



# Kansas Nonprofit Centre

Elevating Leadership...  
Impacting Communities

House Committee on Commerce, Labor and Economic Development  
Written Testimony in Strong Support of  
Kansas HB 2196 (2021)  
By Stephanie Flaming, CEO  
February 8, 2021

Chairman Tarwater and Honorable Committee Members,

Thank you for the opportunity to submit this written testimony to you in support of HB 2196. The Kansas Nonprofit Centre, Inc., a state association of nonprofits, represents all nonprofits statewide by leading, serving, and strengthening the capacity of Kansas' nonprofits. We envision the nonprofit sector to be an effective, vibrant and innovative community that inspires trust and improves the quality of life in our state.

HB 2196 provides protections for both reimbursing and contributing employers by holding harmless all employers for any unemployment claims and freezing automatic rate increases for contributing employers. The bill is retroactive to the start of the pandemic and provides coverage through the end of the year. These provisions are a lifeline for nonprofit employers who have been forced to greatly reduce services, cut staff and operations, or completely shut down with no warning through no fault of their own. Due to the pandemic, economic recession, and forced closures, charitable nonprofits are now facing skyrocketing unemployment benefit charges, taking precious dollars away from their charitable missions.

Prior to the pandemic, nonprofits made up 8 percent of private employment in the state and employed more than 93,000 individuals. Federal and state laws give nonprofits the option of operating as reimbursing employers that make payments to the Kansas unemployment systems for benefits attributable to them in lieu of advance contributions. Many nonprofits in the Kansas have chosen this option. The reimbursing (sometimes called "self-insured") system allows for better risk-benefit determinations, protections for different sizes and types of nonprofits, and proper financial planning as nonprofits often have lower turnover rates than other employers. The remaining nonprofit employers that do not opt to be reimbursing employers are contributing employers that pay into the state unemployment system.

The Kansas Department of Labor normally sends bills to reimbursing employers on a quarterly basis that cover the amount of claims paid to laid off and furloughed employees. The KDOL website explains the process for employers using the "reimbursing method": "the employer reports total wages paid each employee each quarter, but pays no tax at the time. Instead, this option requires the employer to reimburse the fund 100 percent for any benefits paid to their former employees. If there were no benefits paid, nothing will be due..."

In Kansas, nonprofits and other employers that elect the reimbursing method are locked into that method for four years, and then can only change to the contributing method during a 30-day opt-in period each year. The Department website further informs that all reimbursing employers, including nonprofits, are required to obtain a surety bond or post a surety deposit with the KDOL or to purchase and deliver to an escrow agent a certificate of deposit in the amount of 5.4 percent of the organization's taxable wages (or estimated amount of taxable wages) paid during the one-year period immediately preceding the date of election.

The Kansas Nonprofit Centre, Inc. urges this committee to pass HB 2196 and provide valuable benefits to charitable nonprofits employers in the state.

Thank you,

Stephanie Flaming  
CEO - Kansas Nonprofit Centre, Inc.

Sue Ann Spencer  
Kanas Nonprofit Center, Inc. Board President