

A NEW DAY... A BETTER WAY... FOR STATE EMPLOYEES

To: Members of the Kansas Senate Commerce Committee

Sen. Wagle

From: Michelle Walters, President
Kansas Organization of State Employees

Re: House Bill 2638; re: Employment Security Law

Date: March 6, 2012

Please allow me to apologize for not getting the attached testimony to the Committee secretary in time for it to be considered during the Committee's hearing on House Bill 2638.

The Kansas Organization of State Employees feel the changes reflected in House Bill 2638 are to important to not go ahead and forward you the concerns set forth in our testimony. I hope you will give thoughtful consideration to the ramifications this legislation will have on Kansas workers and the future solvency of the UI Trust Fund when/if you work the bill in committee.

If you should have any questions, please feel free to call me at the number below.

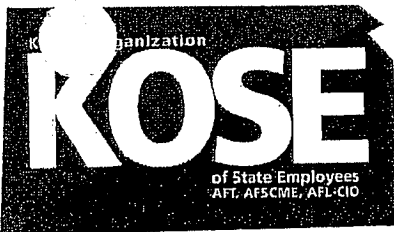
Thank you.

Michelle Walters

Senate Commerce Committee

Date: March 7, 2012

Attachment 4



A NEW DAY... A BETTER WAY... FOR STATE EMPLOYEES

TESTIMONY ON HB 2638
Submitted by Michelle Walters
President, Kansas Organization of State Employees
Senate Commerce Committee
March 6, 2012

Chairwoman Wagle and members of the Committee:

My name is Michelle Walters and I am President of the Kansas Organization of State Employees (KOSE). I want to thank you for the opportunity to submit this testimony on behalf of KOSE.

The Kansas Organization of State Employees **OPPOSES** House Bill 2638 because of its fundamental unfairness. In short, the bill reduces benefits to unemployed Kansans while also reducing employer contributions to the Unemployment Insurance Trust Fund.

Currently, the State owes roughly \$100 million dollars in loans to the Federal UI Trust Fund. Furthermore, according to the Kansas Department of Labor's Division of Labor Market Information Services, the balance of the Trust Fund, as of February 25, was \$2.4 million. Based on these figures, it is hard to see the fiscal responsibility in this bill. The appropriate time to discuss lowering UI contributions is after a healthy reserve is built up in the Trust Fund, not when it is millions in debt. I know some will argue that we must lower the UI rate on new businesses. However, I would submit that the UI rate is not the determining factor for that prospective employer thinking of starting a business.

More concerning than the mis-guided fiscal policy this bill represents, is the attempt to reduce benefits to workers. I will remind the committee that accrued sick or annual leave is considered to be wages. Thus workers who are paid these wages when they separate from employment should not be penalized when their unemployment compensation is calculated. These wages are not a bonus that should somehow be considered as merely disposable income and a legitimate reason to delay unemployment benefits. When workers experience unemployment they're weekly or monthly obligations do not stop. Unemployed workers put every dollar they have back into the economy while they are looking for a new job. Also, by reducing the benefit period you simply increase the likelihood that the unemployed will need to access public assistance services, because their UI benefits have been cut.

Finally, we feel the Employment Security Advisory Council has in the past offered thoughtful consideration and guidance on changes to the Employment Security Law and should remain in statute. We understand the Secretary of Labor can always ignore any recommendations. However, there may once again be a time when having business, labor and the public at-large work together on these issues is as good idea. For this reason, we ask that you keep the Council intact.

The changes outlined in House Bill 2638 are fundamentally unfair. We urge you the Committee to take no further action on this bill.

