Smith, SPHR  
Senior Vice President/CHRO  
GLMV Architecture, Inc.  
420 S. Emporia, Wichita, KS 67202  
Phone (316) 265-9367 - Fax (316) 265-5646**

**January 28, 2010**

Kansas Unemployment Tax has never before had such a skewed relationship between our business activities and the tax rate. Over the past three years, we have had one involuntary termination, and benefits were paid to that individual. The termination was not a lay-off, and we filled the position with a Kansas resident who had been unemployed when hired by us. We paid benefits for one unemployed and put another to work. Our good employment performance has been recognized with a five-fold increase in unemployment tax charges.

We are GLMV Architecture, Inc. , a company formed on January 1, 2010 by the merger of Gossen Livingston Associates, Inc. and McCluggage Van Sickle & Perry Corp. Our first realization of the unreasonableness of the 2010 Kansas Unemployment Tax rates charged occurred when we reviewed the rates for the two companies to determine what was to be done for our merged company going forward. We observed that both companies, in the same business, with about the same numbers of employees in Kansas, and with about the same experience, were charged significantly different rates. Upon closer analysis, we realized the remarkable magnitude of the increase in rates for both companies. When we estimated the cash at stake, the results were, frankly, stunning.

Our "Experience Rating Notifications" were dated December 15, 2009 and stamped "received Dec 17." The Kansas Unemployment web site states that the: "determination of the contribution rate becomes conclusive and binding upon an employer unless within 15 days from the mailing date of this notice, the employer requests a review and predetermination and sets forth in writing the reasons for the request." This is clever timing if you really don't want to consider appeals.

Our office closed at noon on December 24 and did not reopen for business until January 4, 2010. We are not unique among Kansas businesses in this practice. You may rest assured that few Kansas employers spent the last 15 days of the calendar year, tax year, and the holiday season with its closures, holidays, and heightened business, personnel and personal pressures, worrying about what their 2010 Kansas Unemployment Tax charge was. Kansas employers generally know what their experience has been and expect a rate charge reasonable to that. We are not generally disappointed and never to such a grave extent as we are experiencing now. **The 2010 rates are increases of an unprecedented magnitude. So much so that it should have been treated as a major policy shift that would be announced clearly and loudly across the state and include a public comment period.**

Senate Business & Labor Committee  
Date: January 27, 2010  
Attachment 1





We researched the history of Gossen Livingston's experience relative to charges and utilization. We also gathered information to try to assemble a history of the rate tables themselves, which were not available on line. We learned several things:

- The rating group number had nothing to do with the nature of our business—it is tied to our reserve ratio. During the eight-year period 2002-2009:
  - we have paid in 23% more than we have had charged against
  - Our current account balance is, interestingly, 23% higher than our 2002 balance
  - Our current 3-year average payroll ( a reserve ratio factor) is only 3% higher than the 2002 figure
  - Our current reserve ration is 19% higher than it was in the beginning of 2002.

This information is illustrated below:

| Gossen Livingston Associates, Inc. Experience and Rate History |                    |                 |                 |                     |               |            |                        |
|----------------------------------------------------------------|--------------------|-----------------|-----------------|---------------------|---------------|------------|------------------------|
| Experience Rating Year                                         | Contributions      | Benefit Charges | Account Balance | New Rate/Rate Group | Reserve Ratio | Payroll    | 3-year Average Payroll |
| 2010                                                           | <b>\$28,350.00</b> |                 | 67,696.81       | 5.40                | 14.074        |            | 481,000.79             |
| 2009                                                           | 4,887.19           | 7,700.23        | 70,509.85       | 1.03                | 15.758        | 0.00       | 447,442.03             |
| 2008                                                           | 3,604.69           | 0.00            | 66,905.16       | 0.75                | 16.498        | 503,887.45 | 405,528.28             |
| 2007                                                           | 5,562.24           | 0.00            | 53,175.16       | 0.69                | 13.922        | 486,608.10 | 381,960.05             |
| 2006                                                           | 14,344.47          | 647.09          | 47,612.92       | 3.17                | 12.852        | 452,506.82 | 370,461.92             |
| 2005                                                           | 18,699.88          | 5,002.00        | 33,915.54       | 4.86                | 8.749         | 403,211.16 | 387,661.93             |
| 2004                                                           | 10,162.67          | 17,252.59       | 41,005.46       | 2.88                | 8.775         | 360,866.87 | 419,492.02             |
| 2003                                                           | 6,249.93           | 8,749.93        | 43,505.46       | 1.74                | 9.713         | 381,802.11 | 447,918.22             |
| 2002                                                           | 3,154.77           | 14,642.00       | 54,992.69       |                     | 11.810        | 368,716.79 | 465,644.78             |
| 2001                                                           |                    |                 |                 |                     |               | 412,465.10 |                        |
| 2000                                                           |                    |                 |                 |                     |               | 477,294.16 |                        |
| 1999                                                           |                    |                 |                 |                     |               | 453,995.40 |                        |
| 8 years                                                        | 66,665.34          | 53,993.84       |                 |                     |               |            |                        |

- The "experience" referenced in the notification implies that our rate is relevant to our experience—for 2010 it clearly is NOT relevant to our company's experience. Perhaps it is to the Division of Kansas Unemployment's experience.
  - the rate increase was 4.5 times last year's for the same groups.
  - The reserve ratio lower limits change from year to year without clear basis:
  - those that we could identify have raised substantially since 2002, but
  - they have actually decreased by slight amounts over the last two years

This information is illustrated below:

| Rate Group | 2010                |      | Partial Table of Kansas State Unemployment Insurance Groups and Rates as Disclosed on Gossen Livingston Experience Notifications |      |                     |      |                     |      |                     |      |
|------------|---------------------|------|----------------------------------------------------------------------------------------------------------------------------------|------|---------------------|------|---------------------|------|---------------------|------|
|            | Lower reserve ratio |      |                                                                                                                                  |      |                     |      |                     |      |                     |      |
|            | Contribution rate   |      |                                                                                                                                  |      |                     |      |                     |      |                     |      |
| 32         | 0.12657             | 5.40 | (no data for 2007)                                                                                                               |      | 2006                |      | (no data for 2005)  |      |                     |      |
| 31         | 0.12971             | 5.40 |                                                                                                                                  |      | Lower reserve ratio |      |                     |      |                     |      |
| 30         | 0.13257             | 5.40 |                                                                                                                                  |      | Contribution rate   |      |                     |      |                     |      |
| 29         | 0.13457             | 5.40 |                                                                                                                                  |      | 3.17                |      |                     |      |                     |      |
| 28         | 0.13676             | 5.40 |                                                                                                                                  |      | 0.12997             | 3.06 | 2004                |      |                     |      |
| 27         | 0.13875             | 5.40 |                                                                                                                                  |      | 0.13138             | 2.95 | Lower reserve ratio |      |                     |      |
| 26         | 0.14137             | 5.40 |                                                                                                                                  |      | 0.13201             | 2.83 | Contribution rate   |      |                     |      |
| 25         | 0.14318             | 5.40 |                                                                                                                                  |      | 0.13275             | 2.72 | 2.88                |      |                     |      |
| 24         | 0.14468             | 5.40 |                                                                                                                                  |      | 0.13419             | 2.61 | 0.09903             | 2.76 | 2003                |      |
| 23         | 0.14662             | 5.40 |                                                                                                                                  |      |                     |      | 0.10143             | 2.64 | Lower reserve ratio |      |
| 22         | 0.14930             | 5.38 | 2009                                                                                                                             |      |                     |      | 0.10298             | 5.52 | Contribution rate   |      |
| 5          | 0.15113             | 5.12 | Lower reserve ratio                                                                                                              |      |                     |      | 0.10509             | 2.40 | 1.71                |      |
| 20         | 0.15343             | 4.86 | Contribution rate                                                                                                                |      |                     |      | 0.10700             | 2.28 | 0.09973             | 1.62 |
| 19         | 0.15584             | 4.61 | 1.03                                                                                                                             |      |                     |      |                     |      | 0.10438             | 1.54 |
| 18         | 0.15628             | 4.35 | 0.15814                                                                                                                          | 0.97 | 2008                |      |                     |      | 0.10507             | 1.45 |
| 17         | 0.15719             | 4.10 | 0.15880                                                                                                                          | 0.92 | Lower reserve ratio |      |                     |      | 0.10773             | 1.37 |
| 16         | 0.15918             | 3.84 | 0.16038                                                                                                                          | 0.86 | Contribution rate   |      |                     |      | 0.11227             | 1.28 |
| 15         | 0.16139             | 3.58 | 0.16211                                                                                                                          | 0.80 | 0.75                |      |                     |      |                     |      |
| 14         | 0.16320             | 3.33 | 0.16344                                                                                                                          | 0.74 | 0.16504             | 0.70 |                     |      |                     |      |
| 13         | 0.16449             | 3.07 | no data                                                                                                                          |      | 0.16683             | 0.64 | no data             |      | no data             |      |
| 12         | 0.16676             | 2.82 |                                                                                                                                  |      | 0.16769             | 0.59 |                     |      |                     |      |
| 11         | 0.16805             | 2.56 |                                                                                                                                  |      | 0.16915             | 0.54 |                     |      |                     |      |
| 10         | 0.17031             | 2.30 |                                                                                                                                  |      | 0.17065             | 0.48 |                     |      |                     |      |
| 9          | 0.17298             | 2.05 |                                                                                                                                  |      | no data             |      |                     |      |                     |      |
| 8          | 0.17612             | 1.79 |                                                                                                                                  |      |                     |      |                     |      |                     |      |
| 7          | 0.17952             | 1.54 |                                                                                                                                  |      |                     |      |                     |      |                     |      |
| 6          | 0.18418             | 1.28 |                                                                                                                                  |      |                     |      |                     |      |                     |      |
| 5          | 0.18963             | 1.02 |                                                                                                                                  |      |                     |      |                     |      |                     |      |
| 4          | 0.19721             | 0.77 |                                                                                                                                  |      |                     |      |                     |      |                     |      |
| 3          | 0.20878             | 0.51 |                                                                                                                                  |      |                     |      |                     |      |                     |      |
| 2          | 0.23131             | 0.26 |                                                                                                                                  |      |                     |      |                     |      |                     |      |
| 1          | 0.28992             | 0.16 |                                                                                                                                  |      |                     |      |                     |      |                     |      |

In 2009, GLA was charged \$7,700 for benefits. Assume that GLA's taxable payroll is \$525,000 for 2010:

- Based on 2009's contribution rate, we would pay \$5,407 (\$525,000 x 1.03%).
- Applying the 2010 rate, we would pay \$28,350 (\$525,000 x 5.4%).
- For \$7,700 in benefits charged in 2009, we must pay in an additional \$22,943 in tax?

In 2009, MVP was charged \$5,260 for benefits. Assume MVP's taxable payroll is \$460,000 for 2010:

- Based on 2009's contribution rate, we would pay \$1,840 (\$460,000 x 0.4%).
- Applying the 2010 MVP rate, we would pay \$17,664 (\$460,000 x 3.84%).
- For \$5,261 in benefits charged in 2009, we must pay an additional \$15,824 in tax?

The sum of the two companies' new rates is \$46,014, whereas **last year they paid a combined \$6,792.** When we combine account balances and three-year average payrolls to determine a new reserve ration for GLMV Architecture, the result is .14921, a drop to Rate Group 21 for a new aggregate rate of 5.21. For our estimated 2010 combined UI taxable payroll of 985,000, that rate will require us to contribute a whopping **\$50,432—nearly 7½ times what we paid last year.** No one budgets for these kinds of increases with no other corresponding changes in business conditions.

Our company has a history of keeping a lean staff. We create new jobs only when we feel that we have experienced sustainable growth. We also have a culture of employing individuals whose talents and work behaviors are compatible with our needs and those of their coworkers. When we find that we've misjudged the potential or abilities of an individual in our employ, we will terminate the employment relationship and seek to better fill the position. As it is our responsibility to ensure the best possible fit in hiring, we do not protest benefits paid to anyone terminated in such a scenario.

Under the current unemployment tax structure, we will be extremely hard-pressed to create jobs as readily as in the past. The additional tax alone, 46K for our company, represents the cost of an entry-level professional. Profit margins have been squeezed to keep existing staff working. The cost of correcting an error in hiring judgment has soared to unprecedented heights, further discouraging job creation. This tax increase is one more overhead expense standing between our company and the next new job we can create. The implementation of the increase, with no warning or opportunity to weigh in, illuminates our inability to plan for or manage this tax and serves as further deterrent to job creation.

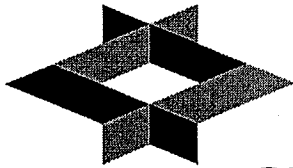
So now we find ourselves between a rock and a very hard place. Not just we, GLMV Architecture, but we, our company and the KDOL. We understand that KDOL seeks funding for benefits that must be paid under current law. But this is a mere puzzle piece in a much larger picture. How do we stimulate employment with such a heavy penalty laid before those who would risk hiring again? How many businesses will cut a position or two just to manage the additional tax burden?

This tax will result in more overtime and higher wages paid to fewer individuals. We have already seen this outcome in the industries of size that have undergone mass lay-offs again and again. They are undoubtedly paying maximum rates and, ironically, keeping their employment numbers down will keep their tax expense down. Now the strategy will necessarily spread to much smaller Kansas businesses. Unemployment will continue, even rise, and replenishment of the benefit coffers will not keep up with the demand.

The solution on the table for funding 2010 unemployment benefits is wrong and will backfire. We look to our lawmakers and taxing authorities to work together to find a solution that does not perpetuate the problem. This solution should include:

1. Amending the notification and appeal timing for Kansas Unemployment tax rate changes to a schedule that invites and accommodates business to participate
2. Amending the rates charged to all Kansas businesses, possibly excepting those who have had mass lay offs during the current recession, or have negative balances. These rates are 4.5 times higher for employers who are in their same rate group, and much more heavily multiplied for those who entered a higher group.
3. Amending the process by which this circumstance came to be by bringing representatives from Kansas businesses and human resources practitioners/strategists into the conversation.

Thank you for this hearing on the subject and for the opportunity to submit this testimony.



## GLMV Architecture

### Summary Comments on SUE Experience Rating

- 1) Insurance is a misnomer—it's a tax.
- 2) Those that contributed the least to the problem appear to be the ones remedying the problem.
- 3) We will experience an estimated 425 percent increase in cost and rate from 2009, before a merger, below.
- 4) We merged with another architectural firm January 1, 2010 that had about the same number of employees, the same excellent employment record, and their increase would have been 860 percent from 2009.
- 5) On a combined basis we will approximate a \$46,000 increase in SUE tax for 2010.
- 6) We believe this increase is not only egregious, but inequitable and unfair.
- 7) We retained employees, and still are, when we could have easily and justifiably let them go. We chose not to, because they are valuable and looked at our action as an investment in the future.
- 8) We will make less money; therefore, pay less federal and state income taxes.
- 9) This increases our cost of doing business, which cannot be passed to clients.
- 10) We are tied to the construction industry, in fact we are in front of it, so we see declines first and rebounds first. We will assure you we have yet to see a rebound.
- 11) Consider that the Governor is proposing to increase state income taxes. If the increase occurs, then again our cost of business increases and our ability to do business will be diminished.
- 12) Putting people back to work, wherever and however we can, is a solution.
- 13) This is an extremely tough time to do business and try to fund government—pretty vicious cycle.
- 14) Suggested resolution would be to revisit the method of increasing the cost and spread it over a longer period to rebuild (and rebuild) the fund. Next time, build in a reserve and leave it for a rainy day.

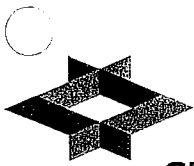
Larry D. Van Horn, CPA  
Senior Vice President/CFO

Senate Business & Labor Committee  
Date: January 27, 2010  
Attachment 2

420 S. Emporia Street Wichita, KS 67202  
125 S. Washington Street Wichita, KS 67202

T 316-265-9367 F 316-265-5646  
T 316-262-0451 F 316-262-5465

[www.glmv.com](http://www.glmv.com)



GLMVArchitecture

January 13, 2010

Kansas Department of Labor  
Attn: Chief of Contributions  
401 SW Topeka Boulevard  
Topeka, KS 66603-3182

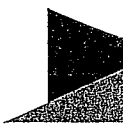
Re: Protest of Disparity and Unfairness of 2010 Experience Rating  
- Gossen Livingston Associates, Inc. Account 098910  
- McCluggage, Van Sickle & Perry Corporation Account 238410

Dear Sir or Madam:

We respectfully request an administrative review of the 2010 contribution rate for above organization. It is our belief Gossen Livingston has been inappropriately rated and exorbitantly charged for 2010 unemployment taxes, especially when compared to McCluggage, Van Sickle & Perry Corporation, and others. The comparison is appropriate for the following reasons:

- Each company provides the same or similar professional services.
  - Each company employs nearly 50 persons in Kansas.
  - Each company has similar experience for 2009 and 2008.
    - Gossen Livingston's 2009 utilization is \$7,700 and 2008 is \$0.
    - McCluggage, Van Sickle & Perry's 2009 utilization is \$5,261, and 2008 is \$267.
1. The following disparity and unreasonable increase in rate/tax between the companies came to surface because as of January 1, 2010, these two Kansas corporations merged and adopted a new name: GLMV Architecture, Inc.
    - a. Gossen Livingston Associates, Inc. (GLA) is the statutorily surviving corporation (with a name change) and continuing EIN No. 48-079813.
    - b. McCluggage, Van Sickle & Perry (MVP), EIN No. 48-1077545, was statutorily dissolved as of January 1, 2010.
    - c. The officers and stockholders of the two merged corporations continue 100 percent as officers and stockholders of GLMV Architecture, Inc.
    - d. 100 percent of the employees of both companies continued, and are continuing, in the employ of GLMV Architecture, Inc. at their same, or higher, compensation levels.
    - e. The merger is intended, in part, to enable us to compete for larger projects and continue our present level of staffing and attempt to grow during these difficult times.
  2. For ease of reference, we have recapped comparative statistics from the GLA, MVP 2009, 2010 Experience Rating Notices (attached), so you can readily see the disparity and unreasonableness:

2-2



|                          | 2009      | 2010      | 2009      | 2010      |
|--------------------------|-----------|-----------|-----------|-----------|
|                          | GLA       |           | MVP       |           |
| Contribution Rate        | 1.03      | 5.40      | .40       | 3.84      |
| Reserve Ratio            | 15.758    | 14.074    | 17.731    | 16.014    |
| Rate Group               | 19        | 27        | 8         | 16        |
| Contribution Paid - 2009 | \$3,605   | \$4,887   | \$3,429   | \$1,905   |
| Benefits Charged - 2009  | \$0       | \$7,700   | \$267     | \$5,261   |
| Account Balance          | \$70,510  | \$67,697  | \$69,609  | \$66,253  |
| Average Taxable Payroll  | \$447,442 | \$481,000 | \$392,589 | \$413,708 |

3. Both GLA and MVP are/were design architects with almost the same number of personnel and payroll costs in Kansas (Wichita), yet they have disparity of rate groups between 2009 and 2010 and between one another. Why? What is the effect?
4. We understand that the unemployment fund is being depleted and we need to contribute our "fair" share. The above does not suggest fairness. In fact, for 2010, GLA has a 425 percent rate increase over 2009, and MVP, for 2010, has a rate increase of 860 percent over 2009.
5. In 2009, GLA was charged \$7,700 for benefits. Assume that GLA's taxable payroll is \$525,000 for 2010. Based on 2009's contribution rate, we would pay \$5,407 (\$525,000 x 1.03%). Applying the 2010 rate, we would pay \$28,350 (\$525,000 x 5.4%). The fund paid \$7,700 in benefits, and we are being charged an additional \$22,943 in additional unemployment insurance tax or nearly 3 times the benefit paid?
6. In 2009, MVP was charged \$5,260 for benefits. Assume MVP's taxable payroll is \$460,000 for 2010. Based on 2009's contribution rate, we would pay \$1,840 (\$460,000 x 0.4%). Applying the 2010 MVP rate, we would pay \$17,664 (\$460,000 x 3.84%). The fund paid \$5,261 in benefits in 2009, and we are being charged an additional \$15,824 or nearly 3 times the benefit paid in additional unemployment insurance tax?

We were informed by KDOL that our newly merged corporation, continuing operations under Gossen Livingston's FEIN, but under our new name, GLMV Architecture, pays the rate assessed to GLA for 2010 and does not get the benefit of MVP's lower contribution rate. The result will be another \$7,176 (on the MVP payroll), \$460,000 x (5.4% - 3.84%) to figures above.

This would be total tax increase of:

|          |                 |
|----------|-----------------|
| 5. above | \$22,943        |
| 6. above | +15,824         |
|          | <u>+ 7,126</u>  |
|          | <u>\$45,893</u> |

Compared to what GLA/MVP paid in 2009, this is a combined increase of 575 percent!

7. Summarily, our request for review is to get a reasonable figure for 2010 for GLMV Architecture, Inc. We had no expectation or warning of this type of precipitous increase in unemployment taxes in 2010. However, for all of the reasons and considering all of the discussion offered above, it is simply not a reasonable assessment of response to our circumstances.
9. Like the State of Kansas, we too are facing challenging times, yet we pay our taxes on time and we comply. In no way does our conduct or experience justify an increase of this magnitude.
10. We are retaining personnel, even with a declining workload, rather than laying off valued professionals. The individuals who collected in 2009 were in positions that were again filled with more qualified performers.
11. Even on a combined basis, GLMV remains a small business. The Kansas Unemployment Insurance is in fact a tax. This increase cannot be, and we have indications it is not being, spread fairly over our business economy.

The only news is we will make less money, so therefore pay less tax. Sort of a downward spiral, isn't it?

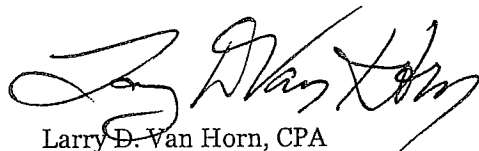
Respectfully, we request an administrative review and, if necessary, an administrative hearing, of:

1. The apparent inappropriateness of:
  - a. Rate Group
  - b. Contribution Rate
  - c. Required rate for 2010

This is "bayoneting the wounded" at its worst.

Sincerely,

GLMV Architecture, Inc.



Larry D. Van Horn, CPA  
Senior Vice President/CFO

LDV/cw

Enclosures

c (w/enc.): The Honorable Mark Parkinson, Governor, State of Kansas  
Sedgwick County State Senators  
Sedgwick County State Representatives  
Mr. Harvey Sorensen, Foulston Siefkin  
Mr. John Goss, CPA, Peterson, Peterson & Goss  
Mr. Greg Seiwert, CPA, BKD, LLP  
Ms. Beth Hogan, CPA, BKD, LLP  
Mr. Steve Webb, BKD, LLP  
Ms. Mary McCain, Executive Director, Kansas Society of Certified Public Accountants

# KANSAS

DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard  
Topeka, Kansas 66603-3182

## 2010 EXPERIENCE RATING NOTICE

DATE MAILED: 12-16-2009

ACCOUNT NO.: 098910

311

GOSSEN LIVINGSTON ASSOC., INC  
420 S EMPORIA ST STE 100  
WICHITA KS 67202-4595

2010 TAXABLE  
WAGE BASE: 8,000.00

|                                        | CONTRIBUTIONS PAID | BENEFITS CHARGED                                | TAXABLE PAYROLL                           |                     |
|----------------------------------------|--------------------|-------------------------------------------------|-------------------------------------------|---------------------|
| PRIOR YEARS<br>THRU JUNE 30, 2008      | 177,477.97         | 106,968.12                                      | 2006                                      | 452,506.82          |
| FOR FISCAL YEAR<br>ENDED JUNE 30, 2009 | 4,887.19           | 7,700.23                                        | 2007                                      | 486,608.10          |
| TOTALS                                 | <u>182,365.16</u>  | <u>114,668.35</u>                               | 2008                                      | 503,887.45          |
|                                        |                    |                                                 | <b>TOTAL</b>                              | <u>1,443,002.37</u> |
| ACCOUNT BALANCE IS:                    | 67,696.81          | ( Contributions Paid<br>Less Benefits Charged ) | Average of Taxable<br>Payrolls Shown is → | 481,000.79          |

### RATE COMPUTATION

|                 |   |                                   |   |                  |               |                               |
|-----------------|---|-----------------------------------|---|------------------|---------------|-------------------------------|
| ACCOUNT BALANCE | ÷ | AVERAGE ANNUAL<br>TAXABLE PAYROLL | = | RESERVE<br>RATIO | RATE<br>GROUP | YOUR CONTRIBUTION<br>RATE FOR |
| 67,696.         |   | 481,000.                          |   | 14.074           | 27            | 2010 IS 5.40 %                |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2010 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: VIRGINIA ORTH  
PHONE: 316-771-5085

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

### VOLUNTARY CONTRIBUTION COMPUTATION

|             | Lower Reserve<br>Ratio Is | X | Average Annual<br>Taxable Payroll | = | Account Balance<br>Required to<br>Lower Rate | - | Present<br>Account Balance | IS | Amount of Voluntary<br>Contribution Required<br>to Lower Tax Rate | If you select<br>this option your<br>New Rate is: |
|-------------|---------------------------|---|-----------------------------------|---|----------------------------------------------|---|----------------------------|----|-------------------------------------------------------------------|---------------------------------------------------|
| OPTION I:   | .14137                    |   | 481,000.                          |   | 68,000.                                      |   | 67,696.                    |    | 304.                                                              | 5.40 %                                            |
|             | FOR RATE<br>GROUP 26      |   |                                   |   |                                              |   |                            |    |                                                                   |                                                   |
| OPTION II:  | .14318                    |   | 481,000.                          |   | 68,870.                                      |   | 67,696.                    |    | 1,174.                                                            | 5.40 %                                            |
|             | FOR RATE<br>GROUP 25      |   |                                   |   |                                              |   |                            |    |                                                                   |                                                   |
| OPTION III: | .14468                    |   | 481,000.                          |   | 69,592.                                      |   | 67,696.                    |    | 1,896.                                                            | 5.40 %                                            |
|             | FOR RATE<br>GROUP 24      |   |                                   |   |                                              |   |                            |    |                                                                   |                                                   |
| OPTION IV:  | .14662                    |   | 481,000.                          |   | 70,525.                                      |   | 67,696.                    |    | 2,829.                                                            | 5.40 %                                            |
|             | FOR RATE<br>GROUP 23      |   |                                   |   |                                              |   |                            |    |                                                                   |                                                   |
| OPTION V:   | .14930                    |   | 481,000.                          |   | 71,814.                                      |   | 67,696.                    |    | 4,118.                                                            | 5.38 %                                            |
|             | FOR RATE<br>GROUP 22      |   |                                   |   |                                              |   |                            |    |                                                                   |                                                   |

FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION \_\_\_\_\_ \$ \_\_\_\_\_

ACCOUNT NO. 098910 Your voluntary contribution must be postmarked by: 01-15-2010

OVER

25





DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard  
Topeka, Kansas 66603-3182

# 2009 EXPERIENCE RATING NOTICE

DATE MAILED: 12-11-2008

ACCOUNT NO.: 098910

302  
GOSSEN LIVINGSTON ASSOC., INC  
420 S EMPORIA ST STE 100  
WICHITA KS 67202-4595

*2008 = 075  
2009 = 1.03*

2009 TAXABLE  
WAGE BASE: 8,000.00

|                                        | CONTRIBUTIONS PAID | BENEFITS CHARGED  | TAXABLE PAYROLL |                     |
|----------------------------------------|--------------------|-------------------|-----------------|---------------------|
| PRIOR YEARS<br>THRU JUNE 30, 2007      | 173,873.28         | 106,968.12        | 2005            | 403,211.16          |
| FOR FISCAL YEAR<br>ENDED JUNE 30, 2008 | 3,604.69           | .00               | 2006            | 452,506.82          |
| TOTALS                                 | <u>177,477.97</u>  | <u>106,968.12</u> | 2007            | 486,608.10          |
|                                        |                    |                   | <b>TOTAL</b>    | <u>1,342,326.08</u> |

ACCOUNT BALANCE IS: 70,509.85 (Contributions Paid Less Benefits Charged)

Average of Taxable Payrolls Shown is → 447,442.02

### RATE COMPUTATION

ACCOUNT BALANCE ÷ AVERAGE ANNUAL TAXABLE PAYROLL = RESERVE RATIO RATE GROUP

70,509. ÷ 447,442. = 15.758 19

|                                     |                                                                                   |
|-------------------------------------|-----------------------------------------------------------------------------------|
| YOUR CONTRIBUTION RATE FOR 2009 IS: | IF YOU FAIL TO FILE AND PAY YOUR 4TH QTR 2008 WAGE REPORT YOUR 2009 RATE WILL BE: |
| 1.03                                | 2.07                                                                              |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2009 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: ROBERT COUNTRYMAN PHONE: 316-771-5083

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

### VOLUNTARY CONTRIBUTION COMPUTATION

| OPTION      | Lower Reserve Ratio Is | Average Annual Taxable Payroll | = | Account Balance Required to Lower Rate | - | Present Account Balance | IS | Amount of Voluntary Contribution Required to Lower Tax Rate | If you select this option your New Rate is: | If you fail to file 4th qtr 2008 and you select this option your New Rate |
|-------------|------------------------|--------------------------------|---|----------------------------------------|---|-------------------------|----|-------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------|
| OPTION I:   | .15814                 | 447,442.                       | = | 70,759.                                | - | 70,509.                 | IS | 250.                                                        | 0.97 %                                      | 1.95 %                                                                    |
|             | FOR RATE GROUP 18      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                           |
| OPTION II:  | .15880                 | 447,442.                       | = | 71,054.                                | - | 70,509.                 | IS | 545.                                                        | 0.92 %                                      | 1.84 %                                                                    |
|             | FOR RATE GROUP 17      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                           |
| OPTION III: | .16038                 | 447,442.                       | = | 71,761.                                | - | 70,509.                 | IS | 1,252.                                                      | 0.86 %                                      | 1.72 %                                                                    |
|             | FOR RATE GROUP 16      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                           |
| OPTION IV:  | .16211                 | 447,442.                       | = | 72,535.                                | - | 70,509.                 | IS | 2,026.                                                      | 0.80 %                                      | 1.61 %                                                                    |
|             | FOR RATE GROUP 15      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                           |
| OPTION V:   | .16344                 | 447,442.                       | = | 73,130.                                | - | 70,509.                 | IS | 2,621.                                                      | 0.74 %                                      | 1.49 %                                                                    |
|             | FOR RATE GROUP 14      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                           |

ACCOUNT NO. 098910 FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION \_\_\_\_\_ \$ \_\_\_\_\_  
Your voluntary contribution must be postmarked by: 01-12-2009

OVER

2-6

RECEIVED

2010

DEC 17 2009

# EXPERIENCE RATING NOTICE



DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard  
Topeka, Kansas 66603-3182

DATE MAILED: 12-16-2009

ACCOUNT NO.: 238410

311  
MCCLUGGAGE, VAN SICKLE & PERR  
PO BOX 3848  
WICHITA KS 67201-3848

2010 TAXABLE  
WAGE BASE: 8,000.00

|                                     | CONTRIBUTIONS PAID | BENEFITS CHARGED                           | TAXABLE PAYROLL                      |                     |
|-------------------------------------|--------------------|--------------------------------------------|--------------------------------------|---------------------|
| PRIOR YEARS THRU JUNE 30, 2008      | 174,105.66         | 104,496.40                                 | 2006                                 | 370,563.88          |
| FOR FISCAL YEAR ENDED JUNE 30, 2009 | 1,904.67           | 5,260.80                                   | 2007                                 | 417,420.01          |
| TOTALS                              | <u>176,010.33</u>  | <u>109,757.20</u>                          | 2008                                 | 453,139.38          |
|                                     |                    |                                            | <b>TOTAL</b>                         | <u>1,241,123.27</u> |
| ACCOUNT BALANCE IS:                 | 66,253.13          | (Contributions Paid Less Benefits Charged) | Average of Taxable Payrolls Shown is | 413,707.75          |

### RATE COMPUTATION

|                 |   |                                |   |               |            |                            |
|-----------------|---|--------------------------------|---|---------------|------------|----------------------------|
| ACCOUNT BALANCE | ÷ | AVERAGE ANNUAL TAXABLE PAYROLL | = | RESERVE RATIO | RATE GROUP | YOUR CONTRIBUTION RATE FOR |
| 66,253.         |   | 413,707.                       |   | 16.014        | 16         | 2010 IS 3.84 %             |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2010 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: VIRGINIA ORTH PHONE: 316-771-5085

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

### VOLUNTARY CONTRIBUTION COMPUTATION

| OPTION      | Lower Reserve Ratio Is | Average Annual Taxable Payroll | = | Account Balance Required to Lower Rate | - | Present Account Balance | IS | Amount of Voluntary Contribution Required to Lower Tax Rate | If you select this option your New Rate is: |
|-------------|------------------------|--------------------------------|---|----------------------------------------|---|-------------------------|----|-------------------------------------------------------------|---------------------------------------------|
| OPTION I:   | .16139                 | 413,707.                       |   | 66,769.                                |   | 66,253.                 |    | 516.                                                        | 3.58 %                                      |
|             | FOR RATE GROUP 15 ✓    |                                |   |                                        |   |                         |    |                                                             |                                             |
| OPTION II:  | .16320                 | 413,707.                       |   | 67,518.                                |   | 66,253.                 |    | 1,265.                                                      | 3.33 %                                      |
|             | FOR RATE GROUP 14 ✓    |                                |   |                                        |   |                         |    |                                                             |                                             |
| OPTION III: | .16493                 | 413,707.                       |   | 68,233.                                |   | 66,253.                 |    | 1,980.                                                      | 3.07 %                                      |
|             | FOR RATE GROUP 13      |                                |   |                                        |   |                         |    |                                                             |                                             |
| OPTION IV:  | .16676                 | 413,707.                       |   | 68,990.                                |   | 66,253.                 |    | 2,737.                                                      | 2.82 %                                      |
|             | FOR RATE GROUP 12      |                                |   |                                        |   |                         |    |                                                             |                                             |
| OPTION V:   | .16805                 | 413,707.                       |   | 69,524.                                |   | 66,253.                 |    | 3,271.                                                      | 2.56 %                                      |
|             | FOR RATE GROUP 11      |                                |   |                                        |   |                         |    |                                                             |                                             |

FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION \_\_\_\_\_ \$ \_\_\_\_\_  
ACCOUNT NO. 238410 Your voluntary contribution must be postmarked by: 01-15-2010



Signature of Owner, Partner or Corporate Officer

27

RECEIVED

2009

DEC 15 2009

# EXPERIENCE RATING NOTICE

# KANSAS

DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard  
Topeka, Kansas 66603-3182

DATE MAILED: 12-11-2008

ACCOUNT NO.: 238410

302  
MCCLUGGAGE, VAN SICKLE & PERR  
PO BOX 3848  
WICHITA KS 67201-3848

2009 TAXABLE  
WAGE BASE: 8,000.00

|                                     | CONTRIBUTIONS PAID | BENEFITS CHARGED                           | TAXABLE PAYROLL                      |                     |
|-------------------------------------|--------------------|--------------------------------------------|--------------------------------------|---------------------|
| PRIOR YEARS THRU JUNE 30, 2007      | 170,676.01         | 104,228.93                                 | 2005                                 | 389,783.46          |
| FOR FISCAL YEAR ENDED JUNE 30, 2008 | 3,429.65           | 267.47                                     | 2006                                 | 370,563.88          |
| TOTALS                              | <u>174,105.66</u>  | <u>104,496.40</u>                          | 2007                                 | 417,420.01          |
|                                     |                    |                                            | <b>TOTAL</b>                         | <u>1,177,767.35</u> |
| ACCOUNT BALANCE IS:                 | 69,609.26          | (Contributions Paid Less Benefits Charged) | Average of Taxable Payrolls Shown is | 392,589.11          |

ACCOUNT BALANCE  $\div$  AVERAGE ANNUAL TAXABLE PAYROLL = RESERVE RATIO RATE GROUP

69,609.  $\div$  392,589. = 17.731 8

|                                     |                                                                                   |
|-------------------------------------|-----------------------------------------------------------------------------------|
| YOUR CONTRIBUTION RATE FOR 2009 IS: | IF YOU FAIL TO FILE AND PAY YOUR 4TH QTR 2008 WAGE REPORT YOUR 2009 RATE WILL BE: |
| .40                                 | .80                                                                               |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2009 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: ROBERT COUNTRYMAN PHONE: 316-771-5083

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

### VOLUNTARY CONTRIBUTION COMPUTATION

| OPTION      | Lower Reserve Ratio Is | Average Annual Taxable Payroll | Account Balance Required to Lower Rate | Present Account Balance | Amount of Voluntary Contribution Required to Lower Tax Rate | If you select this option your New Rate is: | If you fail to file 4th qtr 2008 and you select this option your New Rate is: |
|-------------|------------------------|--------------------------------|----------------------------------------|-------------------------|-------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------|
| OPTION I:   | .17999                 | 392,589.                       | 70,663.                                | 69,609.                 | 1,054.                                                      | 0.34 %                                      | 0.69 %                                                                        |
|             | FOR RATE GROUP 7       |                                |                                        |                         |                                                             |                                             |                                                                               |
| OPTION II:  | .18399                 | 392,589.                       | 72,233.                                | 69,609.                 | 2,624.                                                      | 0.28 %                                      | 0.57 %                                                                        |
|             | FOR RATE GROUP 6       |                                |                                        |                         |                                                             |                                             |                                                                               |
| OPTION III: | .18890                 | 392,589.                       | 74,161.                                | 69,609.                 | 4,552.                                                      | 0.00 %                                      | 0.46 %                                                                        |
|             | FOR RATE GROUP 5       |                                |                                        |                         |                                                             |                                             |                                                                               |
| OPTION IV:  | .19586                 | 392,589.                       | 76,893.                                | 69,609.                 | 7,284.                                                      | 0.00 %                                      | 0.34 %                                                                        |
|             | FOR RATE GROUP 4       |                                |                                        |                         |                                                             |                                             |                                                                               |
| OPTION V:   | .20581                 | 392,589.                       | 80,799.                                | 69,609.                 | 11,190.                                                     | 0.00 %                                      | 0.23 %                                                                        |
|             | FOR RATE GROUP 3       |                                |                                        |                         |                                                             |                                             |                                                                               |

FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION \_\_\_\_\_ \$ \_\_\_\_\_  
ACCOUNT NO. 238410 Your voluntary contribution must be postmarked by: 01-12-2009

COVER

2-8



Kansas Department of Labor  
401 SW Topeka Blvd  
Topeka, KS 66603-3182

Telephone - 785-296-5027 • www.dol.ks.gov • Fax - 785-291-3425

# EMPLOYER'S NOTICE OF CHANGE

**1. Employer Name and Address**

McCluggage, Van Sickle & Perry Corporation  
Trade Name

P.O. Box 3848  
Address

Wichita, KS 67201-3848  
City, State, Zip+4

**2. Account Number**

238410

**3. Date of Change MM/DD/YYYY**

01/01/2010

**4. Reason for Change** Use a separate Notice of Change for each successor.

- A. Business in Kansas continues in operation without employment
- B. Business in Kansas suspended or entirely discontinued without successor
- C. Business in Kansas acquired in whole or part by successor(s)

**5. Successor Identification**

GLMV Architecture, Inc.  
Trade Name  
(formerly Gossen Livingston Associates, Inc.)  
420 S. Emporia  
Address

Wichita, KS 67202-4595  
City, State, Zip+4

William B. Livingston, AIA, Chairman  
Owner/Partner/Principal Officer

316-265-9367  
Daytime Telephone Number

098910 FEIN 48-0793813  
Successor's Kansas UI Account Number or FEIN

Did the successor acquire or in any manner succeed to the following?

- YES     \*NO    Substantially all of the employing enterprises, organization, trade or business.    **OR**
- YES     \*NO    Substantially all of the assets

\* If NO, explain what portion the successor acquired and what portion you kept. Use additional sheets if required.

**6. Organization with same principals as before, with the form changed to**

- Individual (Sole Proprietor)
- Partnership
- Other (Explain) \_\_\_\_\_
- Limited Partnership
- Limited Liability Partnership
- Corporation
- Limited Liability Company

**7. Was this a change only in partners?**

\*If YES, indicate     Withdrawal     Addition     NO     Substitution     Death of Partner

Former Partner's Name \_\_\_\_\_ New Partner's Name \_\_\_\_\_

We continue to report to IRS with the same FEIN     YES     NO    FEIN 48-1077545 (McCluggage, Van Sickle & Perry Corporation)

Signature/Name \_\_\_\_\_ Title \_\_\_\_\_ Date Signed \_\_\_\_\_



# Goodwill Industries of Kansas, Inc.

3636 N. Oliver • P.O. Box 8169 • Wichita, KS 67208 • Phone: 316-744-9291 • Fax: 316-744-1428

[www.goodwillks.org](http://www.goodwillks.org)

## BOARD OF DIRECTORS

### Chairman

George Fahnstock  
Fahnstock Plumbing, HVAC, Electric & Fireplaces

### Vice Chairman

Mark Nichols  
Koch Industries, Inc.

### Secretary

Rhonda Dennis  
Capitol Federal Savings

### Treasurer

Steven A. Houlik  
Allen, Gibbs & Houlik, LC

### Executive Committee Members

Shawn Lancelot  
Bank of America

Tod Wawzysko  
Spirit Aero Systems

### President/CEO

Emily Compton

### Members

Joan Barrett  
KWCH / KSCW / KDCU TV

Don Barry  
Wells Fargo Advisors, LLC

Brad Clothier  
Preferred Health Systems

Tom Dondlinger  
Dondlinger & Sons Construction, Inc.

Bill Hanna  
Community Volunteer

Robert P. Harmon  
INTRUST Bank

Chris Hurst  
Foulston Siefkin, L.L.P.

Joe Johnson  
Schaefer Johnson Cox Frey Architecture

Dennis W. Kerschen  
The Law Company, Inc.

Debra McArthur  
Wesley Medical Center

John O'Carroll  
Cargill Value Added Meats

Bill A. Pickert  
BKD CPAs & Advisors

Sue Ronshagen  
Cessna Aircraft Company

Eric Sexton  
Wichita State University

Richard Stafford  
The Boeing Company

Dave Unruh  
Sedgwick County

January 27, 2010

Chairman Susan Wagle and Committee Members  
Committee on Business and Labor  
300 SW 10<sup>th</sup> Avenue, Room 548-S  
Topeka, KS 66612

Subject: Comments on Kansas Unemployment Insurance System

Dear Chairman Wagle and Committee Members:

I know this legislative session will be one of the most difficult for you and for everyone living in Kansas. We will all be affected by the decisions you will make and I know many of those decisions will be challenging.

As an employer of 380 people, with 60 percent of the people with employment barriers, we were hit with a *five-fold increase in our unemployment compensation rates*. Under the new 2010 rates, *Goodwill will pay \$155,000 into the fund while our benefits charged to the fund for the last three years have averaged about \$30,000*. In simple terms, in 2009 we paid \$31,270 into the fund and in 2010 we will pay \$155,000 into the fund, an increase of \$123,730. I've attached our KDOL Experience Rating Notices for 2010 and 2009 for your review. Somehow or another, this just isn't fair.

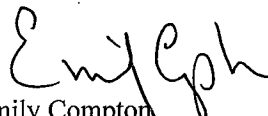
Our income was also cut by \$45,000 when the Governor's office made a 10 percent across the board cut to Medicaid funding.

During last year's legislative session Goodwill worked very hard to have our sales tax exemption re-instated after the KDOR erroneously sent us an invalid exemption certificate. I understand that this year the KDOR is trying to remove many non-profits, including Goodwill Industries of Kansas, sales tax exemptions. Our exemption saves us about \$50,000 to \$60,000/year. That money is used to supplement services the state has provided for in the past.

Between the obscene Unemployment Compensation increase, the Medicaid cuts and the threat of removing our tax exemption, the state of Kansas is forcing our agency and many other us to limit services we provide to people with disabilities and severe employment barriers as well as making it very difficult to do business in Kansas. With unemployment in Wichita nearing 10 percent, this is not the time to be increasing employment related taxes.

*On behalf of those who need our services, PLEASE support any votes that will reduce the unfair burden we are experiencing from the increase in unemployment compensation fund and Medicaid funding. PLEASE oppose any votes that will jeopardize our sales tax exemption.*

Thank you. In Goodwill service,

  
Emily Compton  
President/CEO

Senate Business & Labor Committee  
Date: January 27, 2010  
Attachment 3



Licensed by the Kansas Department  
of Social & Rehabilitation Services

A 501(c) (3) not for profit corporation



DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard  
Topeka, Kansas 66603-3182

# 2010 EXPERIENCE RATING NOTICE

DATE MAILED: 12-16-2009

ACCOUNT NO.: 086370

305

GOODWILL INDUSTRIES INC  
3636 N OLIVER ST  
WICHITA KS 67220-3499

2010 TAXABLE  
WAGE BASE: 8,000.00

**CONTRIBUTIONS PAID**

**BENEFITS CHARGED**

**TAXABLE PAYROLL**

PRIOR YEARS  
THRU JUNE 30, 2008

939,986.49

540,763.86

2006

2,428,443.43

FOR FISCAL YEAR  
ENDED JUNE 30, 2009

31,270.98

27,860.58

2007

2,632,937.04

TOTALS

971,257.47

568,624.44

2008

2,865,276.55

**TOTAL**

7,926,657.02

ACCOUNT BALANCE IS:

402,633.03

( Contributions Paid  
Less Benefits Charged )

Average of Taxable  
Payrolls Shown is →

2,642,219.00

**RATE COMPUTATION**

ACCOUNT BALANCE

÷

AVERAGE ANNUAL  
TAXABLE PAYROLL

=

RESERVE  
RATIO

RATE  
GROUP

YOUR CONTRIBUTION  
RATE FOR

402,633.

2,642,219.

15.238

21

2010 IS 5.12 %

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2010 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: PATTY CORDOBA PHONE: 316-771-5079

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

**VOLUNTARY CONTRIBUTION COMPUTATION**

Lower Reserve  
Ratio Is

X

Average Annual  
Taxable Payroll

=

Account Balance  
Required to  
Lower Rate

-

Present  
Account Balance

IS

Amount of Voluntary  
Contribution Required  
to Lower Tax Rate

If you select  
this option your  
New Rate is:

OPTION I:

.15343

2,642,219.

405,396.

402,633.

2,763.

4.86 %

FOR RATE  
GROUP 20

OPTION II:

.15584

2,642,219.

411,764.

402,633.

9,131.

4.61 %

FOR RATE  
GROUP 19

OPTION III:

.15628

2,642,219.

412,926.

402,633.

10,293.

4.35 %

FOR RATE  
GROUP 18

OPTION IV:

.15719

2,642,219.

415,331.

402,633.

12,698.

4.10 %

FOR RATE  
GROUP 17

OPTION V:

.15918

2,642,219.

420,589.

402,633.

17,956.

3.84 %

FOR RATE  
GROUP 16

FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION \_\_\_\_\_ \$ \_\_\_\_\_

ACCOUNT NO. 086370

Your voluntary contribution must be postmarked by: 01-15-2010

32

>OVER<  
APPEAL RIGHTS

Signature of Owner, Partner or Corporate Officer

**CONTRIBUTION RATES EFFECTIVE FOR CALENDAR YEAR 2010  
FOR EMPLOYERS WITH A POSITIVE ACCOUNT BALANCE**

| <u>Rate Group</u> | <u>Upper &amp; Lower Reserve Ratio (in percent)</u> |              | <u>2010 Rate (in percent)</u> | <u>Rate Group</u> | <u>Upper &amp; Lower Reserve Ratio (in percent)</u> |              | <u>2010 Rate (in percent)</u> |
|-------------------|-----------------------------------------------------|--------------|-------------------------------|-------------------|-----------------------------------------------------|--------------|-------------------------------|
|                   | <u>Upper</u>                                        | <u>Lower</u> |                               |                   | <u>Upper</u>                                        | <u>Lower</u> |                               |
| 1                 | 14801.470                                           | 28.992       | 0.16                          | 26                | 14.317                                              | 14.137       | 5.40                          |
| 2                 | 28.991                                              | 23.131       | 0.26                          | 27                | 14.136                                              | 13.875       | 5.40                          |
| 3                 | 23.130                                              | 20.878       | 0.51                          | 28                | 13.874                                              | 13.676       | 5.40                          |
| 4                 | 20.877                                              | 19.721       | 0.77                          | 29                | 13.675                                              | 13.457       | 5.40                          |
| 5                 | 19.720                                              | 18.963       | 1.02                          | 30                | 13.456                                              | 13.257       | 5.40                          |
| 6                 | 18.962                                              | 18.418       | 1.28                          | 31                | 13.256                                              | 12.971       | 5.40                          |
| 7                 | 18.417                                              | 17.952       | 1.54                          | 32                | 12.970                                              | 12.657       | 5.40                          |
| 8                 | 17.951                                              | 17.612       | 1.79                          | 33                | 12.656                                              | 12.344       | 5.40                          |
| 9                 | 17.611                                              | 17.298       | 2.05                          | 34                | 12.343                                              | 11.998       | 5.40                          |
| 10                | 17.297                                              | 17.031       | 2.30                          | 35                | 11.997                                              | 11.688       | 5.40                          |
| 11                | 17.030                                              | 16.805       | 2.56                          | 36                | 11.687                                              | 11.324       | 5.40                          |
| 12                | 16.804                                              | 16.676       | 2.82                          | 37                | 11.323                                              | 10.892       | 5.40                          |
| 13                | 16.675                                              | 16.493       | 3.07                          | 38                | 10.891                                              | 10.476       | 5.40                          |
| 14                | 16.492                                              | 16.320       | 3.33                          | 39                | 10.475                                              | 10.083       | 5.40                          |
| 15                | 16.319                                              | 16.139       | 3.58                          | 40                | 10.082                                              | 09.531       | 5.40                          |
| 16                | 16.138                                              | 15.918       | 3.84                          | 41                | 09.530                                              | 09.181       | 5.40                          |
| 17                | 15.917                                              | 15.719       | 4.10                          | 42                | 09.180                                              | 08.532       | 5.40                          |
| 18                | 15.718                                              | 15.628       | 4.35                          | 43                | 08.531                                              | 07.916       | 5.40                          |
| 19                | 15.627                                              | 15.584       | 4.61                          | 44                | 07.915                                              | 07.298       | 5.40                          |
| 20                | 15.583                                              | 15.343       | 4.86                          | 45                | 07.297                                              | 06.587       | 5.40                          |
| 21                | 15.342                                              | 15.113       | 5.12                          | 46                | 06.586                                              | 05.774       | 5.40                          |
| 22                | 15.112                                              | 14.930       | 5.38                          | 47                | 05.773                                              | 04.787       | 5.40                          |
| 23                | 14.929                                              | 14.662       | 5.40                          | 48                | 04.786                                              | 03.705       | 5.40                          |
| 24                | 14.661                                              | 14.468       | 5.40                          | 49                | 03.704                                              | 02.658       | 5.40                          |
| 25                | 14.467                                              | 14.318       | 5.40                          | 50                | 02.657                                              | 01.262       | 5.40                          |
|                   |                                                     |              |                               | 51                | 01.261                                              | 00.000       | 5.40                          |

**SURCHARGE ON NEGATIVE ACCOUNTS**

K.S.A. 44-710a provides that negative balance employers shall pay contributions at the assigned rate of 5.40% and in addition shall pay a surcharge based on the size of the employer's negative reserve ratio. The schedule shown below provides the amount of surcharge that will be added to the assigned rate for calendar year 2010. Contribution payments made as a result of this surcharge shall be credited to the experience rating account of such negative balance employers.

| <u>Upper &amp; Lower Negative Reserve Ratio (in percent)</u> |              | <u>Assigned Rate</u> | <u>Surcharge (in percent)</u> | <u>2010 Rate (in percent)</u> |
|--------------------------------------------------------------|--------------|----------------------|-------------------------------|-------------------------------|
| <u>Upper</u>                                                 | <u>Lower</u> |                      |                               |                               |
| -0.001                                                       | -1.999       | 5.40                 | .20                           | 5.60                          |
| -2.000                                                       | -3.999       | 5.40                 | .40                           | 5.80                          |
| -4.000                                                       | -5.999       | 5.40                 | .60                           | 6.00                          |
| -6.000                                                       | -7.999       | 5.40                 | .80                           | 6.20                          |
| -8.000                                                       | -9.999       | 5.40                 | 1.00                          | 6.40                          |
| -10.000                                                      | -11.999      | 5.40                 | 1.20                          | 6.60                          |
| -12.000                                                      | -13.999      | 5.40                 | 1.40                          | 6.80                          |
| -14.000                                                      | -15.999      | 5.40                 | 1.60                          | 7.00                          |
| -16.000                                                      | -17.999      | 5.40                 | 1.80                          | 7.20                          |
| -18.000                                                      | and over     | 5.40                 | 2.00                          | 7.40                          |



DEPARTMENT OF LABOR

401 S.W. Topeka Boulevard  
Topeka, Kansas 66603-3182

# 2009 EXPERIENCE RATING NOTICE

DATE MAILED: 12-11-2008

305

ACCOUNT NO.: 086370

GOODWILL INDUSTRIES INC  
3636 N OLIVER ST  
WICHITA KS 67220-3499

2009 TAXABLE  
WAGE BASE: 8,000.00

|                                        | CONTRIBUTIONS PAID | BENEFITS CHARGED  | TAXABLE PAYROLL |                     |
|----------------------------------------|--------------------|-------------------|-----------------|---------------------|
| PRIOR YEARS<br>THRU JUNE 30, 2007      | 904,760.94         | 529,569.43        | 2005            | 2,502,175.83        |
| FOR FISCAL YEAR<br>ENDED JUNE 30, 2008 | 35,225.55          | 11,194.43         | 2006            | 2,428,443.43        |
| TOTALS                                 | <u>939,986.49</u>  | <u>540,763.86</u> | 2007            | 2,632,937.04        |
|                                        |                    |                   | <b>TOTAL</b>    | <u>7,563,556.30</u> |

ACCOUNT BALANCE IS: 399,222.63  $\left( \begin{array}{l} \text{Contributions Paid} \\ \text{Less Benefits Charged} \end{array} \right)$  Average of Taxable Payrolls Shown is  $\rightarrow$  2,521,185.43

**RATE COMPUTATION**

ACCOUNT BALANCE  $\div$  AVERAGE ANNUAL TAXABLE PAYROLL = RESERVE RATIO RATE GROUP

399,222.  $\div$  2,521,185. = 15.835 18

|                                     |                                                                                   |
|-------------------------------------|-----------------------------------------------------------------------------------|
| YOUR CONTRIBUTION RATE FOR 2009 IS: | IF YOU FAIL TO FILE AND PAY YOUR 4TH QTR 2008 WAGE REPORT YOUR 2009 RATE WILL BE: |
| .97                                 | 1.95                                                                              |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2009 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: BETTY ARNOLD PHONE: 316-771-5079

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

**VOLUNTARY CONTRIBUTION COMPUTATION**

| OPTION      | Lower Reserve Ratio Is | Average Annual Taxable Payroll | = | Account Balance Required to Lower Rate | - | Present Account Balance | IS | Amount of Voluntary Contribution Required to Lower Tax Rate | If you select this option your New Rate is: | If you fail to file 4th qtr 2008 and you select this option your New Rate is: |  |
|-------------|------------------------|--------------------------------|---|----------------------------------------|---|-------------------------|----|-------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------|--|
| OPTION I:   | .15880                 | 2,521,185.                     | = | 400,365.                               | - | 399,222.                | IS | 1,143.                                                      | 0.92 %                                      | 1.84 %                                                                        |  |
|             | FOR RATE GROUP 17      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                               |  |
| OPTION II:  | .16038                 | 2,521,185.                     | = | 404,348.                               | - | 399,222.                | IS | 5,126.                                                      | 0.86 %                                      | 1.72 %                                                                        |  |
|             | FOR RATE GROUP 16      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                               |  |
| OPTION III: | .16211                 | 2,521,185.                     | = | 408,710.                               | - | 399,222.                | IS | 9,488.                                                      | 0.80 %                                      | 1.61 %                                                                        |  |
|             | FOR RATE GROUP 15      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                               |  |
| OPTION IV:  | .16344                 | 2,521,185.                     | = | 412,063.                               | - | 399,222.                | IS | 12,841.                                                     | 0.74 %                                      | 1.49 %                                                                        |  |
|             | FOR RATE GROUP 14      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                               |  |
| OPTION V:   | .16543                 | 2,521,185.                     | = | 417,080.                               | - | 399,222.                | IS | 17,858.                                                     | 0.69 %                                      | 1.38 %                                                                        |  |
|             | FOR RATE GROUP 13      |                                |   |                                        |   |                         |    |                                                             |                                             |                                                                               |  |

ACCOUNT NO. 086370 FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION \_\_\_\_\_ \$ \_\_\_\_\_  
Your voluntary contribution must be postmarked by: 01-12-2009

3-4

**-OVER-  
APPEAL RIGHTS**



**CONTRIBUTION RATES EFFECTIVE FOR CALENDAR YEAR 2009  
FOR EMPLOYERS WITH A POSITIVE ACCOUNT BALANCE**

| Rate Group | Upper & Lower Reserve Ratio<br>(In percent) |        | 2009 Rate<br>(In %) | Reduced Rate<br>(In %) | Rate Group | Upper & Lower Reserve Ratio<br>(In percent) |        | 2009 Rate<br>(In %) | Reduced Rate<br>(In %) |
|------------|---------------------------------------------|--------|---------------------|------------------------|------------|---------------------------------------------|--------|---------------------|------------------------|
|            | Upper                                       | Lower  |                     |                        |            | Upper                                       | Lower  |                     |                        |
| 1          | 4836.776                                    | 28.786 | 0.07                | 0.00                   | 26         | 14.623                                      | 14.412 | 2.87                | 1.43                   |
| 2          | 28.785                                      | 22.915 | 0.11                | 0.00                   | 27         | 14.411                                      | 14.247 | 2.98                | 1.49                   |
| 3          | 22.914                                      | 20.581 | 0.23                | 0.00                   | 28         | 14.246                                      | 14.012 | 3.10                | 1.55                   |
| 4          | 20.580                                      | 19.586 | 0.34                | 0.00                   | 29         | 14.011                                      | 13.818 | 3.33                | 2.00                   |
| 5          | 19.585                                      | 18.890 | 0.46                | 0.00                   | 30         | 13.817                                      | 13.635 | 3.12                | 1.87                   |
| 6          | 18.889                                      | 18.399 | 0.57                | 0.28                   | 31         | 13.634                                      | 13.524 | 3.40                | 2.06                   |
| 7          | 18.398                                      | 17.999 | 0.69                | 0.34                   | 32         | 13.523                                      | 13.335 | 3.56                | 2.14                   |
| 8          | 17.998                                      | 17.641 | 0.80                | 0.40                   | 33         | 13.334                                      | 13.032 | 3.67                | 2.20                   |
| 9          | 17.640                                      | 17.472 | 0.92                | 0.46                   | 34         | 13.031                                      | 12.803 | 3.79                | 2.27                   |
| 10         | 17.471                                      | 17.205 | 1.03                | 0.51                   | 35         | 12.802                                      | 12.497 | 3.90                | 2.34                   |
| 11         | 17.204                                      | 16.941 | 1.15                | 0.57                   | 36         | 12.496                                      | 12.217 | 4.02                | 2.41                   |
| 12         | 16.940                                      | 16.694 | 1.26                | 0.63                   | 37         | 12.216                                      | 11.941 | 4.13                | 2.48                   |
| 13         | 16.693                                      | 16.543 | 1.38                | 0.69                   | 38         | 11.940                                      | 11.608 | 4.25                | 2.55                   |
| 14         | 16.542                                      | 16.344 | 1.49                | 0.74                   | 39         | 11.607                                      | 11.164 | 4.36                | 2.62                   |
| 15         | 16.343                                      | 16.211 | 1.61                | 0.80                   | 40         | 11.163                                      | 10.714 | 4.48                | 2.69                   |
| 16         | 16.210                                      | 16.038 | 1.72                | 0.86                   | 41         | 10.713                                      | 10.185 | 4.59                | 2.75                   |
| 17         | 16.037                                      | 15.880 | 1.84                | 0.92                   | 42         | 10.184                                      | 09.619 | 4.71                | 2.83                   |
| 18         | 15.879                                      | 15.814 | 1.95                | 0.97                   | 43         | 09.618                                      | 09.085 | 4.82                | 2.89                   |
| 19         | 15.813                                      | 15.736 | 2.07                | 1.03                   | 44         | 09.084                                      | 08.483 | 4.93                | 2.96                   |
| 20         | 15.735                                      | 15.548 | 2.18                | 1.09                   | 45         | 08.482                                      | 07.632 | 5.05                | 3.03                   |
| 21         | 15.547                                      | 15.348 | 2.30                | 1.15                   | 46         | 07.631                                      | 06.548 | 5.16                | 3.10                   |
| 22         | 15.347                                      | 15.179 | 2.41                | 1.20                   | 47         | 06.547                                      | 06.081 | 5.28                | 3.17                   |
| 23         | 15.178                                      | 14.985 | 2.52                | 1.26                   | 48         | 06.080                                      | 04.662 | 5.39                | 3.23                   |
| 24         | 14.984                                      | 14.823 | 2.64                | 1.32                   | 49         | 04.661                                      | 03.415 | 5.40                | 3.24                   |
| 25         | 14.822                                      | 14.624 | 2.75                | 1.37                   | 50         | 03.414                                      | 02.034 | 5.40                | 3.24                   |
|            |                                             |        |                     |                        | 51         | 02.033                                      | 00.000 | 5.40                | 3.24                   |

**SURCHARGE ON NEGATIVE ACCOUNTS**

K.S.A. 44-710a provides that negative balance employers shall pay contributions at the assigned rate of 5.40% and in addition shall pay a surcharge based on the size of the employer's negative reserve ratio. The schedule shown below provides the amount of surcharge that will be added to the assigned rate for calendar year 2009. Contribution payments made as a result of this surcharge shall be credited to the experience rating account of such negative balance employers.

| Upper & Lower Negative Reserve Ratio<br>(In Percent) |          | Assigned Rate | Surcharge<br>(In Percent) | 2009 Rate<br>(In Percent) |
|------------------------------------------------------|----------|---------------|---------------------------|---------------------------|
| Upper                                                | Lower    |               |                           |                           |
| -0.001                                               | -1.999   | 5.40          | .20                       | 5.60                      |
| -2.000                                               | -3.999   | 5.40          | .40                       | 5.80                      |
| -4.000                                               | -5.999   | 5.40          | .60                       | 6.00                      |
| -6.000                                               | -7.999   | 5.40          | .80                       | 6.20                      |
| -8.000                                               | -9.999   | 5.40          | 1.00                      | 6.40                      |
| -10.000                                              | -11.999  | 5.40          | 1.20                      | 6.60                      |
| -12.000                                              | -13.999  | 5.40          | 1.40                      | 6.80                      |
| -14.000                                              | -15.999  | 5.40          | 1.60                      | 7.00                      |
| -16.000                                              | -17.999  | 5.40          | 1.80                      | 7.20                      |
| -18.000                                              | and over | 5.40          | 2.00                      | 7.40                      |

**Goodwill Industries of Kansas, Inc.**  
**Historical Information on Unemployment Compensation Fund**

| <u>Year</u> | <u>Paid into Fund</u><br><u>June 30 FY</u> | <u>Benefits</u><br><u>Charged</u> |
|-------------|--------------------------------------------|-----------------------------------|
| 2005        | \$130,279.24                               | \$47,787.04                       |
| 2006        | \$114,488.73                               | \$20,830.01                       |
| 2007        | \$63,819.77                                | \$16,065.55                       |
| 2008        | \$35,225.55                                | \$11,194.43                       |
| 2009        | \$31,270.98                                | \$27,860.58                       |
| 2010        | \$153,000.00                               |                                   |



# The Arnold Group

A HUMAN RESOURCE COMPANY

## Testimony for the KS Senate Business and Labor Committee Regarding KS Unemployment Insurance & KS Employment Security Law

January 27, 2010  
Topeka, Kansas

By Phillip M. Hayes, SPHR  
VP, HR Services & Operations  
The Arnold Group

530 S. Topeka, Wichita, KS 67208

P – 316.263.9283 x223 / [phayes@the-arnold-group.com](mailto:phayes@the-arnold-group.com)

Dear Members of the Committee:

My name is Phillip M. Hayes and I am writing on behalf of my employer, The Arnold Group. Today I would like to share my concern and frustration with the current KS Employment Security Law. I have five points I would like to briefly share with you this morning:

1. The Arnold Group's History as it Relates to our KS Unemployment Rates, Contributions and Charges
2. Concern Regarding the Notice Period and Timeframe for Appeal
3. Concern Regarding Inequities with the System and the Dynamic Rate Tables that Change Each Year
4. Concern Regarding the KS Employment Security Advisory Council
5. A Summary of Recommendations for Consideration

### 1. The Arnold Group's History as it Relates to our KS Unemployment Rates, Contributions and Charges

Overall, employers I have visited with share the same concerns with myself and my employer... there are inequities in the current system. This concern is not new this year; I have been trying to piece together the KS Unemployment Insurance puzzle for years. My first encounter was in 2005 when the rate tables were not published and distributed with our employer experience rating notice. At that time, I visited the local KS Workforce Center in Wichita to request a rate table. After repeated requests and about 30 minutes later, I received an internal report with the rate groups. Interestingly enough, this table was different than those that had been published in years past and since (including 2005.) The primary difference was the internal document listed the number of KS employers rated in each rate group – see *Attachment E*.

Each year, we have tried to accurately estimate our experience mod rating by analyzing previous year rate groups, average payroll, reserve ratio, etc, but it seems to be an elusive target as the rate groups change every year making this a tough assignment. It seems as though the KS Unemployment Insurance system is not merit based and does not reward employers that proactively manage their unemployment processes and claims.

In my packet of information, I have attached a summary of our KS Unemployment History dating back to 1980. As you can see our rate jumped from 1.55% (reduced) / 3.10% (full) in 2009 to 5.40% in 2010. Although we were projecting an increase, we weren't expecting to be in a rate group with the max rating as a positively balanced employer. It's unfortunate that 29 of the 51 Rate Groups for 2010 share the same max experience rating of 5.40% as positively balanced employers. Even more frustrating is the fact that there are 10 rate groups for negatively balanced employers that share the same 5.40% with my company, albeit they pay an additional surcharge. It's a bit perplexing to me that we currently have a positive paper balance of \$848,060.059, yet we are treated like an employer with a negative reserve ratio, although we will not incur an additional .20 surcharge. Our current reserve ratio is 12.372%. Ironically, most Kansas employers would be better off closing their company and reopening with a new name as the rate then would only be 4.00%. Our current rating is unacceptable based on the history of the rate groups in years past. In calendar year 2009, we paid \$53,517 in KS SUTA taxes. Based on our estimations, in calendar year 2010 The Arnold Group will pay an additional \$132,931 over and above what we paid in 2009 *IF* our taxable payroll remained unchanged from last year. Ultimately we feel as though we are subsidizing negatively balanced employers and its business as usual for them.

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Senate Business & Labor Committee

Date: January 27, 2010

Attachment 4

2. **Concern Regarding the Notice Period and Timeframe for Appeal**

Our "2010 Experience Rating Notice" was dated December 16, 2009. The *Appeal Rights* section of the notice states:

*In accordance with Kansas Administrative Regulation 50-2-19 (Contributions Appeal Process for Employers), each employer shall have 15 days from the mailing date on the face of this notice to request in writing an administrative review to protest the correctness of the experience rate computation. You must state the reason you feel the computation is not correct. The request must be mailed to the address shown below and post marked within 15 days of the date mailed: KS Dept. of Labor, 401 S.W. Topeka Blvd, Topeka, KS 66603-3182, Attn: Chief of Contributions.*

It seems the notices could be processed and mailed at a more appropriate time in the year based on the holidays that are celebrated in the United States. A mere two (2) weeks notice is provided to the business community to plan for a very drastic increase from the previous years.

3. **Concern Regarding Inequities with the System and the Dynamic Rate Tables that Change Each Year**

As I briefly highlight the information in *Attachments A and B*, keep the following question in the back of your mind

*"What's the point of having rate groups if they are based solely on the trust fund balance and trust fund target balance?"*

Although our history is only a snapshot as it represents just a single, independent employer in the state it does highlight concerns that many employers in the state share regarding the dynamic fluctuation in the rate tables from year to year. This is best illustrated on *Attachment A*. Out of curiosity, I averaged the reserve ratios and rates from the year 2000 through 2010. Additionally, I added a row labeled "Proposed:" indicating a more static rating for employers. Next, I analyzed my company's history from 2000 through 2010 and compared my actual rate group to the self proposed rate group. To our surprise, it did not work out in our favor as the 11 year average was .31 higher than my actual rating average. Even with this knowledge, I think there is some merit in having a static table to allow Kansas employers the ability to plan appropriately for each upcoming fiscal year. On the flip side of the coin, the state would have benefited in this case by having collected more state unemployment tax revenue from my employer. Obviously the system is much more complicated than I would like to think it could be, but it should not be so cumbersome and confusing to prevent employers from planning accordingly from year to year.

4. **Concern Regarding the KS Employment Security Advisory Council**

Faced with such a severe increase in KS SUTA rates in 2010 coupled with continued economic uncertainty, Kansas employers may be forced to react with additional lay-offs as they will not be in a position to reinvest in their workforce to create new jobs as well as cover such a drastic increase in unemployment taxes. This does not seem like a practical approach to benefit the state of Kansas regarding workers, businesses (existing and potential) and our communities. Furthermore it seems contradictory to K.S.A. 44-714(e) which states:

*"The secretary...shall take all appropriate steps to reduce and prevent unemployment; to encourage and assist in the adoption of practical methods... in time of business depression and unemployment; to promote the reemployment of unemployed workers throughout the state in every other way that may be feasible."*

I feel some of the recommendations being discussed by KS ESAC will cause further erosion in Kansas employment as businesses will be faced with an additional and compounded tax if the taxable wage limit is increased in subsequent years. For example, an employer with 1,000 employees with a 5.40% experience rating will pay an additional \$54,000 if the taxable wage is increased from \$8,000 to \$9,000. Furthermore, another \$54,000 will be assessed if the taxable wage is increased from \$9,000 to \$10,000 the following year. Mind you, this is in addition to the increased ratings employers have already received this year. My assumption is the experience ratings will likely not be reduced for several years to come if the KS Unemployment Insurance System remains unchanged, therefore a continuation of subjectively taxing employers without regard for their experience will remain.

It's my understanding KS DOL evaluates and fully investigates the health of the Unemployment Insurance Trust Fund by determining the Average High Cost Multiple of the fund's balance as of June 30th of each and every single year. As such, I ask the simple question, if our situation is as dire as it is, why wasn't there better communication to the employer community to plan for such a drastic increase. Certainly we have all followed the general news stories and prepared for an increase, but the countless employers I have visited with weren't expecting to have a max rating when they maintain a positive balance, including The Arnold Group. I'm not sure that our current system can't be improved to allow Kansas employers to better anticipate their experience rating for each upcoming year.

**Statute 44-714:**

*"...Whenever the secretary believes that a change in contribution or benefit rates will become necessary to protect the solvency of the fund, the secretary shall promptly so inform the governor and the legislature, and make recommendations with respect thereto."*

4.2

...(d) **Advisory councils.** The secretary shall appoint a state employment security advisory council and may appoint local advisory councils, composed in each case of men and women which shall include an equal number of employer representatives and employee representatives who may fairly be regarded as representative because of their vocation, employment, or affiliations, and of such members representing the general public as the secretary may designate. Each such member shall serve a four-year term. On July 1, 1996, the secretary shall designate term lengths for seated members of the council. One-half of the seated members representing employers, 1/2 of the seated members representing employees and 1/2 of the members representing the general public shall be designated by the secretary to serve two-year terms. The remaining seated members of the council shall be designated to serve four-year terms. When the term of any member expires, the secretary shall appoint the member's successor to a four-year term. If a position on the council becomes vacant prior to the expiration of the vacating member's term, the secretary may appoint an otherwise qualified individual to fulfill the remainder of such unexpired term. Such councils shall aid the secretary in formulating policies and discussing problems related to the administration of this act and in securing impartiality and freedom from political influence in the solution of such problems. Members of the state employment security advisory council attending meetings of such council, or attending a subcommittee meeting thereof authorized by such council, shall be paid amounts provided in subsection (e) of K.S.A. 75-3223 and amendments thereto. Service on the state employment security advisory council shall not in and of itself be sufficient to cause any member of the state employment security advisory council to be classified as a state officer or employee.

#### **KS Employment Security Advisory Council:**

##### **Labor:**

Kansas AFL-CIO; Kansas AFL-CIO; Topeka Federation of Labor, AFL-CIO; Kansas Organization of State Employees (KOSE)

##### **Business:**

KS Chamber of Commerce; Gill Studios, Inc; Olson Manufacturing and Distribution, Inc; Boeing Company

##### **Public Members:**

Economists from Washburn University School of Business; HWB Center for Small Business & Entrepreneurism; Kansas State University; The University of Kansas

Under the current system, maximum weekly benefit amounts are automatically triggered based on the overall average wage in the state of Kansas. Many in the business community would question the necessity of having Labor represented on the KS ESAC if the only recommendations that can be made from the council impact employers. Additional concern exists around the KS ESAC based on the overall design of our system:

- KS DOL establishes the UI rates for employers
- KS DOL administers the UI system
- KS DOL appoints (or makes recommendations to the Governor) members to the ESAC

I'm not sure a fair representation currently exists on the KS ESAC when you balance the members from a representative standpoint. The Labor appointees represent more than 200,000 members; the business appointees represent more than 1,000 members. The final four public member appointees cause concern as they have no real business world experience and have not faced the realities of double and triple digit tax increases in addition to possible recurring financial and operational challenges business and industry face on a daily, monthly, quarterly and annual basis.

#### **5. A Summary of Recommendations for Consideration**

- Adjust the current system to reward employers who proactively manage their processes and claims.
  - Eliminate the dynamic rate group table and create a more consistent, static rate group table that employers can use to better plan with from year to year.
  - To allow for "projected short" years implement a consistent and fair surcharge (up to X%) that would be applied to every rate group – this would be applied to each employers *earned rate group* thereby allowing every employer to still pay based on their merit. For example:
    - An earned rate of 1.00% X 20% = 0.04 + 1.00% = 1.04%;
    - An earned rate of 4.30% X 20% = 0.86 + 4.30% = 5.16%
- Abolish the current group method as it is inherently unfair to growing companies and those companies that manage their claims well. Consider a variable system for taxable wage limits based rate groups to reward positively balanced employers:
  - Option 1:
    - Positive Balanced Groups: \$8,000 (Groups 1-51)
    - Negative Balanced Employers: \$9,000

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- Option 2: Have a tiered system for taxable wage limits based rate groups:
  - Groups 1-25: \$8,000
  - Groups 26-51: \$9,000
  - Negative Rate Groups: \$10,000
- Increase the timeline for employers notices and increase appeal process from 15 days to a minimum of 30 days.
- It would be interesting to profile all employers in the top 15 rate groups to determine what kind of employer demographics are revealed... are these declining businesses? *Attachment E* is a document I discovered in 2005 which is the 2005 Rate Table with an additional column of information: the number of employers covered in each rate group.
- Regarding maximum weekly unemployment benefits, Kansas is near the top of the list, in relation to other states in the Midwestern and regional states:

| Maximum Wkly Benefit Amounts |               |              |              |             |
|------------------------------|---------------|--------------|--------------|-------------|
|                              | State         | 11/2008      | 02/2009      | Difference  |
| 1.                           | Minnesota     | \$538        | \$566        | \$28        |
| 2.                           | Colorado      | \$455        | \$475        | \$20        |
| 3.                           | Iowa          | \$426        | \$443        | \$17        |
| 4.                           | <b>Kansas</b> | <b>\$407</b> | <b>\$423</b> | <b>\$16</b> |
| 5.                           | Arkansas      | \$409        | \$409        | -           |
| 6.                           | Oklahoma      | \$392        | \$392        | -           |
| 7.                           | Indiana       | \$390        | \$390        | -           |
| 8.                           | Illinois      | \$511        | \$385        | (\$126)     |
| 9.                           | North Dakota  | \$385        | \$385        | -           |
| 10.                          | Texas         | \$378        | \$378        | -           |
| 11.                          | Ohio          | \$493        | \$372        | (\$121)     |
| 12.                          | Michigan      | \$362        | \$365        | \$3         |
| 13.                          | Wisconsin     | \$355        | \$363        | \$8         |
| 14.                          | Missouri      | \$320        | \$320        | -           |
| 15.                          | Nebraska      | \$298        | \$308        | \$10        |
| 16.                          | South Dakota  | \$285        | \$285        | -           |
|                              | Average       | \$400        | \$391        | (\$9)       |

Certainly automatic indexing increases for the maximum weekly benefit amounts impact the solvency of the trust fund, should Kansas look at removing this automatic trigger and make the increase strictly statutory in the future as the maximum weekly benefit amount is obviously on a runaway pace? Should Kansas look at freezing maximum weekly benefit amounts until the fund recovers fully?

- Regarding state taxable wage base amounts for employers, Kansas is currently at the bottom of the list, in relation to other states in the Midwestern and regional states:

| State Taxable Wage Base Amounts |               |                |                |            |
|---------------------------------|---------------|----------------|----------------|------------|
|                                 | State         | 2009           | 2010           | Difference |
| 1.                              | Minnesota     | \$26,000       | \$27,000       | \$1,000    |
| 2.                              | North Dakota  | \$23,700       | \$24,700       | \$1,000    |
| 3.                              | Iowa          | \$23,700       | \$24,500       | \$800      |
| 4.                              | Oklahoma      | \$14,200       | \$14,900       | \$700      |
| 5.                              | Missouri      | \$12,500       | \$13,000       | \$500      |
| 6.                              | Illinois      | \$12,300       | \$12,520       | \$220      |
| 7.                              | Wisconsin     | \$12,000       | \$12,000       | -          |
| 8.                              | Arkansas      | \$10,000       | \$12,000       | \$2,000    |
| 9.                              | Colorado      | \$10,000       | \$10,000       | -          |
| 10.                             | South Dakota  | \$9,500        | \$10,000       | \$500      |
| 11.                             | Indiana       | \$7,000        | \$9,500        | \$2,500    |
| 12.                             | Texas         | \$9,000        | \$9,000        | -          |
| 13.                             | Ohio          | \$9,000        | \$9,000        | -          |
| 14.                             | Michigan      | \$9,000        | \$9,000        | -          |
| 15.                             | Nebraska      | \$9,000        | \$9,000        | -          |
| 16.                             | <b>Kansas</b> | <b>\$8,000</b> | <b>\$8,000</b> | -          |
|                                 | Average       | \$12,806       | \$13,382       | \$576      |

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Increasing our taxable wage base seems like an easy solution, but it could cost us in the future. If our taxable wage base were increased, Kansas would potentially lose its competitive position in attracting new business to the state.

- How much back taxes have not been collected and what efforts are underway to collect?
- What changes have been to the system since the Legislative Post Audit was completed in 2007 indicating that Kansas ranked the highest in the US for 2005 at 44.7% in overpayment rates? Arizona was the 2<sup>nd</sup> highest state at 34.2%. At the time, Federal data showed that Kansas had the highest rate for 2003, 2004 and 2005. 87% of the payments found to be in error – this occurred because the claimant hadn't met the statutory requirement to register for job services.
- How have the technological changes to the KS Unemployment Insurance System impacted the qualifying requirements of the unemployed recipients? KS Unemployment claimants are automatically registered on the KANSASWORKS.com website, which allows them to search job openings, post an online resumes, save job searches and receive email updates. What do employers do when a KS Unemployment Claimant is offered a job and the conversation goes something like this:

Potential Employer: "You appear to be a good fit for our company and X position, can you start Monday?"

Potential Job Seeker: "How much does the job pay?"

Potential Employer: "It starts at \$X dollars per hour."

Potential Job Seeker: ***"That's comparable to what I am receiving on unemployment, I think I'll pass at this time, maybe next time."***

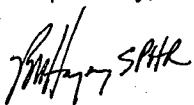
This happens several times per week in all of our offices.

- It's my understanding the state doesn't pay in advance, they pay as they go... Why is this not an option for the private sector? This creates an additional incentive for government to retain employees when it is really the practical solution.

In closing, I would remind the legislature that many of my business colleagues have shared that revenue was down by as much as 30% from 2008. The Arnold Group began feeling the pressures of the economy in February, 2008. From that time, we have reduced our staff by more than 30% and do not anticipate hiring additional staff in 2010 as we are now confronted with such a steep increase for 2010 and into the foreseeable future. I would agree there are no perfect systems, but I do feel that changes are necessary to reward employers more consistently and allow the employer community to better plan from year to year. In closing, I urge the Kansas Legislature to look at other states with merit-based systems and approaches to Employment Security Law and evaluate how our current system might be improved. Thank you for the opportunity to visit with you this morning to share my concerns regarding the Kansas Employment Security Law

This completes my prepared statement. I will be pleased to answer any questions the Committee might have. Additionally, I can be contacted at 316.263.9283 ext. 223 or by email at [phayes@the-arnold-group.com](mailto:phayes@the-arnold-group.com) if additional questions arise.

Respectfully,



Phillip M. Hayes, SPHR  
VP, HR Services & Operations

4-5

Attachment A

4-6

| 1980 - 1989                  | 1980   | 1981   | 1982       | 1983        | 1984        | 1985        | 1986        | 1987         | 1988         | 1989         |
|------------------------------|--------|--------|------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Contribution Rate            | 0.00%  | 1.71%  | 1.94%      | 6.04%       | 4.36%       | 0.06%       | 3.52%       | 3.76%        | 3.74%        | 3.60%        |
| Benefits Charged (Prev Year) | \$0.00 | \$0.00 | \$116,26   | \$1,928.95  | \$1,236.97  | \$2,882.11  | \$12,503.35 | \$12,537.25  | \$28,167.28  | \$21,781.81  |
| Account Balance              | \$0.00 | \$0.00 | \$8,753.00 | \$12,634.00 | \$32,207.00 | \$78,596.00 | \$90,133.00 | \$103,229.00 | \$136,904.00 | \$185,135.00 |

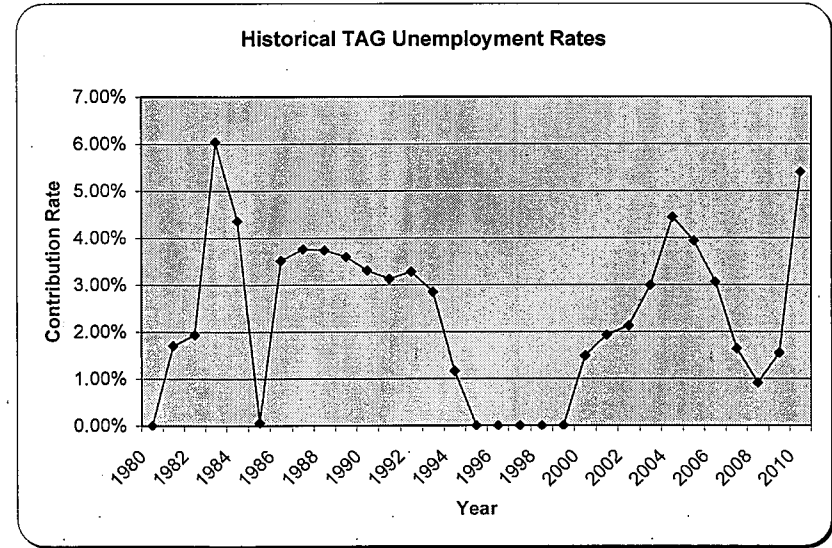
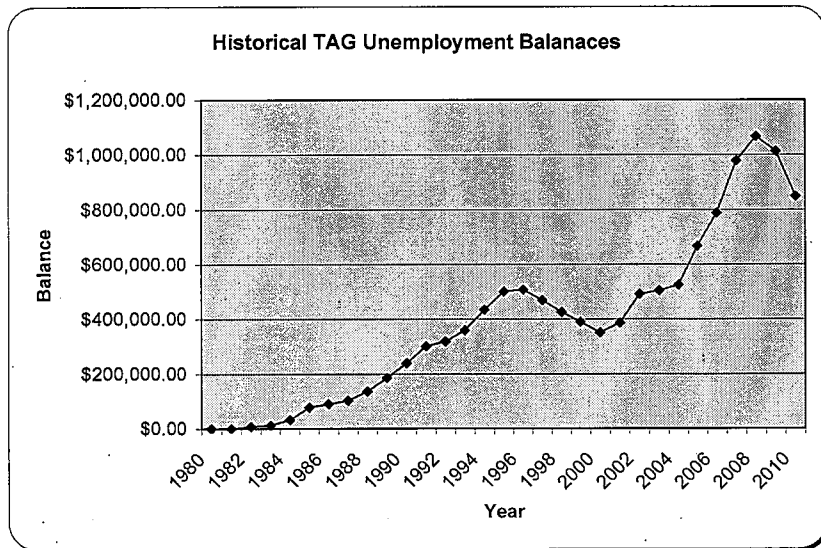
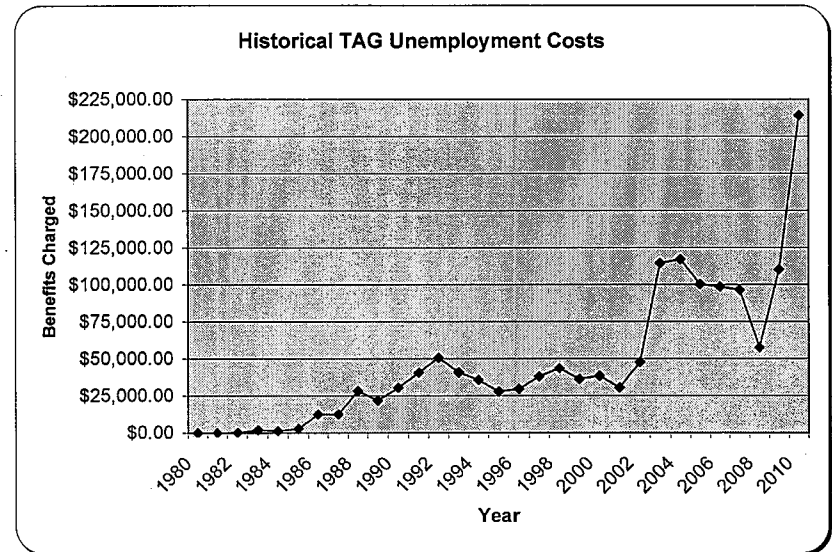
| 1990 - 1990                  | 1990         | 1991         | 1992         | 1993         | 1994         | 1995         | 1996         | 1997         | 1998         | 1999         |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contribution Rate            | 3.31%        | 3.13%        | 3.28%        | 2.85%        | 1.16%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |
| Benefits Charged (Prev Year) | \$30,372.87  | \$40,503.61  | \$50,634.34  | \$40,844.48  | \$35,547.39  | \$27,828.60  | \$29,573.84  | \$38,022.28  | \$43,626.47  | \$36,238.01  |
| Account Balance              | \$239,839.00 | \$301,576.00 | \$318,367.00 | \$360,043.00 | \$434,589.00 | \$500,363.00 | \$507,512.00 | \$469,490.00 | \$425,863.00 | \$389,625.00 |

| 2000 - 2009                  | 2000         | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008           | 2009           |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Contribution Rate            | 1.49%        | 1.93%        | 2.13%        | 2.99%        | 4.44%        | 3.94%        | 3.06%        | 1.64%        | 0.91%          | 1.55%          |
| Benefits Charged (Prev Year) | \$38,496.21  | \$30,331.43  | \$47,571.23  | \$114,492.57 | \$117,183.26 | \$100,388.37 | \$98,577.88  | \$96,414.18  | \$57,577.38    | \$110,262.43   |
| Account Balance              | \$351,129.00 | \$386,133.00 | \$491,215.00 | \$504,162.00 | \$525,138.00 | \$667,950.00 | \$788,256.00 | \$978,087.17 | \$1,067,493.78 | \$1,013,651.25 |

| 2010 -                       | 2010         |
|------------------------------|--------------|
| Contribution Rate            | 5.40%        |
| Benefits Charged (Prev Year) | \$214,182.20 |
| Account Balance              | \$848,060.59 |

| Average Contribution Rates |       |
|----------------------------|-------|
| 3 Year (2007 - 2009)       | 1.37% |
| 5 Year (2005 - 2009)       | 2.22% |
| 10 Year (2000 - 2009)      | 2.41% |
| 15 Year (1995 - 2009)      | 1.61% |
| 20 Year (1990 - 2009)      | 1.89% |
| 25 Year (1985 - 2009)      | 2.10% |

| Highest 3 Yr Contribution Rates in Past 20 Yrs |       |
|------------------------------------------------|-------|
| 2004                                           | 4.44% |
| 2005                                           | 3.94% |
| 1990                                           | 3.31% |
| Highest 3 Yr Contribution Rate Avg             | 3.90% |





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| Positive Balanced Accounts |            |        |      |        |        |      |        |        |      |        |        |      |        |        |      |        |        |      |
|----------------------------|------------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|
| Rate Group                 | 1          |        |      | 2      |        |      | 3      |        |      | 4      |        |      | 5      |        |      | 6      |        |      |
|                            | Upper      | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate |
| 2000                       | 8,834.000  | 26.230 | 0.02 | 26.229 | 22.712 | 0.04 | 22.711 | 21.350 | 0.08 | 21.349 | 19.757 | 0.11 | 19.756 | 18.776 | 0.15 | 18.775 | 17.829 | 0.19 |
| 2001                       | 35,978.000 | 27.728 | 0.03 | 27.727 | 22.664 | 0.06 | 22.663 | 20.549 | 0.11 | 20.548 | 19.259 | 0.17 | 19.258 | 18.072 | 0.22 | 18.071 | 17.087 | 0.28 |
| 2002                       | 3,236.254  | 26.277 | 0.04 | 26.276 | 21.957 | 0.08 | 21.956 | 19.719 | 0.13 | 19.718 | 18.217 | 0.19 | 18.216 | 17.198 | 0.25 | 17.197 | 16.517 | 0.31 |
| 2003                       | 1,833.828  | 27.658 | 0.05 | 26.657 | 21.931 | 0.09 | 21.930 | 19.435 | 0.17 | 19.434 | 17.929 | 0.26 | 17.928 | 17.205 | 0.34 | 17.204 | 16.415 | 0.43 |
| 2004                       | 3,341.647  | 29.012 | 0.08 | 29.011 | 22.624 | 0.12 | 22.623 | 20.019 | 0.24 | 20.018 | 18.091 | 0.36 | 18.090 | 17.006 | 0.48 | 17.005 | 16.093 | 0.60 |
| 2005                       | 8,586.245  | 29.687 | 0.08 | 29.686 | 22.894 | 0.13 | 22.893 | 19.982 | 0.26 | 19.981 | 18.120 | 0.39 | 18.119 | 17.212 | 0.52 | 17.211 | 16.489 | 0.66 |
| 2006                       | 11,567.299 | 30.377 | 0.07 | 30.376 | 22.633 | 0.11 | 22.632 | 19.814 | 0.23 | 19.813 | 18.487 | 0.34 | 18.486 | 17.553 | 0.45 | 17.552 | 17.077 | 0.57 |
| 2007                       | 6,083.531  | 29.870 | 0.06 | 29.869 | 22.731 | 0.10 | 22.730 | 20.298 | 0.19 | 20.297 | 19.016 | 0.29 | 19.015 | 18.261 | 0.38 | 18.260 | 17.790 | 0.48 |
| 2008                       | 5,069.609  | 29.809 | 0.07 | 29.808 | 22.712 | 0.11 | 22.711 | 20.520 | 0.22 | 20.519 | 19.194 | 0.32 | 19.193 | 18.710 | 0.43 | 18.709 | 18.237 | 0.54 |
| 2009                       | 4,836.776  | 28.786 | 0.07 | 28.785 | 22.915 | 0.11 | 22.914 | 20.581 | 0.23 | 20.580 | 19.586 | 0.34 | 19.585 | 18.890 | 0.46 | 18.889 | 18.399 | 0.57 |
| 2010                       | 14,801.470 | 28.992 | 0.16 | 28.991 | 23.131 | 0.26 | 23.130 | 20.878 | 0.51 | 20.877 | 19.721 | 0.77 | 19.720 | 18.963 | 1.02 | 18.962 | 18.418 | 1.28 |
| Avg.                       | 9,469.878  | 28.584 | 0.07 | 28.492 | 22.628 | 0.11 | 22.627 | 20.286 | 0.22 | 20.285 | 18.852 | 0.32 | 18.851 | 17.986 | 0.43 | 17.985 | 17.305 | 0.54 |
| Proposed                   | >=28.510   | 28.500 | 0.15 | 28.499 | 22.628 | 0.25 | 22.627 | 20.286 | 0.36 | 20.285 | 18.852 | 0.46 | 18.851 | 17.986 | 0.57 | 17.985 | 17.305 | 0.67 |

| Rate Group | 7      |        |      | 8      |        |      | 9      |        |      | 10     |        |      | 11     |        |      | 12     |        |      |
|------------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|
|            | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate |
| 2000       | 17.828 | 17.162 | 0.23 | 17.161 | 16.490 | 0.27 | 16.489 | 15.843 | 0.30 | 15.842 | 15.279 | 0.34 | 15.278 | 14.862 | 0.38 | 14.861 | 14.265 | 0.42 |
| 2001       | 17.086 | 16.156 | 0.33 | 16.155 | 15.597 | 0.39 | 15.596 | 14.945 | 0.44 | 14.944 | 14.471 | 0.50 | 14.470 | 14.082 | 0.55 | 14.081 | 13.835 | 0.61 |
| 2002       | 15.516 | 15.649 | 0.38 | 15.648 | 15.064 | 0.44 | 15.063 | 14.583 | 0.55 | 14.582 | 14.268 | 0.56 | 14.267 | 13.745 | 0.63 | 13.744 | 13.333 | 0.69 |
| 2003       | 16.414 | 15.555 | 0.51 | 15.554 | 14.795 | 0.60 | 14.794 | 14.568 | 0.88 | 14.567 | 14.156 | 0.77 | 14.155 | 13.615 | 0.85 | 13.614 | 13.243 | 0.94 |
| 2004       | 16.092 | 15.594 | 0.72 | 15.593 | 15.195 | 0.84 | 15.194 | 14.870 | 0.96 | 14.869 | 14.216 | 1.08 | 14.215 | 13.725 | 1.20 | 13.724 | 13.240 | 1.32 |
| 2005       | 16.488 | 16.005 | 0.79 | 16.004 | 15.715 | 0.92 | 15.714 | 15.305 | 1.05 | 15.304 | 14.798 | 1.18 | 14.797 | 14.366 | 1.31 | 14.365 | 13.918 | 1.44 |
| 2006       | 17.076 | 16.777 | 0.68 | 16.776 | 16.257 | 0.79 | 16.256 | 15.986 | 0.91 | 15.985 | 15.627 | 1.02 | 15.626 | 15.327 | 1.13 | 15.326 | 15.111 | 1.25 |
| 2007       | 17.789 | 17.547 | 0.58 | 17.546 | 17.224 | 0.67 | 17.223 | 16.970 | 0.77 | 16.969 | 16.728 | 0.87 | 16.727 | 16.618 | 0.96 | 16.617 | 16.397 | 1.06 |
| 2008       | 18.236 | 17.820 | 0.65 | 17.819 | 17.649 | 0.75 | 17.648 | 17.308 | 0.86 | 17.307 | 17.065 | 0.97 | 17.064 | 16.915 | 1.08 | 16.914 | 16.769 | 1.18 |
| 2009       | 18.398 | 17.990 | 0.69 | 17.998 | 17.641 | 0.80 | 17.640 | 17.472 | 0.92 | 17.471 | 17.205 | 1.03 | 17.204 | 16.941 | 1.15 | 16.940 | 16.694 | 1.26 |
| 2010       | 18.417 | 17.952 | 1.54 | 17.951 | 17.612 | 1.79 | 17.611 | 17.298 | 2.05 | 17.297 | 17.031 | 2.30 | 17.030 | 16.805 | 2.56 | 16.804 | 16.676 | 2.82 |
| Avg.       | 17.213 | 16.746 | 0.65 | 16.746 | 16.294 | 0.75 | 16.293 | 15.923 | 0.88 | 15.922 | 15.531 | 0.97 | 15.530 | 15.182 | 1.07 | 15.181 | 14.862 | 1.18 |
| Proposed   | 17.304 | 16.746 | 0.78 | 16.745 | 16.294 | 0.88 | 16.293 | 15.923 | 0.99 | 15.922 | 15.531 | 1.10 | 15.530 | 15.182 | 1.20 | 15.181 | 14.862 | 1.31 |

| Rate Group | 13     |        |      | 14     |        |      | 15     |        |      | 16     |        |      | 17     |        |      | 18     |        |      |
|------------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|
|            | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate |
| 2000       | 14.264 | 14.011 | 0.46 | 14.010 | 19.973 | 0.50 | 13.972 | 13.923 | 0.53 | 13.922 | 13.622 | 0.57 | 13.621 | 13.201 | 0.61 | 13.200 | 12.798 | 0.65 |
| 2001       | 13.834 | 13.533 | 0.66 | 13.532 | 13.073 | 0.72 | 13.072 | 12.425 | 0.77 | 12.424 | 12.050 | 0.83 | 12.049 | 11.571 | 0.88 | 11.570 | 11.072 | 0.94 |
| 2002       | 13.332 | 12.851 | 0.75 | 12.850 | 12.628 | 0.81 | 12.327 | 11.828 | 0.88 | 11.827 | 11.223 | 0.94 | 11.222 | 10.703 | 1.00 | 10.702 | 10.340 | 1.07 |
| 2003       | 13.242 | 12.708 | 1.02 | 12.707 | 12.205 | 1.11 | 12.204 | 11.690 | 1.20 | 11.689 | 11.227 | 1.28 | 11.226 | 10.773 | 1.37 | 10.772 | 10.507 | 1.45 |
| 2004       | 13.239 | 12.821 | 1.44 | 12.820 | 12.441 | 1.56 | 12.440 | 12.062 | 1.68 | 12.061 | 11.662 | 1.80 | 11.661 | 11.413 | 1.92 | 11.412 | 11.053 | 2.04 |
| 2005       | 13.917 | 13.604 | 1.57 | 13.603 | 13.263 | 1.71 | 13.262 | 13.033 | 1.84 | 13.032 | 12.803 | 1.97 | 12.802 | 12.579 | 2.10 | 12.578 | 12.372 | 2.23 |
| 2006       | 15.110 | 14.918 | 1.36 | 14.917 | 14.762 | 1.47 | 14.761 | 14.613 | 1.59 | 14.612 | 14.444 | 1.70 | 14.443 | 14.290 | 1.81 | 14.289 | 14.171 | 1.93 |
| 2007       | 16.396 | 16.257 | 1.15 | 16.256 | 16.118 | 1.25 | 16.117 | 16.008 | 1.35 | 16.007 | 15.889 | 1.44 | 15.888 | 15.796 | 1.54 | 15.795 | 15.678 | 1.64 |
| 2008       | 16.768 | 16.683 | 1.29 | 16.682 | 16.504 | 1.40 | 16.503 | 16.359 | 1.51 | 16.358 | 16.186 | 1.61 | 16.185 | 16.010 | 1.72 | 16.009 | 15.896 | 1.83 |
| 2009       | 16.693 | 16.543 | 1.38 | 16.542 | 16.344 | 1.49 | 16.343 | 16.211 | 1.61 | 16.210 | 16.038 | 1.72 | 16.037 | 15.880 | 1.84 | 15.879 | 15.814 | 1.95 |
| 2010       | 16.675 | 16.493 | 3.07 | 16.492 | 16.320 | 3.33 | 16.319 | 16.139 | 3.58 | 16.138 | 15.918 | 3.84 | 15.917 | 15.719 | 4.10 | 15.718 | 15.628 | 4.35 |
| Avg.       | 14.861 | 14.584 | 1.29 | 14.583 | 14.876 | 1.40 | 14.302 | 14.026 | 1.50 | 14.025 | 13.733 | 1.61 | 13.732 | 13.449 | 1.72 | 13.448 | 13.212 | 1.83 |
| Proposed   | 14.861 | 14.584 | 1.41 | 14.583 | 14.876 | 1.52 | 14.875 | 14.026 | 1.62 | 14.025 | 13.733 | 1.73 | 13.732 | 13.449 | 1.83 | 13.448 | 13.212 | 1.94 |

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| Positive Balanced Accounts |        |        |      |        |        |      |        |        |      |        |        |      |        |        |      |        |        |      |
|----------------------------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|
| Rate Group                 | 19     |        |      | 20     |        |      | 21     |        |      | 22     |        |      | 23     |        |      | 24     |        |      |
|                            | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate |
| 2000                       | 12.797 | 12.232 | 0.69 | 12.231 | 11.747 | 0.72 | 11.746 | 11.248 | 0.76 | 11.247 | 10.873 | 0.80 | 10.872 | 10.639 | 0.84 | 10.638 | 10.346 | 0.88 |
| 2001                       | 11.071 | 10.505 | 0.99 | 10.504 | 10.253 | 1.05 | 10.252 | 10.038 | 1.10 | 10.037 | 9.563  | 1.16 | 9.562  | 9.110  | 1.22 | 9.109  | 8.740  | 1.27 |
| 2002                       | 10.339 | 10.310 | 1.13 | 10.309 | 9.917  | 1.19 | 9.916  | 9.448  | 1.25 | 9.447  | 9.350  | 1.32 | 9.349  | 9.019  | 1.38 | 9.018  | 8.729  | 1.44 |
| 2003                       | 10.506 | 10.438 | 1.54 | 10.437 | 9.973  | 1.62 | 9.972  | 9.571  | 1.71 | 9.570  | 9.359  | 1.79 | 9.358  | 9.140  | 1.88 | 9.139  | 8.968  | 1.96 |
| 2004                       | 11.052 | 10.732 | 2.16 | 10.731 | 10.700 | 2.28 | 10.669 | 10.509 | 2.40 | 10.508 | 10.298 | 2.52 | 10.297 | 10.143 | 2.64 | 10.142 | 9.903  | 2.76 |
| 2005                       | 12.371 | 12.183 | 2.36 | 12.182 | 12.012 | 2.49 | 12.011 | 11.848 | 2.62 | 11.847 | 11.764 | 2.76 | 11.763 | 11.600 | 2.89 | 11.599 | 11.438 | 3.02 |
| 2006                       | 14.170 | 14.024 | 2.04 | 14.023 | 13.968 | 2.15 | 13.967 | 13.874 | 2.27 | 13.873 | 13.714 | 2.38 | 13.713 | 13.572 | 2.49 | 13.571 | 13.419 | 2.61 |
| 2007                       | 15.677 | 15.580 | 1.73 | 15.579 | 15.516 | 1.83 | 15.515 | 15.388 | 1.92 | 15.387 | 15.252 | 2.02 | 15.251 | 15.121 | 2.12 | 15.120 | 15.012 | 2.21 |
| 2008                       | 15.895 | 15.737 | 1.94 | 15.736 | 15.697 | 2.04 | 15.696 | 15.614 | 2.15 | 15.613 | 15.438 | 2.26 | 15.437 | 15.286 | 2.37 | 15.285 | 15.164 | 2.47 |
| 2009                       | 15.813 | 15.736 | 2.07 | 15.735 | 15.548 | 2.18 | 15.547 | 15.348 | 2.30 | 15.347 | 15.179 | 2.41 | 15.178 | 14.985 | 2.52 | 14.984 | 14.823 | 2.64 |
| 2010                       | 15.627 | 15.584 | 4.61 | 15.583 | 15.343 | 4.86 | 15.342 | 15.113 | 5.12 | 15.112 | 14.930 | 5.38 | 14.929 | 14.662 | 5.40 | 14.661 | 14.468 | 5.40 |
| Avg.                       | 13.211 | 13.006 | 1.93 | 13.005 | 12.789 | 2.04 | 12.785 | 12.545 | 2.15 | 12.544 | 12.338 | 2.25 | 12.337 | 12.116 | 2.34 | 12.115 | 11.910 | 2.42 |
| Proposed                   | 13.211 | 13.006 | 2.04 | 13.005 | 12.789 | 2.15 | 12.788 | 12.545 | 2.25 | 12.544 | 12.338 | 2.36 | 12.337 | 12.116 | 2.46 | 12.115 | 11.910 | 2.57 |
| Rate Group                 | 25     |        |      | 26     |        |      | 27     |        |      | 28     |        |      | 29     |        |      | 30     |        |      |
|                            | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate |
| 2000                       | 10.345 | 9.860  | 0.91 | 9.859  | 9.491  | 0.95 | 9.490  | 9.039  | 0.99 | 9.038  | 8.653  | 1.03 | 8.652  | 8.304  | 1.07 | 8.303  | 8.107  | 1.10 |
| 2001                       | 8.739  | 8.686  | 1.33 | 8.685  | 8.356  | 1.38 | 8.355  | 8.058  | 1.44 | 8.057  | 7.595  | 1.49 | 7.594  | 7.126  | 1.55 | 7.125  | 6.973  | 1.60 |
| 2002                       | 8.728  | 8.375  | 1.50 | 8.374  | 8.057  | 1.57 | 8.056  | 7.702  | 1.63 | 7.701  | 7.490  | 1.69 | 7.489  | 7.347  | 1.76 | 7.346  | 6.951  | 1.82 |
| 2003                       | 8.967  | 8.615  | 2.05 | 8.614  | 8.306  | 2.13 | 8.305  | 8.051  | 2.22 | 8.050  | 7.846  | 2.30 | 7.845  | 7.734  | 2.39 | 7.733  | 7.549  | 2.48 |
| 2004                       | 9.902  | 9.658  | 2.88 | 9.657  | 9.419  | 3.00 | 9.418  | 9.267  | 3.12 | 9.266  | 9.127  | 3.24 | 9.126  | 8.893  | 3.36 | 8.892  | 8.699  | 3.48 |
| 2005                       | 11.437 | 11.340 | 3.15 | 11.339 | 11.311 | 3.28 | 11.310 | 11.175 | 3.41 | 11.174 | 10.984 | 3.54 | 10.983 | 10.709 | 3.67 | 10.708 | 10.526 | 3.81 |
| 2006                       | 13.418 | 13.275 | 3.72 | 13.274 | 13.201 | 2.83 | 13.200 | 13.138 | 2.95 | 13.137 | 12.997 | 3.06 | 12.996 | 12.823 | 3.17 | 12.822 | 12.678 | 3.29 |
| 2007                       | 15.011 | 14.998 | 2.31 | 14.997 | 14.860 | 2.41 | 14.859 | 14.690 | 2.50 | 14.689 | 14.553 | 2.60 | 14.552 | 14.389 | 2.69 | 14.388 | 14.205 | 2.79 |
| 2008                       | 15.163 | 14.994 | 2.58 | 14.993 | 14.870 | 2.69 | 14.869 | 14.697 | 2.80 | 14.696 | 14.495 | 2.91 | 14.494 | 14.303 | 3.01 | 14.302 | 14.135 | 3.12 |
| 2009                       | 14.822 | 14.624 | 2.75 | 14.623 | 14.412 | 2.87 | 14.411 | 14.247 | 2.98 | 14.246 | 14.012 | 3.10 | 14.011 | 13.818 | 3.33 | 13.817 | 13.635 | 3.12 |
| 2010                       | 14.467 | 14.318 | 5.40 | 14.317 | 14.137 | 5.40 | 14.136 | 13.875 | 5.40 | 13.874 | 13.676 | 5.40 | 13.675 | 13.457 | 5.40 | 13.456 | 13.257 | 5.40 |
| Avg.                       | 11.909 | 11.704 | 2.60 | 11.703 | 11.493 | 2.59 | 11.492 | 11.267 | 2.68 | 11.266 | 11.039 | 2.76 | 11.038 | 10.809 | 2.85 | 10.808 | 10.610 | 2.91 |
| Proposed                   | 11.909 | 11.704 | 2.67 | 11.703 | 11.493 | 2.78 | 11.492 | 11.267 | 2.88 | 11.266 | 11.039 | 2.98 | 11.038 | 10.809 | 3.09 | 10.808 | 10.610 | 3.19 |
| Rate Group                 | 31     |        |      | 32     |        |      | 33     |        |      | 34     |        |      | 35     |        |      | 36     |        |      |
|                            | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate |
| 2000                       | 8.106  | 7.802  | 1.14 | 7.801  | 7.351  | 1.18 | 7.350  | 7.079  | 1.22 | 7.078  | 6.657  | 1.26 | 6.656  | 6.050  | 1.29 | 6.049  | 5.490  | 1.33 |
| 2001                       | 6.972  | 6.551  | 1.66 | 6.550  | 6.056  | 1.71 | 6.055  | 5.634  | 1.77 | 5.633  | 5.268  | 1.82 | 5.267  | 4.933  | 1.88 | 4.932  | 4.655  | 1.93 |
| 2002                       | 6.950  | 6.855  | 1.88 | 6.854  | 6.553  | 1.94 | 6.552  | 6.220  | 2.01 | 6.219  | 5.974  | 2.07 | 5.973  | 5.760  | 2.13 | 5.759  | 5.512  | 2.19 |
| 2003                       | 7.548  | 7.376  | 2.56 | 7.375  | 7.113  | 2.65 | 7.112  | 6.920  | 2.73 | 6.919  | 6.694  | 2.82 | 6.693  | 6.456  | 2.90 | 6.445  | 6.258  | 2.99 |
| 2004                       | 8.698  | 8.495  | 3.60 | 8.494  | 8.265  | 3.72 | 8.264  | 8.026  | 3.84 | 8.025  | 7.766  | 3.96 | 7.765  | 7.597  | 4.08 | 7.596  | 7.353  | 4.20 |
| 2005                       | 10.525 | 10.311 | 3.94 | 10.310 | 10.102 | 4.07 | 10.101 | 9.896  | 4.20 | 9.895  | 9.693  | 4.33 | 9.692  | 9.390  | 4.46 | 9.389  | 9.134  | 4.59 |
| 2006                       | 12.677 | 12.459 | 3.40 | 12.458 | 12.217 | 3.51 | 12.216 | 11.961 | 3.63 | 11.960 | 11.721 | 3.74 | 11.720 | 11.399 | 3.85 | 11.398 | 11.063 | 3.97 |
| 2007                       | 14.204 | 14.021 | 2.89 | 14.020 | 13.869 | 2.98 | 13.868 | 13.636 | 3.08 | 13.635 | 13.362 | 3.18 | 13.361 | 13.070 | 3.27 | 13.069 | 12.843 | 3.37 |
| 2008                       | 14.134 | 13.958 | 3.23 | 13.957 | 13.728 | 3.34 | 13.727 | 13.458 | 3.44 | 13.457 | 13.165 | 3.55 | 13.164 | 12.892 | 3.66 | 12.891 | 12.654 | 3.77 |
| 2009                       | 13.634 | 13.524 | 3.40 | 13.523 | 13.335 | 3.56 | 13.334 | 13.032 | 3.67 | 13.031 | 12.803 | 3.79 | 12.802 | 12.497 | 3.90 | 12.496 | 12.217 | 4.02 |
| 2010                       | 13.256 | 12.971 | 5.40 | 12.970 | 12.657 | 5.40 | 12.656 | 12.344 | 5.40 | 12.343 | 11.998 | 5.40 | 11.997 | 11.688 | 5.40 | 11.687 | 11.324 | 5.40 |
| Avg.                       | 10.609 | 10.393 | 3.01 | 10.392 | 10.113 | 3.10 | 10.112 | 9.837  | 3.18 | 9.836  | 9.555  | 3.27 | 9.554  | 9.248  | 3.35 | 9.246  | 8.955  | 3.43 |
| Proposed                   | 10.609 | 10.393 | 3.30 | 10.392 | 10.113 | 3.40 | 10.112 | 9.837  | 3.51 | 9.836  | 9.555  | 3.61 | 9.554  | 9.248  | 3.72 | 9.247  | 8.955  | 3.82 |

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| Positive Balanced Accounts |        |        |      |        |        |      |        |        |      |        |        |      |        |        |      |        |        |      |
|----------------------------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|--------|--------|------|
| Rate Group                 | 37     |        |      | 38     |        |      | 39     |        |      | 40     |        |      | 41     |        |      | 42     |        |      |
|                            | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate | Upper  | Lower  | Rate |
| 2000                       | 5.489  | 5.165  | 1.37 | 5.164  | 4.604  | 1.41 | 4.603  | 4.215  | 1.45 | 4.214  | 3.890  | 1.49 | 3.889  | 3.545  | 1.52 | 3.544  | 3.208  | 1.56 |
| 2001                       | 4.654  | 4.349  | 1.99 | 4.348  | 4.096  | 2.04 | 4.095  | 3.877  | 2.10 | 3.876  | 3.625  | 2.15 | 3.624  | 3.366  | 2.21 | 3.365  | 3.111  | 2.26 |
| 2002                       | 5.511  | 5.282  | 2.26 | 5.281  | 5.085  | 2.32 | 5.084  | 4.797  | 2.38 | 4.796  | 4.557  | 2.44 | 4.556  | 4.290  | 2.51 | 4.289  | 4.063  | 2.57 |
| 2003                       | 6.257  | 5.954  | 3.07 | 5.953  | 5.706  | 3.16 | 5.705  | 5.382  | 3.24 | 5.381  | 5.091  | 3.33 | 5.090  | 4.789  | 3.41 | 4.788  | 4.409  | 3.50 |
| 2004                       | 7.352  | 7.103  | 4.32 | 7.102  | 6.785  | 4.44 | 6.784  | 6.477  | 4.56 | 6.476  | 6.142  | 4.68 | 6.141  | 5.809  | 4.80 | 5.808  | 5.483  | 4.92 |
| 2005                       | 9.133  | 8.816  | 4.72 | 8.815  | 8.574  | 4.86 | 8.573  | 8.261  | 4.99 | 8.260  | 7.979  | 5.12 | 7.978  | 7.661  | 5.25 | 7.660  | 7.178  | 5.38 |
| 2006                       | 11.062 | 10.716 | 4.08 | 10.715 | 10.332 | 4.19 | 10.331 | 10.038 | 4.31 | 10.037 | 9.586  | 4.42 | 9.585  | 9.063  | 4.53 | 9.062  | 8.501  | 4.65 |
| 2007                       | 12.842 | 12.541 | 3.46 | 12.540 | 12.225 | 3.56 | 12.224 | 11.930 | 3.66 | 11.929 | 11.527 | 3.75 | 11.526 | 11.100 | 3.85 | 11.099 | 10.571 | 3.95 |
| 2008                       | 12.653 | 12.410 | 3.87 | 12.409 | 12.052 | 3.98 | 12.051 | 11.647 | 4.09 | 11.646 | 11.217 | 4.20 | 11.216 | 10.769 | 4.30 | 10.768 | 10.203 | 4.41 |
| 2009                       | 12.216 | 11.941 | 4.13 | 11.940 | 11.608 | 4.25 | 11.607 | 11.164 | 4.36 | 11.163 | 10.714 | 4.48 | 10.713 | 10.185 | 4.59 | 10.184 | 9.619  | 4.71 |
| 2010                       | 11.323 | 10.892 | 5.40 | 10.891 | 10.476 | 5.40 | 10.475 | 10.083 | 5.40 | 10.082 | 9.531  | 5.40 | 9.530  | 9.181  | 5.40 | 9.180  | 8.532  | 5.40 |
| Avg.                       | 8.954  | 8.652  | 3.52 | 8.651  | 8.322  | 3.60 | 8.321  | 7.988  | 3.69 | 7.987  | 7.624  | 3.77 | 7.623  | 7.251  | 3.85 | 7.250  | 6.807  | 3.94 |
| Proposed                   | 8.954  | 8.652  | 3.93 | 8.651  | 8.322  | 4.03 | 8.321  | 7.988  | 4.14 | 7.987  | 7.624  | 4.25 | 7.623  | 7.251  | 4.35 | 7.250  | 6.807  | 4.46 |

| Rate Group | 43     |        |      | 44     |       |      | 45    |       |      | 46    |       |      | 47    |       |      | 48    |       |      |
|------------|--------|--------|------|--------|-------|------|-------|-------|------|-------|-------|------|-------|-------|------|-------|-------|------|
|            | Upper  | Lower  | Rate | Upper  | Lower | Rate | Upper | Lower | Rate | Upper | Lower | Rate | Upper | Lower | Rate | Upper | Lower | Rate |
| 2000       | 3.207  | 3.000  | 1.60 | 2.999  | 2.676 | 1.64 | 2.675 | 2.369 | 1.68 | 2.368 | 1.963 | 1.71 | 1.962 | 1.577 | 1.75 | 1.576 | 1.215 | 1.79 |
| 2001       | 3.110  | 2.837  | 2.32 | 2.836  | 2.519 | 2.38 | 2.518 | 2.200 | 2.43 | 2.199 | 1.904 | 2.49 | 1.903 | 1.556 | 2.54 | 1.555 | 1.183 | 2.60 |
| 2002       | 4.062  | 3.821  | 2.63 | 3.820  | 3.469 | 2.70 | 3.468 | 3.126 | 2.76 | 3.125 | 2.723 | 2.82 | 2.722 | 2.288 | 2.88 | 2.287 | 2.055 | 2.95 |
| 2003       | 4.408  | 4.023  | 3.59 | 4.022  | 3.552 | 3.67 | 3.551 | 3.104 | 3.76 | 3.103 | 2.586 | 3.84 | 2.585 | 2.028 | 3.93 | 2.027 | 1.857 | 4.01 |
| 2004       | 5.482  | 5.019  | 5.04 | 5.018  | 4.575 | 5.16 | 4.574 | 3.861 | 5.28 | 3.860 | 3.209 | 5.40 | 3.208 | 2.700 | 5.40 | 2.699 | 2.190 | 5.40 |
| 2005       | 7.177  | 6.662  | 5.40 | 6.661  | 6.146 | 5.40 | 6.145 | 5.678 | 5.40 | 5.677 | 4.982 | 5.40 | 4.981 | 4.300 | 5.40 | 4.299 | 3.319 | 5.40 |
| 2006       | 8.500  | 7.846  | 4.76 | 7.845  | 7.163 | 4.87 | 7.162 | 6.208 | 4.99 | 6.207 | 5.334 | 5.10 | 5.333 | 4.083 | 5.21 | 4.082 | 3.401 | 5.33 |
| 2007       | 10.570 | 10.035 | 4.04 | 10.034 | 9.387 | 4.14 | 9.386 | 8.624 | 4.23 | 8.623 | 7.771 | 4.33 | 7.770 | 6.501 | 4.43 | 6.500 | 5.125 | 4.52 |
| 2008       | 10.202 | 9.624  | 4.52 | 9.623  | 8.941 | 4.63 | 8.940 | 8.013 | 4.73 | 8.012 | 7.037 | 4.84 | 7.036 | 6.436 | 4.95 | 6.435 | 5.084 | 5.06 |
| 2009       | 9.618  | 9.085  | 4.82 | 9.084  | 8.483 | 4.93 | 8.482 | 7.632 | 5.05 | 7.631 | 6.548 | 5.16 | 6.547 | 6.081 | 5.28 | 6.080 | 4.660 | 5.39 |
| 2010       | 8.531  | 7.916  | 5.40 | 7.915  | 7.298 | 5.40 | 7.297 | 6.587 | 5.40 | 6.586 | 5.774 | 5.40 | 5.773 | 4.787 | 5.40 | 4.786 | 3.705 | 5.40 |
| Avg.       | 6.806  | 6.352  | 4.01 | 6.351  | 5.837 | 4.08 | 5.836 | 5.218 | 4.16 | 5.217 | 4.530 | 4.23 | 4.529 | 3.849 | 4.29 | 3.848 | 3.072 | 4.35 |
| Proposed   | 6.806  | 6.352  | 4.56 | 6.351  | 5.837 | 4.67 | 5.836 | 5.218 | 4.77 | 5.217 | 4.530 | 4.88 | 4.529 | 3.849 | 4.98 | 3.848 | 3.072 | 5.09 |

| Rate Group | 49    |       |      | 50    |       |      | 51    |       |      |  |  |  |  |  |  |  |  |  |  |
|------------|-------|-------|------|-------|-------|------|-------|-------|------|--|--|--|--|--|--|--|--|--|--|
|            | Upper | Lower | Rate | Upper | Lower | Rate | Upper | Lower | Rate |  |  |  |  |  |  |  |  |  |  |
| 2000       | 1.214 | 0.748 | 1.83 | 0.747 | 0.325 | 1.87 | 0.324 | 0.000 | 1.90 |  |  |  |  |  |  |  |  |  |  |
| 2001       | 1.182 | 0.698 | 2.65 | 0.697 | 0.507 | 2.71 | 0.506 | 0.000 | 2.78 |  |  |  |  |  |  |  |  |  |  |
| 2002       | 2.054 | 1.565 | 3.01 | 1.564 | 0.782 | 3.07 | 0.781 | 0.000 | 3.13 |  |  |  |  |  |  |  |  |  |  |
| 2003       | 1.856 | 1.521 | 4.10 | 1.520 | 1.066 | 4.18 | 1.065 | 0.000 | 4.27 |  |  |  |  |  |  |  |  |  |  |
| 2004       | 2.189 | 1.284 | 5.40 | 1.283 | 0.109 | 5.40 | 0.108 | 0.000 | 5.40 |  |  |  |  |  |  |  |  |  |  |
| 2005       | 3.318 | 2.190 | 5.40 | 2.189 | 0.848 | 5.40 | 0.847 | 0.000 | 5.40 |  |  |  |  |  |  |  |  |  |  |
| 2006       | 3.400 | 1.793 | 5.40 | 1.792 | 0.822 | 5.40 | 0.821 | 0.000 | 5.40 |  |  |  |  |  |  |  |  |  |  |
| 2007       | 5.124 | 4.226 | 4.62 | 4.225 | 2.305 | 4.72 | 2.304 | 0.000 | 4.81 |  |  |  |  |  |  |  |  |  |  |
| 2008       | 5.083 | 3.226 | 5.16 | 3.225 | 0.910 | 5.27 | 0.909 | 0.000 | 5.38 |  |  |  |  |  |  |  |  |  |  |
| 2009       | 4.661 | 3.415 | 5.40 | 3.414 | 2.034 | 5.40 | 2.033 | 0.000 | 5.40 |  |  |  |  |  |  |  |  |  |  |
| 2010       | 3.704 | 2.658 | 5.40 | 2.657 | 1.262 | 5.40 | 1.261 | 0.000 | 5.40 |  |  |  |  |  |  |  |  |  |  |
| Avg.       | 3.071 | 2.120 | 4.40 | 2.119 | 0.997 | 4.44 | 0.996 | 0.000 | 4.48 |  |  |  |  |  |  |  |  |  |  |
| Proposed   | 3.071 | 2.120 | 5.19 | 2.119 | 0.997 | 5.30 | 0.996 | 0.000 | 5.40 |  |  |  |  |  |  |  |  |  |  |

Negative Balanced Accounts

| Rate Group | 52     |        |      |        |           | 53     |        |      |        |           | 54     |        |      |        |           |
|------------|--------|--------|------|--------|-----------|--------|--------|------|--------|-----------|--------|--------|------|--------|-----------|
|            | Upper  | Lower  | Rate | Surchg | Full Rate | Upper  | Lower  | Rate | Surchg | Full Rate | Upper  | Lower  | Rate | Surchg | Full Rate |
| 2000       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2001       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2002       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2003       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2004       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2005       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2006       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2007       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2008       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2009       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| 2010       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| Avg.       | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |
| Proposed   | -0.001 | -1.999 | 5.40 | 0.20   | 5.60      | -2.000 | -3.999 | 5.40 | 0.40   | 5.80      | -4.000 | -5.999 | 5.40 | 0.60   | 6.00      |

| Rate Group | 55     |        |      |        |           | 56     |        |      |        |           | 57      |         |      |        |           |
|------------|--------|--------|------|--------|-----------|--------|--------|------|--------|-----------|---------|---------|------|--------|-----------|
|            | Upper  | Lower  | Rate | Surchg | Full Rate | Upper  | Lower  | Rate | Surchg | Full Rate | Upper   | Lower   | Rate | Surchg | Full Rate |
| 2000       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2001       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2002       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2003       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2004       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2005       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2006       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2007       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2008       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2009       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| 2010       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| Avg.       | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |
| Proposed   | -6.000 | -7.999 | 5.40 | 0.80   | 6.20      | -8.000 | -9.999 | 5.40 | 1.00   | 6.40      | -10.000 | -11.999 | 5.40 | 1.20   | 6.60      |

| Rate Group | 58      |         |      |        |           | 59      |         |      |        |           | 60      |         |      |        |           |
|------------|---------|---------|------|--------|-----------|---------|---------|------|--------|-----------|---------|---------|------|--------|-----------|
|            | Upper   | Lower   | Rate | Surchg | Full Rate | Upper   | Lower   | Rate | Surchg | Full Rate | Upper   | Lower   | Rate | Surchg | Full Rate |
| 2000       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2001       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2002       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2003       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2004       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2005       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2006       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2007       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2008       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2009       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| 2010       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| Avg.       | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |
| Proposed   | -12.000 | -13.999 | 5.40 | 1.40   | 6.80      | -14.000 | -15.999 | 5.40 | 1.60   | 7.00      | -16.000 | -17.999 | 5.40 | 1.80   | 7.20      |

| Rate Group | 61      |           |      |        |           |
|------------|---------|-----------|------|--------|-----------|
|            | Upper   | Lower     | Rate | Surchg | Full Rate |
| 2000       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2001       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2002       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2003       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2004       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2005       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2006       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2007       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2008       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2009       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| 2010       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| Avg.       | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |
| Proposed   | -18.000 | > -18.001 | 5.40 | 2.00   | 7.40      |

As this chart demonstrates, negative balanced employers have been able to plan appropriately from year to year as their rate groups have remained static over the years.

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## Attachment D

### The Arnold Group History

with the actual state rate tables compared to the self proposed rates found on Attachment B

|         | Actual - Dynamic Rate Tables |            |      | Proposed - Static Rate Table |            |      |
|---------|------------------------------|------------|------|------------------------------|------------|------|
|         | Reserve Ratio                | Rate Group | Rate | Reserve Ratio                | Rate Group | Rate |
| 2000    | 4.076                        | 40         | 1.49 | 4.076                        | 47         | 4.98 |
| 2001    | 4.712                        | 36         | 1.93 | 4.712                        | 46         | 4.88 |
| 2002    | 5.835                        | 35         | 2.13 | 5.835                        | 45         | 4.77 |
| 2003    | 6.274                        | 36         | 2.99 | 6.274                        | 44         | 4.67 |
| 2004    | 7.070                        | 38         | 4.44 | 7.070                        | 42         | 4.46 |
| 2005    | 10.430                       | 31         | 3.94 | 10.430                       | 31         | 3.30 |
| 2006    | 13.094                       | 28         | 3.06 | 13.094                       | 19         | 2.04 |
| 2007    | 15.692                       | 18         | 1.64 | 15.692                       | 10         | 1.10 |
| 2008    | 15.908                       | 18         | 1.83 | 15.908                       | 10         | 1.10 |
| 2009    | 14.144                       | 28         | 3.10 | 14.144                       | 15         | 1.62 |
| 2010    | 12.372                       | 33         | 5.40 | 12.372                       | 22         | 2.36 |
| Average |                              |            | 2.90 |                              |            | 3.21 |

# Attachment E

## Contribution Rates Effective For Calendar Year 2005

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### III. Negative Balance Account Rates

| <u>Negative Reserve Ratio</u> | <u>Maximum Rate</u> | <u>Surcharge</u> | <u>Effective Rate</u> |
|-------------------------------|---------------------|------------------|-----------------------|
| Less than 2.0% .....          | 5.40                | 0.20             | 5.60                  |
| 2.0 but less than 4.0 .....   | 5.40                | 0.40             | 5.80                  |
| 4.0 but less than 6.0 .....   | 5.40                | 0.60             | 6.00                  |
| 6.0 but less than 8.0 .....   | 5.40                | 0.80             | 6.20                  |
| 8.0 but less than 10.0 .....  | 5.40                | 1.00             | 6.40                  |
| 10.0 but less than 12.0 ..... | 5.40                | 1.20             | 6.60                  |
| 12.0 but less than 14.0 ..... | 5.40                | 1.40             | 6.80                  |
| 14.0 but less than 16.0 ..... | 5.40                | 1.60             | 7.00                  |
| 16.0 but less than 18.0 ..... | 5.40                | 1.80             | 7.20                  |
| 18.0 and over .....           | 5.40                | 2.00             | 7.40                  |

### IV. Positive Eligible Employers (Array)

| <u>Rate Group</u> | <u>Reserve Ratio (Lower Limit)</u> | <u>Experience Factor</u> | <u>Number of Employers</u> | <u>Contribution Rate</u> |
|-------------------|------------------------------------|--------------------------|----------------------------|--------------------------|
| 1                 | 0.29687                            | 0.025%                   | 3,106                      | 0.08                     |
| 2                 | 0.22894                            | 0.04                     | 2,263                      | 0.13                     |
| 3                 | 0.19982                            | 0.08                     | 2,133                      | 0.26                     |
| 4                 | 0.18120                            | 0.12                     | 1,843                      | 0.39                     |
| 5                 | 0.17212                            | 0.16                     | 1,178                      | 0.52                     |
| 6                 | 0.16489                            | 0.20                     | 1,074                      | 0.66                     |
| 7                 | 0.16005                            | 0.24                     | 845                        | 0.79                     |
| 8                 | 0.15715                            | 0.28                     | 512                        | 0.92                     |
| 9                 | 0.15305                            | 0.32                     | 828                        | 1.05                     |
| 10                | 0.14798                            | 0.36                     | 1,143                      | 1.18                     |
| 11                | 0.14366                            | 0.40                     | 1,136                      | 1.31                     |
| 12                | 0.13918                            | 0.44                     | 1,339                      | 1.44                     |
| 13                | 0.13604                            | 0.48                     | 1,172                      | 1.57                     |
| 14                | 0.13263                            | 0.52                     | 1,407                      | 1.71                     |
| 15                | 0.13033                            | 0.56                     | 1,239                      | 1.84                     |
| 16                | 0.12803                            | 0.60                     | 1,447                      | 1.97                     |
| 17                | 0.12579                            | 0.64                     | 1,321                      | 2.10                     |
| 18                | 0.12372                            | 0.68                     | 1,328                      | 2.23                     |
| 19                | 0.12183                            | 0.72                     | 1,079                      | 2.36                     |
| 20                | 0.12012                            | 0.76                     | 940                        | 2.49                     |
| 21                | 0.11848                            | 0.80                     | 879                        | 2.62                     |
| 22                | 0.11764                            | 0.84                     | 433                        | 2.76                     |
| 23                | 0.11600                            | 0.88                     | 973                        | 2.89                     |
| 24                | 0.11438                            | 0.92                     | 749                        | 3.02                     |
| 25                | 0.11340                            | 0.96                     | 462                        | 3.15                     |
| 26                | 0.11311                            | 1.00                     | 131                        | 3.28                     |
| 27                | 0.11175                            | 1.04                     | 615                        | 3.41                     |
| 28                | 0.10984                            | 1.08                     | 834                        | 3.54                     |

3 Trembott

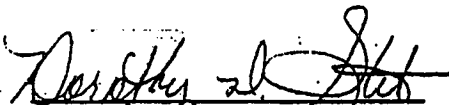
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| <u>Rate Group</u> | <u>Reserve Ratio (Lower Limit)</u> | <u>Experience Factor</u> | <u>Number of Employers</u> | <u>Contribution Rate</u> |
|-------------------|------------------------------------|--------------------------|----------------------------|--------------------------|
| 29                | 0.10709                            | 1.12                     | 1,042                      | 3.67                     |
| 30                | 0.10526                            | 1.16                     | 724                        | 3.81                     |
| 31                | 0.10311                            | 1.20                     | 675                        | 3.94                     |
| 32                | 0.10102                            | 1.24                     | 737                        | 4.07                     |
| 33                | 0.09896                            | 1.28                     | 618                        | 4.20                     |
| 34                | 0.09693                            | 1.32                     | 600                        | 4.33                     |
| 35                | 0.09390                            | 1.36                     | 777                        | 4.46                     |
| 36                | 0.09134                            | 1.40                     | 562                        | 4.59                     |
| 37                | 0.08816                            | 1.44                     | 636                        | 4.72                     |
| 38                | 0.08574                            | 1.48                     | 474                        | 4.86                     |
| 39                | 0.08261                            | 1.52                     | 747                        | 4.99                     |
| 40                | 0.07979                            | 1.56                     | 468                        | 5.12                     |
| 41                | 0.07661                            | 1.60                     | 521                        | 5.25                     |
| 42                | 0.07178                            | 1.64                     | 804                        | 5.38                     |
| 43                | 0.06662                            | 1.68                     | 648                        | 5.40                     |
| 44                | 0.06146                            | 1.72                     | 519                        | 5.40                     |
| 45                | 0.05678                            | 1.76                     | 394                        | 5.40                     |
| 46                | 0.04982                            | 1.80                     | 652                        | 5.40                     |
| 47                | 0.04300                            | 1.84                     | 472                        | 5.40                     |
| 48                | 0.03319                            | 1.88                     | 559                        | 5.40                     |
| 49                | 0.02190                            | 1.92                     | 568                        | 5.40                     |
| 50                | 0.00848                            | 1.96                     | 570                        | 5.40                     |
| 51                | 0.00000                            | 2.00                     | 2,591                      | 5.40                     |

I hereby certify that these computations are correct and are based upon data from the records of the Division of Staff Services, Kansas Department of Labor. Distribution of taxable payrolls were tabulated by Information Technology and certified by Jeff Lewis, Director of Information Technology. The reserve fund balance is as certified by Gerald Schneider, Chief Financial Officer.

  
 Dorothy D. Stites, Director  
 Labor Market Information Services

DDJ:OWW:TLG

## Wichita Casual Dining, Inc.

2907 North Cypress  
Wichita, Kansas 67226  
(316) 612-4694

### **Legislative Testimony: Impact of 2010 Unemployment Insurance Rate Increases**

January 27, 2010

Thank you for the opportunity to address the committee on a subject that is having a significant impact on my business, and many other small businesses in Kansas.

I operate a food service business called Wichita Casual Dining. We have two operations in Wichita: a casual themed restaurant called Red Bean's Bayou Grill and Bar, and a catering operation called Blue Moon Caterers.

The food service business is very labor intensive, and our company employs about 45 people with an annual payroll of around \$500,000. Nationally, our industry employs around 12 million people and is the nation's largest private sector employer.

People in our industry who apply themselves, quickly develop skills that are in high demand, and are very transportable, and as a result, few people that have these skills and a will to work stay unemployed for very long. As a result, I suspect that most restaurants become "positively balanced" employers.

Our company is positively balanced, with around \$76,000 in our account. In the last fiscal year we paid in \$1875, and our account was charged \$425. Our contribution rate was .34%. While it could be effectively argued that there is plenty of money in our account, in 2010 our contribution rate is increasing to 2.56%, and our anticipated contribution will be around \$8600, about four and a half times what it was last year.

This increase comes at a time when our sales are down approximately 10% (and we're doing better than most in our category), which effectively has stripped us of all profitability. These increased unemployment contributions just make the problem more acute. We have responded to all of this by finding ways to operate at a lower cost, including reducing the number of employees among many other things. As labor is our largest cost category, reducing our dependence on labor is the primary cost focus for 2010, and we are in the middle of a multi-phased rework of our operations to accomplish this. Because this is a closely held private company, I have also cut my personal income from the business drastically and am finding ways to cut expenses on the personal side as well. This is a common theme you hear from other small business owners. And of course, many operators have been unable to survive these conditions, and as a result there have been a rash of restaurant closings over the past year. Many are hanging by a thread.

While it's probably reasonable that everyone share in the pain of this recession to some degree, I believe that a recovery from this recession will only come from the business community. Business will find a way to adapt to these lower revenues, and then a way to begin growing again. But to strap business with more taxes, fees, and expensive mandates, burdens it with a disproportionate share of the pain, and just makes this whole process more difficult and lengthy, and I believe is counter-productive. If businesses are allowed to keep more of their money, they will quickly put it to productive use in business-building programs that will in turn create thousands of new jobs, and get this country growing again.

Senate Business & Labor Committee  
Date: January 27, 2010  
Attachment 5



# EXPRESS WELL SERVICE & SUPPLY INC.

January 27, 2010

P.O. Box 19  
Victoria, Kansas 67671  
785-735-9405

Senators  
Kansas Senate Business and Labor Committee  
Topeka, Kansas

Dear Senator:

My name is Tom Casey and I am the manager of Express Well Service & Supply, Inc. in Victoria, Kansas.

I am here to express my frustration in hiring employees for our company. Approximately 20% of our rigs are shut down because we do not have enough employees.

Attached is a copy of our job description that is currently on the Kansas Works website. It has been posted there since October 23, 2009. We also have help wanted ads in the local newspapers and on the local cable television. Our job does not require previous experience, nor a high school education.

Our average wage for a floorhand position is around \$50,000 per year. Express' benefits are as follows: 1) 100% of premium for low deductible BC/BS health insurance plan for the whole family, (this costs our company almost \$10,000 per year per family) 2) paid holidays 3) paid vacations 4) paid uniforms and 5) a profit sharing plan.

I ask myself, 'why is it so hard to get qualified employees for a good job?' We have good wages and benefits, but the job is strenuous with long hours. Recently I found one reason that there are not many qualified employees. They can earn over \$20,000 per year on unemployment and can qualify for these benefits for 18 months. They might also be able to receive additional benefits while unemployed.

1. We have rigs shut down because we cannot get qualified employees.
2. Our unemployment rate in 2009 was .51% with an annual premium of \$1707.00 (this company started business in 1981, and has only had \$22,769.00 in claims against our unemployment account in 28 years. Our account balance is \$64,801.00.) Our rate for 2010 has increased to 4.86%, with an estimated annual premium of \$16,273.00.

3. Where are we going to get the extra money to pay the increased premium of \$14,566.00? Let's see, this money goes to people who are not working. On the other hand, we cannot find people to work. So how does Express Well Service make more money to pay the premiums when rigs are shut down because of no workers?

Ladies and gentlemen, this is in your hands.

Should you take away money from businesses that are trying to provide jobs for people, and give it to people sitting at home unemployed? Or.....

Should you encourage businesses to expand by giving them incentives, so they can hire the unemployed and make them proud to be a fellow Kansan?

My feeling is that you should concentrate on getting the unemployed back to work and help them feel productive once again!!!

*Tom Casey*

Tom Casey, Manager

Senate Business & Labor Committee  
Date: January 27, 2010  
Attachment 6

**Express Well Service**

**From:** "JoLynn Ashmore" <jashmore@KansasWorks.com>  
**To:** "Express Well Service" <express@ruraltel.net>  
**Sent:** Tuesday, January 26, 2010 2:36 PM

**Floorhand / No Experience Required****Job Description:****Specific Skill Requirements and Essential Job Functions:**

MUST have a good work history with references. MUST present a valid drivers license and a copy of your good MVR when applying at the KANSASWORKS office. Must pass drug test. Employer furnishes uniforms. Company does have bonus programs. Employer pays 100% of family health insurance premium, paid holidays, vacation and profit sharing plan.

**Express Well Service & Supply Inc.:**

Express Well Svc & Supply Inc is an Oil Field Service company located in Victoria, KS. Established in 1981.

**Job Information**

|                            |                          |
|----------------------------|--------------------------|
| <b>Created</b>             | October 23, 2009         |
| <b>Last Updated</b>        | January 26, 2010         |
| <b>Job Order ID Number</b> | 8342260                  |
| <b>Salary Range</b>        | \$12.00 to \$14.00       |
| <b>Job Location</b>        | Victoria, KS 676710426   |
| <b>Type of Employment</b>  | Regular, Full-time       |
| <b>Shift</b>               | Day                      |
| <b>Hours per Week</b>      | 50 or More               |
| <b>Overtime Available</b>  | Yes                      |
| <b>Overtime Mandatory</b>  | Yes                      |
| <b>Available</b>           | 01/26/2010               |
| <b>Education Required</b>  | Some High School or less |
| <b>Experience Required</b> | No experience            |

**Other Details**

|                           |                                  |
|---------------------------|----------------------------------|
| <b>Transportation</b>     | Not Accessible by Public Transit |
| <b>Temporary Position</b> | No                               |
| <b>Travel Required</b>    | Yes                              |
| <b>Relocation</b>         | No                               |
| <b>On Job Training</b>    | Available                        |
| <b>Other Benefits</b>     |                                  |

JoLynn Ashmore  
 Workforce Services Specialist  
 jashmore@kansasworks.com  
 785-625-5654  
 332 East 8th St  
 Hays, KS 67601  
 KANSASWORKS.com

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1/26/2010

**Testimony Re: KS Unemployment Tax Rate Increase  
Senate Business and Labor  
January 27, 2010**



Chairman Wagle and Members of the Committee:

My name is Don Saylor, and I am the President & CEO for the Kansas Restaurant & Hospitality Association (KRHA). The KRHA is the leading business association for restaurants, hotels, motels, country clubs and allied business in Kansas. Along with the KRHA Educational Foundation, the association works to represent, educate and promote the growing industry of hospitality in Kansas.

Like many other businesses in Kansas, we have concerns about the significant increase for 2010 unemployment taxes. While we understand the need to create funds to keep the unemployment security fund solvent, this is extremely detrimental to our industry. For KRHA alone, we experienced a 500% increase in tax rate. We are a small non-profit that has maintained a positive balance for years.

The restaurant, lodging and hospitality industry employs many part time workers. This creates an extra tax burden due to the tax being paid on a higher percentage of total wages. For example, if a restaurant employs four (4) PT employees during the year and pays them each \$8,000, total of \$32,000, all of the wages will be subject to tax. If another business employs one worker and pays them, \$32,000, only the first \$8,000 is subject to tax. That creates a tax rate four (4) times higher for the hospitality industry. This problem will apply to any business that employees PT workers. This example is compounded by the high employee turnover experienced in the hospitality industry.

Currently, KDOL has only two classifications for new employers, (1) construction and (2) all others. These two classifications are assigned rates of 6.0% and 4.0%, respectively. Many businesses, including KRHA, are struggling with the idea that they have a positive account balance and will pay a higher rate than a new business. We are concerned that employers with a positive account balance will end up paying more than their share.

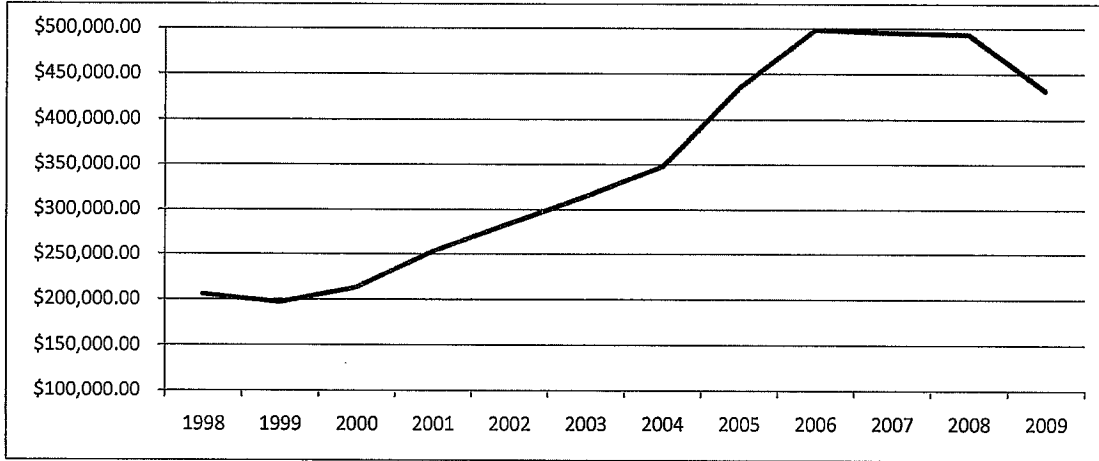
Why is government employers allowed to pay only the amount of benefits drawn? This seems like an inequity that should be brought into parity. It would seem there are numerous positive account balance businesses that would rather pay what has been charged to their account than pay what their assessment will be for 2010.

Thank you for permitting me to testify on this important matter.

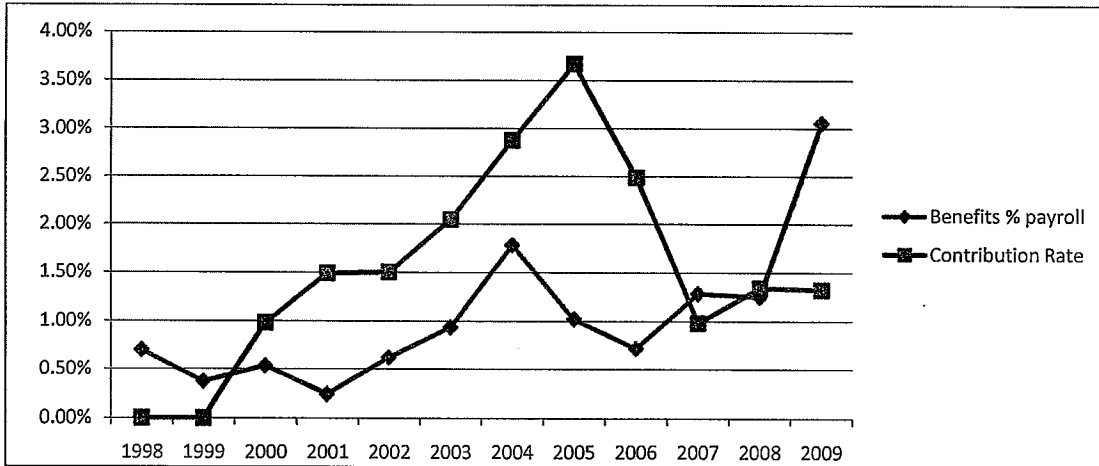
Senate Business & Labor Committee  
Date: January 27, 2010  
Attachment 7

# ALLEN PRESS UNEMPLOYMENT INFORMATION

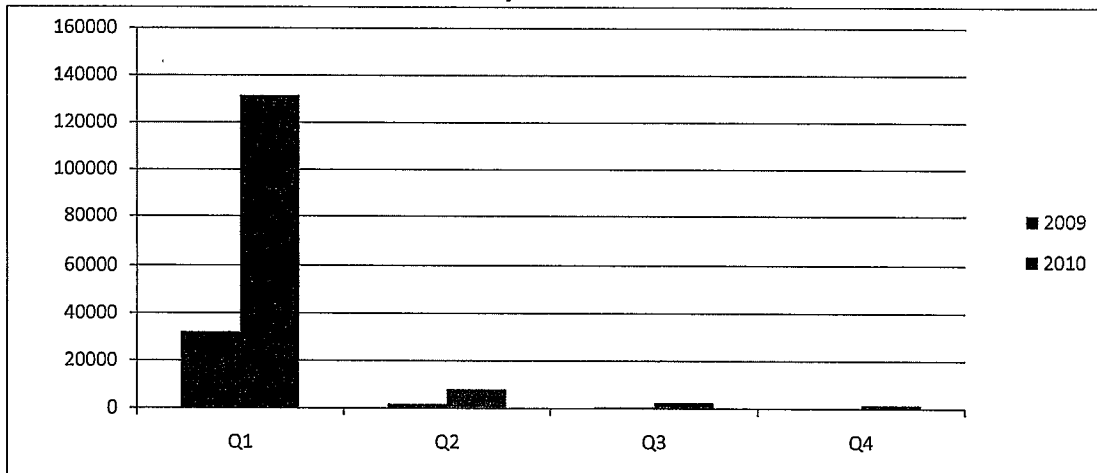
## Allen Press UI Account Balance History



## Allen Press Contribution and Usage % History



## Actual 2009 and Expected 2010 UI Contributions



Senate Business & Labor Committee  
 Date: January 27, 2010  
 Attachment 8

Patti Bossert  
President



"Key to Success"

Phone:  
785-272-9999

Fax:  
785-273-7799

Senate Business and Labor Committee  
Written Testimony on SUI Rate Increases  
by Patti Bossert  
January 27, 2010

Good morning. My name is Patti Bossert, and I am a Certified Woman-Owned Business owner of 2 businesses in Topeka. My businesses are Key Staffing and Premier Employment Solutions and I employ more than 756 employees in the State of Kansas. I would like to share with you the effect that the drastic increase in the state unemployment tax rate is having on my businesses. The second page of this testimony shows you the actual 2009 total payrolls for my businesses, the wages subject to the unemployment tax, and the actual tax paid by my business last year. In the 6<sup>th</sup> column I calculated what that tax would have been at the rate I am being charged as of January 1<sup>st</sup>, 2010. This increase results in a total tax increase of \$81,717.

The increase in SUTA will have an impact on my business and other businesses across the state, especially small businesses that are backbone of the economy in Kansas. The actual burden is borne by jobs that are not created and/or jobs that are eliminated. Small business did not create the shortfall in the unemployment tax fund, but we are the ones being punished for it. This is an example of the State of Kansas solving one problem, the shortage in the SUTA fund, but placing the burden on the group of small business owners and entrepreneurs who can actually do something about unemployment by saving and creating jobs. As a policy, this is counter productive. Instead the State should be offering incentives to small business to create jobs. Currently the State only offers these incentives to companies who are creating more than 25 jobs at a time, and then, purely at the discretion of the Department of Commerce.

The problems associated with this \$81,717. burden are:

- Due to the challenging economic environment, my businesses didn't show a profit of \$81,717. in 2009. How do I cover this added expense?
- I received only 2 weeks notice that this increased tax would be placed on my business as of 1/1/10. Hardly enough time to implement a new business strategy.
- 

Senate Business & Labor Committee  
Date: January 27, 2010  
Attachment 9

- I have entered into contracts and submitted bids based on the prior rates (and assuming a small increase), and have no recourse to accommodate this increased cost. My product is essentially my payroll, so increased payroll taxes dramatically affect my cost of goods sold.
- Large corporations have power to pass these increases on to the consumer, but small companies don't. As a matter of fact, many of my customers who are large companies are requiring that I decrease my rates to them, at a time when my costs are increasing.
- Because of this increase in taxes, I had to make the decision to lay off 2 fulltime and one part-time employee from my staff, and not replace a 4<sup>th</sup> employee who quit, thereby reducing my staff by 4 employees, 4 employees who will undoubtedly now draw unemployment benefits.
- Many of the unemployed refuse to accept jobs because they are receiving generous unemployment benefits. Therefore it is increasingly difficult to fill the job openings that we have with qualified employees. Employees say "That is almost what I make on Unemployment and I don't have to leave the house and spend money on gas or daycare." We find this especially true in skilled trades, middle management, and IT.

I also have an agency in South Dakota, and the unemployment rate there increased from .5% to 1.9%. South Dakota is 2<sup>nd</sup> in the ranking of lowest state unemployment rates at 4.7% and Kansas is 4<sup>th</sup>, at 6.6%, based on DOL December statistics.

In closing, I ask that you work to find a means to reduce this burden on business as soon as possible, to more equitably distribute the burden to large, negative balance employers, and to help and encourage small businesses and entrepreneurs to not only survive this downturn in our economy, but to grow and create jobs in Kansas.

Thank you, I stand for any questions.

Impact of SUTA rate increase on Key Staffing and Premier Employment Solutions

| 2009          | # of Employees | Taxable Wages   | Subject Wages | SUI Tax 2.14 % | At new rate 5.4% | Increase            |
|---------------|----------------|-----------------|---------------|----------------|------------------|---------------------|
| Premier Temp  | 202            | \$ 1,379,837.00 | \$ 921,652.00 | \$ 19,723.00   | \$ 49,769.21     | \$ 30,046.21        |
| Premier Staff | 18             | \$ 372,268.00   | \$ 124,419.00 | \$ 2,662.00    | \$ 6,718.63      | \$ 4,056.63         |
|               | <u>220</u>     |                 |               |                |                  | <u>\$ 34,102.83</u> |

\* Average Temporary pay per hour is \$13.02

| 2009      | # of Employees | Taxable Wages   | Subject Wages   | SUI Tax 2.62 % | At new rate 5.4% | Increase            |
|-----------|----------------|-----------------|-----------------|----------------|------------------|---------------------|
| Key Temp  | 521            | \$ 2,619,854.00 | \$ 1,600,247.00 | \$ 41,927.00   | \$ 86,413.34     | \$ 44,486.34        |
| Key Staff | 15             | \$ 418,367.00   | \$ 112,530.00   | \$ 2,948.00    | \$ 6,076.62      | \$ 3,128.62         |
|           | <u>536</u>     |                 |                 |                |                  | <u>\$ 47,614.96</u> |

\* Average Temporary pay per hour is \$11.22

**Total Impact** **\$ 81,717.79**



environmental services

215 S. Laura > Wichita, KS 67211  
Phone: (316) 264-7050 > Fax: (316) 264-0709

---

January 25, 2010

Mr. Chairman and Committee,

I greatly appreciate the opportunity to provide written testimony in relation to unemployment insurance taxes and tax policy.

In 2008 and 2009 ISI Environmental Services paid \$25,000 and \$32,000, respectively. For 2010 we are estimating to pay \$64,000. This is over a 100% increase and it is not part of our budget. As a result, this increase is likely to result in a layoff, which will add to the demand on unemployment insurance.

We hear in the news that business need to get skin in the game. This is skin and in reality all of our businesses were the first to shed skin when the recession occurred. Tremendous cuts in our businesses had to happen to survive and now it is time for government to take their cuts.

Thank you again for the opportunity to participate in the process.

Sincerely,

A handwritten signature in cursive script that reads "Gary Mason".

Gary Mason, CEO  
ISI Environmental Services (ISI)

Senate Business & Labor Committee  
Date: January 27, 2010  
Attachment 10






**To: Chairman and Members of the Unemployment Tax Committee**  
**From: Jay Stehley, President, Interim HealthCare of Wichita, Inc.**  
**Subject: Unemployment Insurance Rates**  
**Date: January 25, 2010**

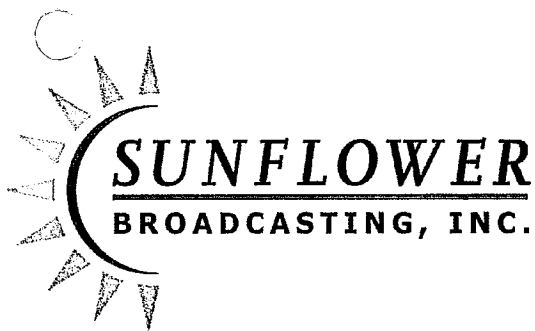
On December 21<sup>st</sup> of 2009 I received my Kansas Department of Labor 2010 Experience Rating Notice used to calculate my Kansas Unemployment Tax. My contribution rate went from 1.32% to 5.4%. My accountants informed me that if my payroll remained consistent with 2009 that my contribution to the fund would go from \$20,675.10 in 2009 to over \$98,000 in 2010. My business is hit especially hard as we are a temporary employment agency (over 200 paychecks handed out weekly on any given week) and we are taxed on the first \$8,000 payroll of every employee. The nature of our business is a higher turnover rate than other businesses so we get hit with more employees subject to the tax. I also understand that I have chosen to be in this business and remain in this business but I just wanted the committee to know these types of businesses are hit maybe harder than others.

My real concern with this dramatic tax increase is how we are going to pay for it. We received no notice (nor any explanation of why the huge increase) that this type of expense was coming until late December so we were not able to effectively budget for this. I may have to lay people off to account for an \$80,000 increase in the unemployment tax. The overall impact on my business will remain to be seen as we move forward into 2010 but I wanted the committee to hear my story and let you be aware of the significant challenges we face in 2010 due to the unemployment tax.

I am sorry I could not be there in person to further explain our business to you. I hope this helps a little bit as we face these challenges in 2010. I can be reached at 316-265-4295 or e-mail [jstehley@interimhealthcare.com](mailto:jstehley@interimhealthcare.com) should you need further information.

  
1/25/10

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**Legislative Testimony**  
**Impact of 2010 Unemployment Insurance Tax Increase**  
**Testimony before House Commerce Committee**  
**Joan Barrett, President & General Manager, Sunflower Broadcasting, Inc.**

Thank you Mr. Chairman and members of the committee for the opportunity to voice the impact of the 2010 unemployment insurance tax increase on our group of television stations.

I operate six television stations in central and western Kansas, including: KWCH in Wichita; KBSH in Hays, KBSL in Goodland; KBSD in Dodge City; and KSCW in Wichita. We also operate the only Hispanic affiliate station in Kansas, KDCU in Wichita through a Joint Sales Agreement with Entravision. We have 137 employees, and serve 1.3 million Kansans. We have worked diligently to retain jobs and provide positive contributions in our communities. I am also the immediate past chair of the Kansas Association of Broadcasters, and while I don't speak on behalf of them here today, I can assure you that some members have similar stories.

Since Schurz Communications purchased our station group in 2006, we have increased our staff size by six full-time employees. During this time, we have not depleted our unemployment fund. I'm not aware that we have ever depleted the fund, but I do not currently have access to the records of previous owners.

Anticipating an increase in the unemployment tax, we increased our 2009 rate of 1.32% to 2.50% in our budget for 2010. We were shocked to learn that our rate went up four times our 2009 rate, and is now at 5.4%. In 2009, we paid approximately \$16,500 in unemployment taxes. Our estimate for 2010 is \$60,000, a 264% increase in one year.

The added burden is that almost all of this tax will be incurred in the first quarter of 2010. The increase represents what one full time and one part time position might cost my company. In a time where we have worked to stretch every dollar and maximize resources, it is quite challenging to have such a large increase in an uncontrollable budget line. I will still be charged with meeting my budget. As with most other businesses, we have already cut expenses and streamlined our work flow. This dramatic increase presents yet another challenge to business operators.

I'd be happy to answer questions at the appropriate time. And of course Kent Cornish the Executive Director of the KAB is here as well. Thank you to the committee members, and Mr. Chairman.





January 25, 2010

Senate Business and Labor Committee  
State of Kansas

Dear Sir or Madam:

I am a partner in Allied Staffing, a Kansas employer. I am writing regarding the impact of the 2010 unemployment compensation tax increase on our business. We estimate that the recent increase in unemployment taxes will cost our business an additional \$150,000 in 2010. We are trying to determine how to handle this enormous increase. We certainly cannot afford to absorb it. Yet in this economy, it is very difficult to increase our prices to our clients. They are already struggling to survive the recession.

Given this additional cost, we may have no choice but to reduce staff. At the same time, if we are able to pass some of the cost on to our clients, they will be forced to do all they can to reduce their staff usage costs. Isn't that exactly the opposite of what the economy needs now?

As a former business analyst, I can attest to the fact that higher labor costs make it easier for companies to justify (1) investing in labor saving technology or (2) moving jobs out-of-state or off-shore. So the net long-term result almost certainly will be reduced employment in Kansas.

Any relief the state can provide regarding these taxes will enhance the prospect for higher employment in Kansas.

Thank you for your service during this difficult time.

Sincerely,

A handwritten signature in cursive script that reads "Ron Trachsel".

Ron Trachsel  
Partner

**WRITTEN COMMENTS REGARDING**  
**2010 KANSAS UNEMPLOYMENT INSURANCE**

1. Kansas Business Coalition on Unemployment Insurance, Topeka
2. Darla Lanter, Jackson Farmers, Inc., Holton
3. Mike Pivonka, Flame Engineering, LaCrosse
4. Kelley Williams, Friends University, Wichita
5. Troy Deaton, Westwind Wood Specialists, Quinter
6. Angela Steinbock, HME, Inc., Topeka
7. Angie Haggard, Valeo Behavioral Health Care, Topeka
8. Marcia Dechand, TARC, Topeka
9. Tom McGaffin & Peggy Koehler, J.R. Custom Metal Products, Wichita
10. Roxie VonLintel, Eagle Communication, Hayes

**Legislative Testimony**

**Impact of 2010 Unemployment Insurance Tax Increase**

**January 27, 2010**

**achieve**  
*more*

**Testimony before Senate Commerce Committee**

**Rachelle Colombo, Senior Director of Legislative Affairs, The Kansas Chamber**

**Coalition Members: The Kansas Chamber; Wichita Metro Chamber of Commerce; Wichita Independent Business Association; Society of Human Resource Managers; National Federation of Independent Business, Kansas; Adecco Staffing; Americans for Prosperity; Kansas Grain and Feed Association, Kansas Agribusiness Retailers Association, Kansas Restaurant and Hospitality Association; Kansas Cooperative Council; Associated General Contractors of Kansas; The Arriold Group; Topeka Independent Business Association; Midway Wholesale; Home Builders Association of Greater Kansas City; Lenexa Chamber of Commerce; Overland Park Chamber of Commerce**

Thank you Chairwoman Wagle and members of the committee for the opportunity to voice the business community's response to 2010 unemployment insurance tax increase.

Since employers received notification of their 2010 tax rate six weeks ago there are two major issues that business owners are struggling to rectify above all else. First, the significance of the increase in their tax rates has resulted in "sticker shock" and little time to absorb the cost accordingly. Secondly, the fact that positively balanced employers will pay the lion's share of the intended yield despite the reduced rate at which they draw down the fund.

Although there was general awareness that the fund would likely become insolvent and require the rollback of recent tax reductions in 2010, the degree to which the rates were set to increase was completely unanticipated by the business community. It has been asserted that the rates seem artificially steep because the reduction was in place last year but this is only partially accurate. Employers expected to return to tax rates they had paid prior to the reductions afforded through the passage of SB 83 in 2007, but 2010 rates exceed the highest rates that many businesses have paid in more than a decade. In fact, even if tax rates had not been reduced as a result of SB 83 and the nearly \$300 million that business owners invested back into the economy had gone into the trust fund it would have only delayed the fund's bankruptcy by a few months. The trigger requiring the rollback of tax reductions was expected; the fact that the fund would go from solvent to bankrupt in the span of the same year requiring exorbitant tax increases, was not. Attached is a table showing the range of increases our member businesses are experiencing, with some paying 700% - 1700% more than they did last year.

Secondly, the extent to which positively balanced employers are subsidizing negatively balanced employers has added insult to injury. Business owners who have maintained employment despite significantly reduced revenue in 2009 were devastated to see their tax rates double at a minimum. At the same time, employers who laid off employees in 2009 at a rate equal to or greater than in previous years saw a smaller percent increase to their unemployment taxes. The disparity in the unemployment insurance system is pronounced and requires some explanation. Employers are not confident about the extent to which their experiencing rating affects their tax rate or how the required annual yield is distributed over the rate groups.

Many questions remain for Kansas job creators. How will they pay their 2010 assessment? If they are among the majority who have been assessed the maximum tax rate, what incentive do they have to maintain employment? If they are negatively balanced and have not seen an increase because their rate and penalties are capped, what incentive do they have to lay off fewer employees? In a time when their revenue and their workforce is reduced how can they absorb a \$200 million tax increase on their cost of labor? How can our unemployment system be restructured to incentivize employment and to put more capital in the marketplace to speed the economic recovery of Kansas families, businesses and the state at large?

The majority of Kansas employers have maintained their workforce during the greatest recession of our time and they are now being penalized with a massive tax increase. More than twenty-five states have preceded Kansas in bankrupting their unemployment funds and are working to replenish their coffers without further delaying hiring or capital investment. We must remain competitive and now more than ever, we must foster this fragile economy to sustain and grow jobs.



**KANSAS**

835 SW Topeka Blvd. **Topeka, KS** 66612 785.357.6321

10-6

|    | 2009 UI Rate | Dollar Amt. | 2010 UI Rate | Dollar Amt. | Comments re Unemployment Comp.                                                                                                                                                                                                                                                                                                                                                                                |
|----|--------------|-------------|--------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | 0.74%        | n/a         | 2.56%        | n/a         |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2  | 2.41%        | \$12,478    | 5.40%        | \$30,000    |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 3  | 2.41%        |             | 5.40%        |             |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 4  | 1.93%        | \$3,705     | 4.86%        | 9331        | Opted to buy it down to 3.58%, max buy-down permitted on the form. Figured quirky year, as in the past, the buy downs seldom save any real \$\$..\$1,382 to buy our rate down, and look to save several thousand \$\$ in the process.                                                                                                                                                                         |
| 5  | 0.63%        |             | 5.40%        |             |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 6  | 0.30%        |             | 1.28%        |             | Was 0.30, now 1.28. We expended about \$21k in benefits, and have an account balance of about \$332k. Anticipate a 1% reduction to revenues from this tax.                                                                                                                                                                                                                                                    |
| 7  | 0.97%        | \$30,000    | 4.53%        | \$153,000   |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 8  | 0.40%        | \$64        | 4.86%        | \$777.60    |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 9  | 3.20%        | \$1,001     | 5.40%        | \$1,674     |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 10 | 1.37%        | \$1,507.20  | 5.40%        | \$5,184     | No claims during benefit year. 12 employees. Total difference of \$306.40 per month to pay this year. Factor in though that it is on the first \$8,000 of wages and the great majority of that will be paid in April and if things go as they are now it will all be paid by July, so the effect is actually \$612.8 per month for the first half of the year.                                                |
| 11 | 1.20%        | \$5,377     | 5.38%        |             |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 12 | 1.80%        |             | 5.40%        |             | We had more turnover (downsizing) than usual and still have some money in our account.                                                                                                                                                                                                                                                                                                                        |
| 13 | 5.80%        |             | 6.40%        |             | We had a 10% increase in our state unemployment rate, will cost us approximately \$525 more in 2010. I'm more incensed about the increase from 2008 to 2009, and into 2010. Our rate in 2008 3.16%. The difference to 2010 at 6.4% represents an increase of 103% !!!! Or about \$2800.                                                                                                                       |
| 14 | 1.20%        |             | 4.10%        |             |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 15 | 0.80%        |             | 2.56%        |             |                                                                                                                                                                                                                                                                                                                                                                                                               |
| 16 | 0.59%        | \$55,920    | 5.12%        |             | No claims in 2009, nor have we had any for at least 10 years. Account balance is \$5,865.63; I can buy down to 3.84% for \$256.00; Taxable unemployment for 2009 was \$55,920.20 totaling \$329.93; In 2010, same \$55,920.20 would total \$2,863.11. I have chosen to buy my rate down to 3.84% so my total would be \$2,147.34 or a gross savings of \$715.77 less \$256.00 will save me a net of \$459.77. |
| 17 | 3.03%        | \$7,320.42  | 5.40%        | \$13,046.39 | 2009 Unemployment rate was 3.03% and our total paid to the State is \$7,320.42. 2010 Unemployment rate is 5.4% and an estimated payment to the State will be \$13,046.29. This is an increase of over \$5,700 or a 78% increase from calendar year 2009. We will be underbudgeted for this payroll tax for the second half of the fiscal year                                                                 |

|    | 2009 UI Rate | Dollar Amt. | 2010 UI Rate | Dollar Amt. | Comments re Unemployment Comp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|--------------|-------------|--------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18 | 1.26%        | \$10,866    | 5.40%        | \$46,572    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 19 | 0.74%        | \$2,457.49  | 5.40%        | \$17,280    | Our 2009 Rate Group 14. Our 2010 Rate Group 30. How is this fair to a small company such as ours who has not had a bad record of claims against us? Why do we, the employers, have to pay for our Governments incompetence? They have been told in the past that a shortage could happen, but they refuse to either listen or do anything about it.                                                                                                                                                                                                                                                                                                  |
| 20 | 0.80%        | \$8,704     | 2.82%        | \$30,907    | Unemployment rate is also impacted by actual claims against the employer (experience) so our increase is also related to our claims experience (which was higher in 2009).                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 22 | 2.69%        | \$1,506.40  | 5.40%        | \$2,160     | 2009-- 7 employees and 2010 5 employees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 23 |              | \$4,637.47  |              | \$21,600    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 24 | 1.55%        | \$566.14    | 3.58%        | \$1,307.60  | Obviously, with a staff of 4 our taxable payroll is probably considered minimal. However, with the rate increase it constitutes a huge increase. Little increases add up to a large increase. In a small business the impact is huge - felt faster and is more painful.                                                                                                                                                                                                                                                                                                                                                                              |
| 25 | 0.40%        | \$32        | 4.86%        | \$388.80    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 26 | 0.74%        | \$236.80    | 2.56%        | \$674.31    | This is for 4 employees. We have had 2 employees in 34 years collect benefits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 27 | 0.86%        |             | 5.40%        |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 28 | 1.26%        |             | 5.40%        |             | The effect on my small business is approx \$2,300 - I have on average 7 employees. This cost is incurred primarily during the 1st quarter and some in the second quarter of 2010. The question to the legislature - am I to absorb this cost completely, or am I to increase my fees to my customers and if so, by how much? Most businesses look at a return on sales, thus an increase in costs of \$2,000 would necessitate an increase in sales of \$2,222 to maintain a 10% profit. This will happen state wide and if business can not increase sales accordingly, they will fire personnel. Is this what Kansas wants to tell small business? |
| 29 | 0.92%        |             | 4.86%        |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 30 | 0.34%        |             | 4.86%        |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|    | 2009 UI Rate | Dollar Amt. | 2010 UI Rate | Dollar Amt. | Comments re Unemployment Comp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----|--------------|-------------|--------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31 | 1.32%        |             | 5.40%        |             | Review of new rates reveals surcharge for negative account balances remains constant with 2009 published rates. The range of increased rates from 5.6% - 7.4% of the first \$8,000.00 of wages remains unchanged from 2009. This seems patently unfair given rates are being increased at a rate in excess of 400% for Allen Press with an account balance in excess of \$432,000 even after depletion in 2009. The UI Trust Fund has had a strong balance in recent years, and I know that the balance has been almost entirely depleted. However, by my calculations Allen Press would need to replicate its 2009 depletion rate 7 years in succession to deplete its entire account balance in the UI trust even with the reduced contribution rates. I believe there is a remote possibility of that event. The increase to 5.4% will increase our contributions from approximately \$36,000 in 2009 to \$140,000 in 2010. It is clear to me that we will never access the \$432,252 account balance now in the UI Trust fund. It will be effectively transferred to other employers with negative balances. This is a transfer of wealth that moves away from a trust fund toward a social service program. |
| 32 | 2.34%        |             | 5.12%        |             | Sunflower Rents, Inc. in Topeka. This company has been in my family for almost 60 years. This year's SUTA increase for our company was substantial. It was 2.34 last year which was also an increase from the prior year, however, this year is 5.12. This more than doubles our expense. We have seen very few charges to our account and have, most fortunately, a very low turn over rate. We do understand the state's predicament, but feel that due to our decades of contributions and extremely low charges to our account, we are being punished for something we did nothing to create. We are struggling to survive in a failing economy and this is unwanted change is another hurdle that seems to get higher with every step.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



# **Jackson Farmers, Inc**

5<sup>th</sup> and Lowell  
Holton, Kansas 66436  
785-364-3161

## **Legislative Testimony**

**January 27, 2010**

### **Testimony Before Senate Commerce Committee**

**Darla Lanter, General Manager and President, Jackson Farmer's Inc.**

Thank you Chairwoman Wagle and members of the committee for the opportunity to voice my distress about my Unemployment Insurance tax rate. It is with the upmost concern that we are contacting you due to the change of our Kansas Unemployment Tax rate from .34% in 2009 to 4.86% in 2010.

Jackson Farmers, Inc. is an agricultural cooperative serving three counties in Northeastern Kansas. Our employee base is normally 40 employees within those three counties. The tax rate change will mean an additional company expense of approximately \$17,000 based on the 2009 salaries.

All businesses are being burdened with additional increases in employee taxes and benefits, due to higher taxes, health insurance, workmen's compensation and retirement plans. To date the additional cost to our company is expected to be approximately \$91,000 not including an expected increase in health insurance at mid-year.

The businesses of Kansas often have to look at salary cuts as a way of maintaining the balance of expenses to income, further driving up unemployment cost due to required lay-offs. It is our sincere hope that you will help to keep Kansas businesses from closing their doors due to over taxation and continued rising cost of employee benefits.

Thank you for your time in this matter.

**Natalie Bright**

---

**From:** Linda Miller [lmiller@flameengineering.com]  
**Sent:** Tuesday, January 26, 2010 8:28 AM  
**To:** natalie@brightcarpenter.com  
**Subject:** Unemployment Compensation

Natalie – Below is a comment from my CEO regarding the proposed plans regarding Unemployment Compensation. Thanks for your hard work and keeping us informed.

Linda Miller SPHR  
Western KS HRMA

January 26, 2010

**Re: Unemployment Compensation**

Flame Engineering, Inc. is a small manufacturing company in LaCrosse, KS with 29 employees. The company has prided itself on hiring employees with good work ethics, minimizing terminations and having a positive account balance in our compensation fund for over 15 years. The three proposals currently being considered by the Employment Security Advisory Council appears to penalized those business who have work every hard to maintain a strong workforce and keep unemployment in their company to a minimum.

I strongly advise the Senate Business and Labor Committee to consider the impact the proposed plan will have on businesses across the state and especially small businesses. It does not seem equitable to me that I should have the same pay rate as those businesses that have a negative balance. My unemployment rate for 2010 jumped from .34 to 1.28; that is almost four times what is was in 2009.

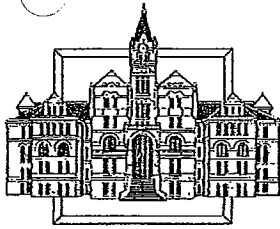
In addition to increase Unemployment tax, the Governor is considering rescinding sales tax exemptions on the purchase of manufacturing equipment and repairs to such equipment. The cost of providing health insurance for my employees jumped another 10% for 2010. The sales for my company dropped in 2009 17% from 2008. If Kansas law makers want to keep small businesses in Kansas, they need to find ways to help us stay in business, not add to our already increasing expenses.

Mike Pivonka CEO  
Flame Engineering, Inc.  
LaCrosse KS

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Flame Engineering, Inc., West Hwy 4, LaCrosse, KS, 67548  
[www.flameengineering.com](http://www.flameengineering.com)

1/26/2010

10-11



# FRIENDS UNIVERSITY

Date: January 26, 2010

To: Kansan Legislature

From: Kelley Williams  
Associate Vice President, Administration & Finance  
Friends University

RE: Unemployment Insurance Rate Increases

We received notice on approximately December 23, 2009 that our unemployment insurance rate would be increasing to 5.4% from 1.39%. This increase amounts to approximately an additional \$200,000 that we obviously did not budget for this fiscal year. To say we were shocked is an understatement. We have a positive account balance of \$677,379.10. We have not laid any employees off since 1992. With a positive account balance we obviously pay more in each year than is paid out.

Having to absorb this increase as a non-profit is difficult, especially in these times. We will not be able to fill any currently vacant positions, add new ones or even giving any salary increases to help our current employees with the inflationary increases. We are also looking at next year and assuming the rate will stay the same or increase, further impacting our ability to increase employment in the near future.

All of this seems incredibly unfair when the employers who continued to have negative balances and were laying-off massive amounts of employees actually are paying less now as their payrolls are smaller.

We did look into moving to a reimbursing employer but we would have had to decide 30 days prior to January 1, 2010 and we didn't even receive the notice until December 23, 2009. Additionally, that choice would have us losing our account balance, having to post a 5.4% bond locked up for six years, and losing the ability to mitigate our costs if employees left us for another employers and ended up unemployed seeking unemployment assistance.

This large impact to us and other non-profits is simply difficult to incorporate into our budgets when our ability to increase revenue is at an all time low. We ask for your help.

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**From:** Troy Deaton [mailto:troy@westwindwood.net]  
**Sent:** Tuesday, January 26, 2010 9:33 AM  
**To:** 'natalie@brightcaprenter.com'  
**Subject:** Workman Comp Concerns

Natalie,

I received the email concerning the Unemployment Compensation increases for 2010. Needless to say we were sufficiently surprised to see a hike from 2.4% to 5.4% for the year, especially after we haven't used it significantly over the last several years. We try and have tried to hire in such a way that our exposure to unemployment is lower. We have continually strived to provide good solid jobs to the community and have been rather successful in doing that. Even throughout this downturn in the economy, we have not laid anyone off to date. Lord willing, this trend will continue and right now we are actually hiring again.

The problem in the rate of the hike and how we spread out the hit. We have some employees in other states, and we have seen some increases there, but not nearly as high. We also understand that due to the increased volume of claims that the pool is going to be depleted quickly due to poor forecasting on the governments part again. The question is, Why must small business fund the lack of planning, especially the positively balanced employers. We didn't get into this over night and we are not going to get out of it over night. If we have to have increases, then let's figure out how to balance it out so that we don't cripple our businesses. We figure that with our increases, on a typical payroll, that it will increase our taxes \$1000-1200.

In conclusion, I feel that it is imperative that we get on this and put together a long range plan that works for all and especially works for the part of America that funds all of the government activities; **SMALL BUSINESS.**

Thanks for your consideration,

Troy Deaton  
Westwind Wood Specialties, Inc  
Quinter, KS 67752  
Phone: 785-754-2275  
Fax: 785-754-3955  
Email: [troy@westwindwood.net](mailto:troy@westwindwood.net)

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10-13

# **HME, Inc. HAAS METAL ENGINEERING**

2828 NW Button Rd. – Topeka, KS 66618 – (785) 235-1524 – Fax (785) 235-3167 – hme@hmeinc.net

January 26, 2010

Senate Business & Labor Committee

**SUBJECT: UNEMPLOYMENT RATE INCREASE**

Ladies & Gentlemen:

HME, Inc. received a 117% unemployment rate increase for 2010. During this last fiscal year HME, Inc. only had \$145.51 in benefits charged to its unemployment account and the account balance at June 30, 2009 was approximately \$96,500. We estimate that at the end of the next fiscal year our account balance will continue to grow because our employee turnover is minimal and we haven't been forced to layoff.

During this current tough economic time, we have been doing everything that we can in order to ensure our employees have a place to work. Competition in our business is becoming increasingly intense and the profitability and amount of work we are getting is continuing to decrease. This coupled with a tax rate increase which will result in HME paying an additional \$23,360 in state unemployment taxes will make it even more difficult to remain profitable. Our profitability ultimately ensures that our current work force remains employed in the future. In light of the tough financial situations facing business and individuals, additional tax burdens should be kept to a minimum in order to see people through the tough financial period. We are in hopes that the recent increase in Unemployment Taxes is reconsidered and that we are able to maintain our current workforce in the future.

Sincerely,

Angela Steinbock  
Human Resources Manager



January 26, 2010

Senate Business and Labor Committee  
c/o  
Natalie Bright  
815 S.W. Topeka Blvd., Ste. 2C  
Topeka, KS 66612

Dear Natalie:

Valeo Behavioral Health Care, Inc. is one of 27 licensed Community Mental Health Centers (CMHCs) in Kansas who provide home and community-based, as well as outpatient mental health services in all 105 counties in Kansas, with help available via phone 24-hours a day, seven days a week. In Kansas, CMHCs are the local Mental Health Authorities coordinating the delivery of publicly funded community-based mental health services. The CMHC system is state and county funded and locally administered. Consequently, service delivery decisions are made at the community level, closest to the residents that require mental health treatment. Together, this system of 27 licensed CMHCs form an integral part of the total mental health system in Kansas. As part of licensing regulations, CMHCs are required to provide services to all Kansans needing them, regardless of their ability to pay. This makes the community mental health system the "safety net" for Kansans with mental health needs, annually serving over 125,000 Kansans with mental illness.

It is important to note that one in four adults—approximately 57.7 million Americans—experience a mental health disorder in a given year.<sup>i</sup> Five of the top ten leading causes of disability worldwide are mental disorders—such as depression, schizophrenia, bipolar disorders, alcohol use and obsessive compulsive disorders.<sup>ii</sup> Of the non-communicable diseases, neuropsychiatric disorders (which include mental illness and substance use disorders) contribute the most to disease burden worldwide - more than heart disease and cancer.<sup>iii</sup>

○ 5401 SW Seventh \* Topeka, Kansas 66606  
Phone 785/273-2252 \* Fax 785/273-2736

○ 330 SW Oakley \* Topeka, Kansas 66606  
Phone 785/233-1730 \* Fax 785/233-0085

24 HOUR CRISIS LINE  
234-3300

○ 2401 SW Sixth \* Topeka, Kansas 66606  
Phone 785/357-0580 \* Fax 785/233-1450

○ 2010 NW Logan \* Topeka, Kansas 66608  
Phone 785/357-1183 \* Fax 785/357-5170



## Behavioral Health Care

Based on severe cuts in State Grant funds and the 10% decrease in Medicaid cuts, Valeo's anticipated loss in funding for 2010 is currently estimated to be \$1.2 million.

Valeo Behavioral Health Care, Inc. was recently notified that its 2010 Unemployment Insurance Contribution Rate increased from 1.55% to 5.40% from 2009 to 2010. This is a projected increase of approximately \$96,000 per year. There were several contributing factors resulting in Valeo's substantial rate increase. Total unemployment claims increased in 2009. In addition, Valeo's payroll has gradually decreased over the last three years. However, according to conversations held with the Kansas Department of Labor, the majority of Valeo's rate increase was due to legislative changes effective January 1<sup>st</sup>, 2010.

Based on this increase, we will be forced to reduce services to individuals in need throughout the Shawnee County community. We will also be forced to evaluate other options, including self-insurance of our unemployment taxes.

Thank you for your attention to this matter. Please feel free to contact me with any questions or concerns.

Sincerely,

Angie Haggard

Chief Financial Officer

Valeo Behavioral Health Care, Inc.

Phone (785) 228-3077

e-mail: [angieh@valeotopeka.org](mailto:angieh@valeotopeka.org)

<sup>1</sup>U.S. Department of Health and Human Services. *Mental Health: A Report of the Surgeon General*. Rockville, MD: U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Center for Mental Health Services, 1999, pp. 408, 409, 411.

<sup>2</sup> *Regional Strategy for Mental Health*, World Health Organization Western Pacific Region, 7 August 2001; Read at <http://www.wpro.who.int/NR/rdonlyres/02A21D66-3336-4C76-8D59-6ADA8B53D208/0/RC5214.pdf> on 2-2-09.

<sup>3</sup> Prince, M., Patel, V., Saxena, S., Maj, M., Maselko, J., Phillips, M., et al. (2007). No health without mental health. *Lancet*, 370, 859-877.

○ 5401 SW Seventh \* Topeka, Kansas 66606  
Phone 785/273-2252 \* Fax 785/273-2736

○ 330 SW Oakley \* Topeka, Kansas 66606  
Phone 785/233-1730 \* Fax 785/233-0085

24 HOUR CRISIS LINE  
234-3360

○ 2401 SW Sixth \* Topeka, Kansas 66606  
Phone 785/357-0580 \* Fax 785/233-1450

○ 2010 NW Logan \* Topeka, Kansas 66608  
Phone 785/357-1183 \* Fax 785/357-5170

**Natalie Bright**

---

**From:** Marcia Dechand [mdechand@tarcinc.org]  
**Sent:** Tuesday, January 26, 2010 2:15 PM  
**To:** Natalie@brightcarpenter.com  
**Subject:** 2010 Employer Unemployment Rate Increase

**Natalie:**

I am a current member of the Topeka Chapter of SHRM as well as a national SHRM member and received the email today regarding the 2010 employer unemployment rate increase and request for written comments.

Our TARC unemployment tax rate increased from 1.26% in 2009 to 3.58% in 2010 - this after paying a voluntary contribution of \$7,329.00 to reduce the rate from 4.86% originally.

Historically, we have always maintained a positive account balance and in 2007 and 2008 received very favorable rates. Understanding that rates do increase and with the state of the economy, we did budget for an increase, however nowhere near to this extreme.

In 2010, we had to make a budget adjustment of approximately \$35,000 for this increase in our rate. In a year where social services has already taken a hit with funding, this came as an additional blow. This figure represents to TARC a staff position or two (depending on the position) which will now be left unfilled or eliminated.

Continuing to raise our unemployment tax rate will force us to continue to look at our staffing and cut back accordingly as we have exhausted all other means to absorb our reductions in funding and increases in business expenses.

Thank you very much for your support.

Marcia

---

**Marcia E. Dechand**

Human Resources/Community Outreach Director

mdechand@tarcinc.org

TARC, 2701 SW Randolph Ave, Topeka KS 66611

785-232-0597 785-232-3770 (FAX)

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1/26/2010

10-17





*"Our Quality Reflects a Heritage  
of Providing Timely Solutions  
for Complex Opportunities Through  
Continuous Improvement"*

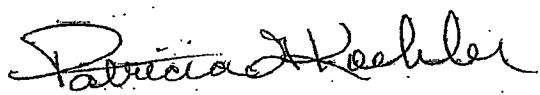
2237 S. West Ct. • Wichita, Kansas 67213-1100  
(316) 263-1318 • Fax (316) 263-0123

January 26, 2010

Competition is fierce. We not only have to compete in the State of Kansas but across the nation. The formula is simple, put out the highest quality product possible at the lowest cost. We fight daily to cut costs. This is especially true today. We have to pass our cost on to our customers and this is no different when our taxes are raised. But in a manufacturing environment, if we don't win work, we can't keep our doors open and that many more people become unemployed.

Are unemployment taxes necessary? Of course they are. Can we expect rates to go up? Sure. But not to the extent they are and not to the detriment of our company. We, on a company level, have made changes so that we all participate in this economic downturn. We've had to cut our employees hours. Some have taken a 20% cut in their wages to help out. All this may be for not because we can't pass any more costs to our customers. Now is not the time to raise taxes on businesses.

  
Tom McGaffin  
Controller

  
Patricia G. Koehler  
President

Custom Fabrication • Computer Integrated Manufacturing • Robotic Welding  
*An Equal Opportunity Employer*

10-18

10-19

**EAGLE COMMUNICATIONS, INC.**  
**SUTA RATE INCREASE COMPARISON 2009-2010**  
 January 22, 2010

|           | KANSAS                |    | Base Rate at \$8,000.00     |    | Base Rate at \$8,000.00 |  |
|-----------|-----------------------|----|-----------------------------|----|-------------------------|--|
|           | COMPUTED TAXABLE WAGE |    | CURRENT TAXABLE RATE 1.090% |    | 2010 TAXABLE RATE 5.12% |  |
| 1Q ACTUAL | \$ 1,164,053.86       | \$ | 12,688.19                   | \$ | 59,599.56               |  |
| 2Q ACTUAL | \$ 166,623.27         | \$ | 1,816.19                    | \$ | 8,531.11                |  |
| 3Q ACTUAL | \$ 53,250.93          | \$ | 580.44                      | \$ | 2,726.45                |  |
| 4Q ACTUAL | \$ 32,052.75          | \$ | 349.37                      | \$ | 1,641.10                |  |
|           | \$ 1,415,980.81       | \$ | 15,434.19                   | \$ | 72,498.22               |  |

|           | NEBRASKA              |    | Base Rate at \$9000.00    |    | Base Rate at \$9000.00  |  |
|-----------|-----------------------|----|---------------------------|----|-------------------------|--|
|           | COMPUTED TAXABLE WAGE |    | CURRENT TAXABLE RATE .50% |    | 2010 TAXABLE RATE 1.50% |  |
| 1Q ACTUAL | \$ 181,816.01         | \$ | 909.08                    | \$ | 2,727.24                |  |
| 2Q ACTUAL | \$ 43,715.23          | \$ | 218.58                    | \$ | 655.73                  |  |
| 3Q ACTUAL | \$ 18,280.84          | \$ | 91.40                     | \$ | 274.21                  |  |
| 4Q ACTUAL | \$ 22,826.67          | \$ | 114.13                    | \$ | 342.40                  |  |
|           | \$ 266,638.75         | \$ | 1,333.19                  | \$ | 3,999.58                |  |

|           | MISSOURI              |    | Base Rate at \$12500.00   |    | Base Rate at \$13000.00 |  |
|-----------|-----------------------|----|---------------------------|----|-------------------------|--|
|           | COMPUTED TAXABLE WAGE |    | CURRENT TAXABLE RATE .99% |    | 2010 TAXABLE RATE .47%  |  |
| 1Q ACTUAL | \$ 297,086.72         | \$ | 2,941.16                  | \$ | 1,396.31                |  |
| 2Q ACTUAL | \$ 104,717.67         | \$ | 1,036.70                  | \$ | 492.17                  |  |
| 3Q ACTUAL | \$ 15,481.74          | \$ | 153.27                    | \$ | 72.76                   |  |
| 4Q ACTUAL | \$ 13,664.72          | \$ | 135.28                    | \$ | 64.22                   |  |
|           | \$ 430,950.85         | \$ | 4,266.41                  | \$ | 2,025.47                |  |

**TESTIMONY ON UNEMPLOYMENT INSURANCE RATES  
SENATE BUSINESS & LABOR COMMITTEE**

**By Kenneth Daniel**

**January 27, 2010**

*Kenneth L. Daniel is an unpaid volunteer lobbyist who advocates for Kansas small businesses. He is the Governmental Affairs Director of the Topeka Independent Business Association. He is publisher of KsSmallBiz.com, a small business e-newsletter and website. He is C.E.O. of Midway Wholesale, a business he founded in 1970.*

Madame Chairwoman and Members of the Committee:

Attached is Midway Wholesale's 2010 Unemployment rating notice. In spite of the fact we only had \$814 in benefits charged to our account for 2009, our costs will jump from \$24,265 for 2009 to an estimated \$60,000 for 2010.

**HISTORY OF MIDWAY'S UNEMPLOYMENT CONTRIBUTIONS**

|                  | Rate<br>Group | Contrib.<br>Rate | Contrib.<br>Paid | Benefits<br>Charged |
|------------------|---------------|------------------|------------------|---------------------|
| Through FY2003   |               |                  | 106740           | 41349               |
| FY2004           | 29            | 3.36             | 24120            | 16547               |
| FY2005           | 32            | 4.07             | 35669            | 6013                |
| FY2006           | 19            | 2.04%            | 24557            | 6341                |
| FY2007 Revised   | 23            | 1.08%            | 14403            | 0                   |
| FY2008           | 27            | 1.40%            | 14572            | 11803               |
| FY2009           | 33            | 2.20%            | 24266            | <u>814</u>          |
| FY2010 Estimated | 24            | 5.40%            | <u>60208</u>     | -                   |
| <b>TOTALS</b>    |               |                  | <b>304535</b>    | <b>82867</b>        |

Also attached, for your information, is a spreadsheet showing the increases by group for 2010 compared to 2009, and the undiscounted statutory rates by group for the three years prior to that, ignoring any discounts during that time frame.

**MY OBSERVATIONS: THE STATUTORY RATINGS ARE DEEPLY FLAWED, AND HAVE BEEN FOR MANY YEARS. ONLY THE FACTS THAT WE HAD NOT HAD HIGH UNEMPLOYMENT AND THAT ONLY A FEW EMPLOYERS WERE AFFECTED DURING A GIVEN YEAR KEPT US FROM HAVING TO ADDRESS THIS BEFORE NOW.**

# KANSAS

DEPARTMENT OF LABOR

1 S.W. Topeka Boulevard  
Topeka, Kansas 66603-3182

## 2010 EXPERIENCE RATING NOTICE

DATE MAILED: 12-16-2009

ACCOUNT NO.: 112997

202  
MIDWAY SALES-DISTRIBUTING INC  
PO BOX 1246  
TOPEKA KS 66601-1246

2010 TAXABLE  
WAGE BASE: 8,000.00

|                                        | CONTRIBUTIONS PAID | BENEFITS CHARGED                              | TAXABLE PAYROLL                                        |
|----------------------------------------|--------------------|-----------------------------------------------|--------------------------------------------------------|
| PRIOR YEARS<br>THRU JUNE 30, 2008      | 220,061.92         | 82,053.74                                     | 2006 1,086,797.17                                      |
| FOR FISCAL YEAR<br>ENDED JUNE 30, 2009 | 24,265.86          | 814.00                                        | 2007 1,115,473.37                                      |
| TOTALS                                 | <u>244,327.78</u>  | <u>82,867.74</u>                              | 2008 1,142,629.90                                      |
|                                        |                    |                                               | <b>TOTAL 3,344,900.44</b>                              |
| ACCOUNT BALANCE IS:                    | 161,460.04         | (Contributions Paid<br>Less Benefits Charged) | Average of Taxable<br>Payrolls Shown is → 1,114,966.81 |

### RATE COMPUTATION

|                 |   |                                   |   |                  |               |
|-----------------|---|-----------------------------------|---|------------------|---------------|
| ACCOUNT BALANCE | ÷ | AVERAGE ANNUAL<br>TAXABLE PAYROLL | = | RESERVE<br>RATIO | RATE<br>GROUP |
| 161,460.        |   | 1,114,966.                        |   | 14.481           | 24            |

|                               |           |
|-------------------------------|-----------|
| YOUR CONTRIBUTION<br>RATE FOR |           |
| 2010                          | IS 5.40 % |

IF YOU HAVE ANY QUESTIONS REGARDING YOUR 2010 CONTRIBUTION RATE COMPUTATION SHOWN ABOVE or the VOLUNTARY CONTRIBUTION COMPUTATION SHOWN BELOW, CONTACT: NICI TEBBUTT PHONE: 785-296-5031

If you desire to make a voluntary contribution to reduce your tax rate, cut off this portion and return it with your remittance

### VOLUNTARY CONTRIBUTION COMPUTATION

| OPTION      | Lower Reserve Ratio is | Average Annual Taxable Payroll | Account Balance Required to Lower Rate | Present Account Balance | Amount of Voluntary Contribution Required to Lower Tax Rate | If you select this option your New Rate is: |
|-------------|------------------------|--------------------------------|----------------------------------------|-------------------------|-------------------------------------------------------------|---------------------------------------------|
| OPTION I:   | .14662                 | 1,114,966.                     | 163,477.                               | 161,460.                | 2,017.                                                      | 5.40 %                                      |
|             | FOR RATE GROUP 23      |                                |                                        |                         |                                                             |                                             |
| OPTION II:  | .14930                 | 1,114,966.                     | 166,465.                               | 161,460.                | 5,005.                                                      | 5.38 %                                      |
|             | FOR RATE GROUP 22      |                                |                                        |                         |                                                             |                                             |
| OPTION III: | .15113                 | 1,114,966.                     | 168,505.                               | 161,460.                | 7,045.                                                      | 5.12 %                                      |
|             | FOR RATE GROUP 21      |                                |                                        |                         |                                                             |                                             |
| OPTION IV:  | .15343                 | 1,114,966.                     | 171,070.                               | 161,460.                | 9,610.                                                      | 4.86 %                                      |
|             | FOR RATE GROUP 20      |                                |                                        |                         |                                                             |                                             |
| OPTION V:   | .15584                 | 1,114,966.                     | 173,757.                               | 161,460.                | 12,297.                                                     | 4.61 %                                      |
|             | FOR RATE GROUP 19      |                                |                                        |                         |                                                             |                                             |

ACCOUNT NO. 112997 FILL IN YOUR OPTION AND AMOUNT OF PAYMENT: OPTION \_\_\_\_\_ \$ \_\_\_\_\_  
Your voluntary contribution must be postmarked by: 01-15-2010

OVER  
APPEAL RIGHTS

10.21

**U.I. Rates for all groups -- 2010 compared to 2009**

| Group | 2009 | 2010 | Increase | % Increase |
|-------|------|------|----------|------------|
| 1     | 0.00 | 0.16 | 0.16     | #DIV/0!    |
| 2     | 0.00 | 0.26 | 0.26     | #DIV/0!    |
| 3     | 0.00 | 0.51 | 0.51     | #DIV/0!    |
| 4     | 0.00 | 0.77 | 0.77     | #DIV/0!    |
| 5     | 0.00 | 1.02 | 1.02     | #DIV/0!    |
| 6     | 0.28 | 1.28 | 1.00     | 357%       |
| 7     | 0.34 | 1.54 | 1.20     | 353%       |
| 8     | 0.40 | 1.79 | 1.39     | 348%       |
| 9     | 0.46 | 2.05 | 1.59     | 346%       |
| 10    | 0.51 | 2.30 | 1.79     | 351%       |
| 11    | 0.57 | 2.56 | 1.99     | 349%       |
| 12    | 0.63 | 2.82 | 2.19     | 348%       |
| 13    | 0.69 | 3.07 | 2.38     | 345%       |
| 14    | 0.74 | 3.33 | 2.59     | 350%       |
| 15    | 0.80 | 3.58 | 2.78     | 348%       |
| 16    | 0.86 | 3.84 | 2.98     | 347%       |
| 17    | 0.92 | 4.10 | 3.18     | 346%       |
| 18    | 0.97 | 4.35 | 3.38     | 348%       |
| 19    | 1.03 | 4.61 | 3.58     | 348%       |
| 20    | 1.09 | 4.86 | 3.77     | 346%       |
| 21    | 1.15 | 5.12 | 3.97     | 345%       |
| 22    | 1.20 | 5.38 | 4.18     | 348%       |
| 23    | 1.26 | 5.40 | 4.14     | 329%       |
| 24    | 1.32 | 5.40 | 4.08     | 309%       |
| 25    | 1.37 | 5.40 | 4.03     | 294%       |
| 26    | 1.43 | 5.40 | 3.97     | 278%       |
| 27    | 1.49 | 5.40 | 3.91     | 262%       |
| 28    | 1.55 | 5.40 | 3.85     | 248%       |
| 29    | 1.87 | 5.40 | 3.53     | 189%       |
| 30    | 1.87 | 5.40 | 3.53     | 189%       |
| 31    | 2.06 | 5.40 | 3.34     | 162%       |
| 32    | 2.14 | 5.40 | 3.26     | 152%       |
| 33    | 2.20 | 5.40 | 3.20     | 145%       |
| 34    | 2.27 | 5.40 | 3.13     | 138%       |
| 35    | 2.34 | 5.40 | 3.06     | 131%       |
| 36    | 2.41 | 5.40 | 2.99     | 124%       |
| 37    | 2.48 | 5.40 | 2.92     | 118%       |
| 38    | 2.55 | 5.40 | 2.85     | 112%       |
| 39    | 2.62 | 5.40 | 2.78     | 106%       |
| 40    | 2.69 | 5.40 | 2.71     | 101%       |
| 41    | 2.75 | 5.40 | 2.65     | 96%        |
| 42    | 2.83 | 5.40 | 2.57     | 91%        |
| 43    | 2.89 | 5.40 | 2.51     | 87%        |
| 44    | 2.96 | 5.40 | 2.44     | 82%        |
| 45    | 3.03 | 5.40 | 2.37     | 78%        |
| 46    | 3.10 | 5.40 | 2.30     | 74%        |

|    |      |      |      |     |
|----|------|------|------|-----|
| 47 | 3.17 | 5.40 | 2.23 | 70% |
| 48 | 3.23 | 5.40 | 2.17 | 67% |
| 49 | 3.24 | 5.40 | 2.16 | 67% |
| 50 | 3.24 | 5.40 | 2.16 | 67% |
| 51 | 3.24 | 5.40 | 2.16 | 67% |

**Negative Balance Employers -- Not paying in enough to cover**

|                        |      |      |      |    |
|------------------------|------|------|------|----|
| Up to 2% Short         | 5.60 | 5.60 | 0.00 | 0% |
| Up to 4% Short         | 5.80 | 5.80 | 0.00 | 0% |
| Up to 6% Short         | 6.00 | 6.00 | 0.00 | 0% |
| Up to 8% Short         | 6.20 | 6.20 | 0.00 | 0% |
| Up to 10% Short        | 6.40 | 6.40 | 0.00 | 0% |
| Up to 12% Short        | 6.60 | 6.60 | 0.00 | 0% |
| Up to 14% Short        | 6.80 | 6.80 | 0.00 | 0% |
| Up to 16% Short        | 7.00 | 7.00 | 0.00 | 0% |
| Up to 18% Short        | 7.20 | 7.20 | 0.00 | 0% |
| Up to 20% Short        | 7.40 | 7.40 | 0.00 | 0% |
| <b>Above 20% Short</b> | 7.40 | 7.40 | 0.00 | 0% |

| Group | 2010 | 2009        | 2008 | 2007 |
|-------|------|-------------|------|------|
| 1     | 0.16 | 0.07        | 0.07 | 0.06 |
| 2     | 0.26 | 0.11        | 0.11 | 0.10 |
| 3     | 0.51 | 0.23        | 0.22 | 0.19 |
| 4     | 0.77 | 0.34        | 0.32 | 0.29 |
| 5     | 1.02 | 0.46        | 0.43 | 0.38 |
| 6     | 1.28 | 0.57        | 0.54 | 0.48 |
| 7     | 1.54 | 0.69        | 0.65 | 0.58 |
| 8     | 1.79 | 0.80        | 0.75 | 0.67 |
| 9     | 2.05 | 0.92        | 0.86 | 0.77 |
| 10    | 2.30 | 1.03        | 0.97 | 0.87 |
| 11    | 2.56 | 1.15        | 1.08 | 0.96 |
| 12    | 2.82 | 1.26        | 1.18 | 1.06 |
| 13    | 3.07 | 1.38        | 1.29 | 1.15 |
| 14    | 3.33 | 1.49        | 1.40 | 1.25 |
| 15    | 3.58 | 1.61        | 1.51 | 1.35 |
| 16    | 3.84 | 1.72        | 1.61 | 1.44 |
| 17    | 4.10 | 1.84        | 1.72 | 1.54 |
| 18    | 4.35 | 1.95        | 1.83 | 1.64 |
| 19    | 4.61 | 2.07        | 1.94 | 1.73 |
| 20    | 4.86 | 2.18        | 2.04 | 1.83 |
| 21    | 5.12 | 2.30        | 2.15 | 1.92 |
| 22    | 5.38 | 2.41        | 2.26 | 2.02 |
| 23    | 5.40 | 2.52        | 2.37 | 2.12 |
| 24    | 5.40 | 2.64        | 2.47 | 2.21 |
| 25    | 5.40 | 2.75        | 2.58 | 2.31 |
| 26    | 5.40 | 2.87        | 2.69 | 2.41 |
| 27    | 5.40 | 2.98        | 2.80 | 2.50 |
| 28    | 5.40 | 3.10        | 2.91 | 2.60 |
| 29    | 5.40 | <b>3.11</b> | 3.01 | 2.69 |
| 30    | 5.40 | 3.12        | 3.12 | 2.79 |
| 31    | 5.40 | 3.40        | 3.23 | 2.89 |
| 32    | 5.40 | 3.56        | 3.34 | 2.98 |
| 33    | 5.40 | 3.67        | 3.44 | 3.08 |
| 34    | 5.40 | 3.79        | 3.55 | 3.18 |
| 35    | 5.40 | 3.90        | 3.66 | 3.27 |
| 36    | 5.40 | 4.02        | 3.77 | 3.37 |
| 37    | 5.40 | 4.13        | 3.87 | 3.46 |
| 38    | 5.40 | 4.25        | 3.98 | 3.56 |
| 39    | 5.40 | 4.36        | 4.09 | 3.66 |
| 40    | 5.40 | 4.48        | 4.20 | 3.75 |
| 41    | 5.40 | 4.59        | 4.30 | 3.85 |
| 42    | 5.40 | 4.71        | 4.41 | 3.95 |
| 43    | 5.40 | 4.82        | 4.52 | 4.04 |
| 44    | 5.40 | 4.93        | 4.63 | 4.14 |
| 45    | 5.40 | 5.05        | 4.73 | 4.23 |
| 46    | 5.40 | 5.16        | 4.84 | 4.33 |
| 47    | 5.40 | 5.28        | 4.95 | 4.43 |
| 48    | 5.40 | 5.39        | 5.06 | 4.52 |

|    |      |      |      |      |
|----|------|------|------|------|
| 49 | 5.40 | 5.40 | 5.16 | 4.62 |
| 50 | 5.40 | 5.40 | 5.27 | 4.72 |
| 51 | 5.40 | 5.40 | 5.38 | 4.81 |

**Negative Balance Employers -- Not paying in enou**

|                  |      |      |      |      |
|------------------|------|------|------|------|
| Up to 2% St      | 5.60 | 5.60 | 5.60 | 5.60 |
| UP to 4% St      | 5.80 | 5.80 | 5.80 | 5.80 |
| Up to 6% St      | 6.00 | 6.00 | 6.00 | 6.00 |
| Up to 8% St      | 6.20 | 6.20 | 6.20 | 6.20 |
| Up to 10% S      | 6.40 | 6.40 | 6.40 | 6.40 |
| Up to 12% S      | 6.60 | 6.60 | 6.60 | 6.60 |
| Up to 14% S      | 6.80 | 6.80 | 6.80 | 6.80 |
| Up to 16% S      | 7.00 | 7.00 | 7.00 | 7.00 |
| Up to 18% S      | 7.20 | 7.20 | 7.20 | 7.20 |
| Up to 20% S      | 7.40 | 7.40 | 7.40 | 7.40 |
| <b>Above 20'</b> | 7.40 | 7.40 | 7.40 | 7.40 |

10-25