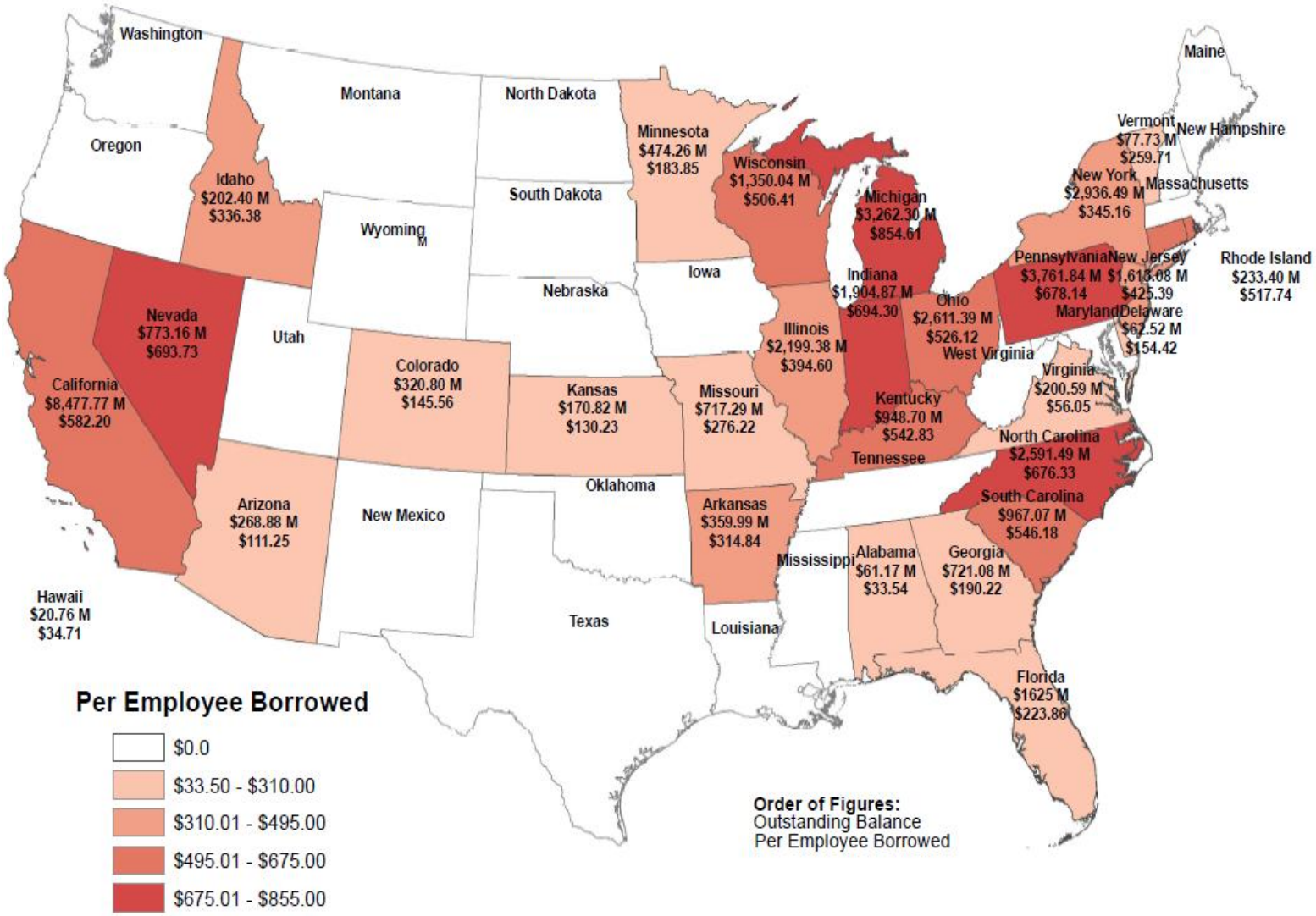
UI Trust Fund Solvency Kansas

Let's Talk UI: Legislators Address Trust Fund Solvency

Presenter : Lana Gordon
Kansas State Representative for the 52nd District

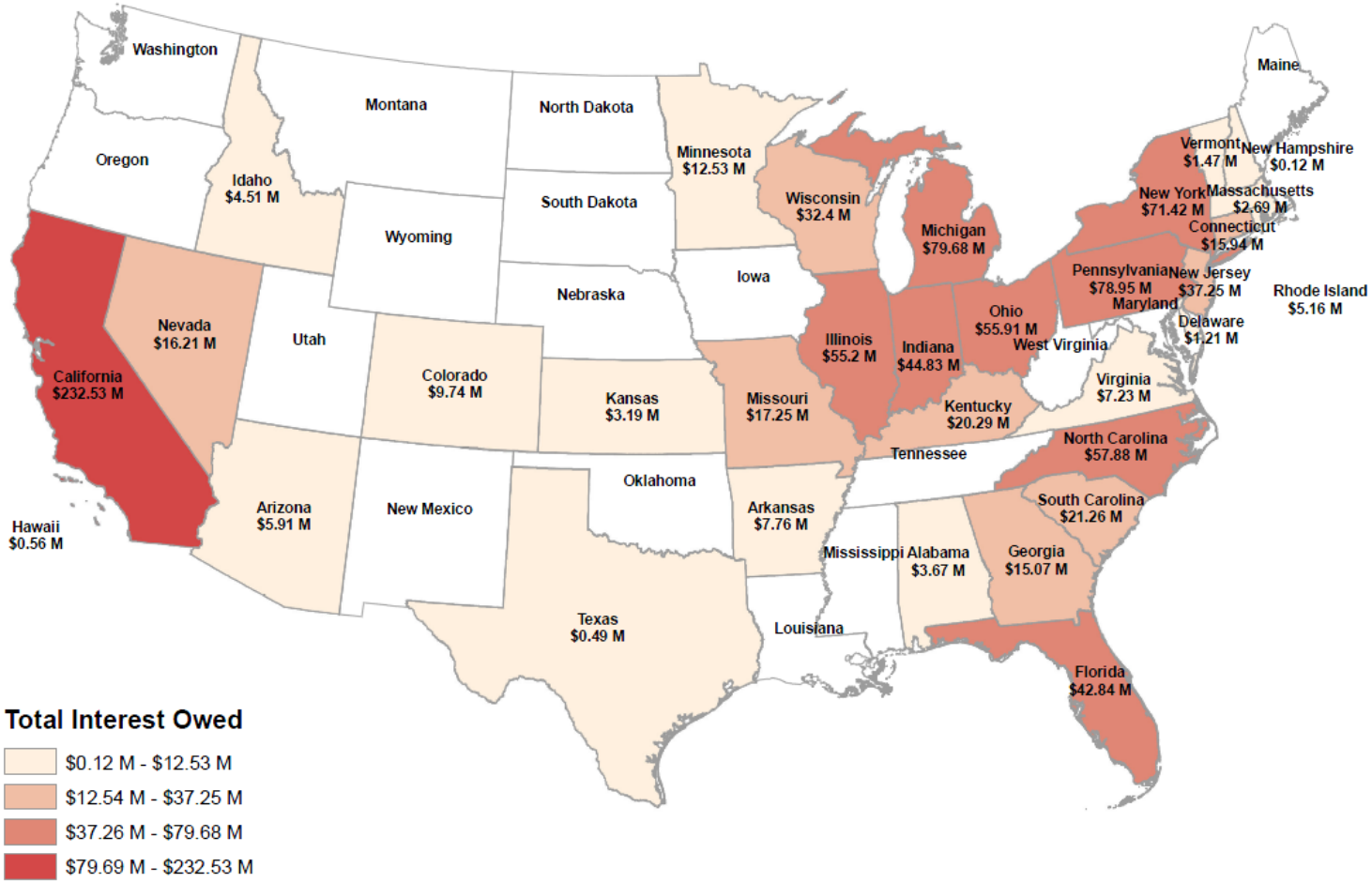
UI Trust Fund Loans -– As of July 18th, 2011
Total Outstanding Balance (Millions)
Per Employee Borrowed



Labor Market Information Services,
Kansas Department of Labor

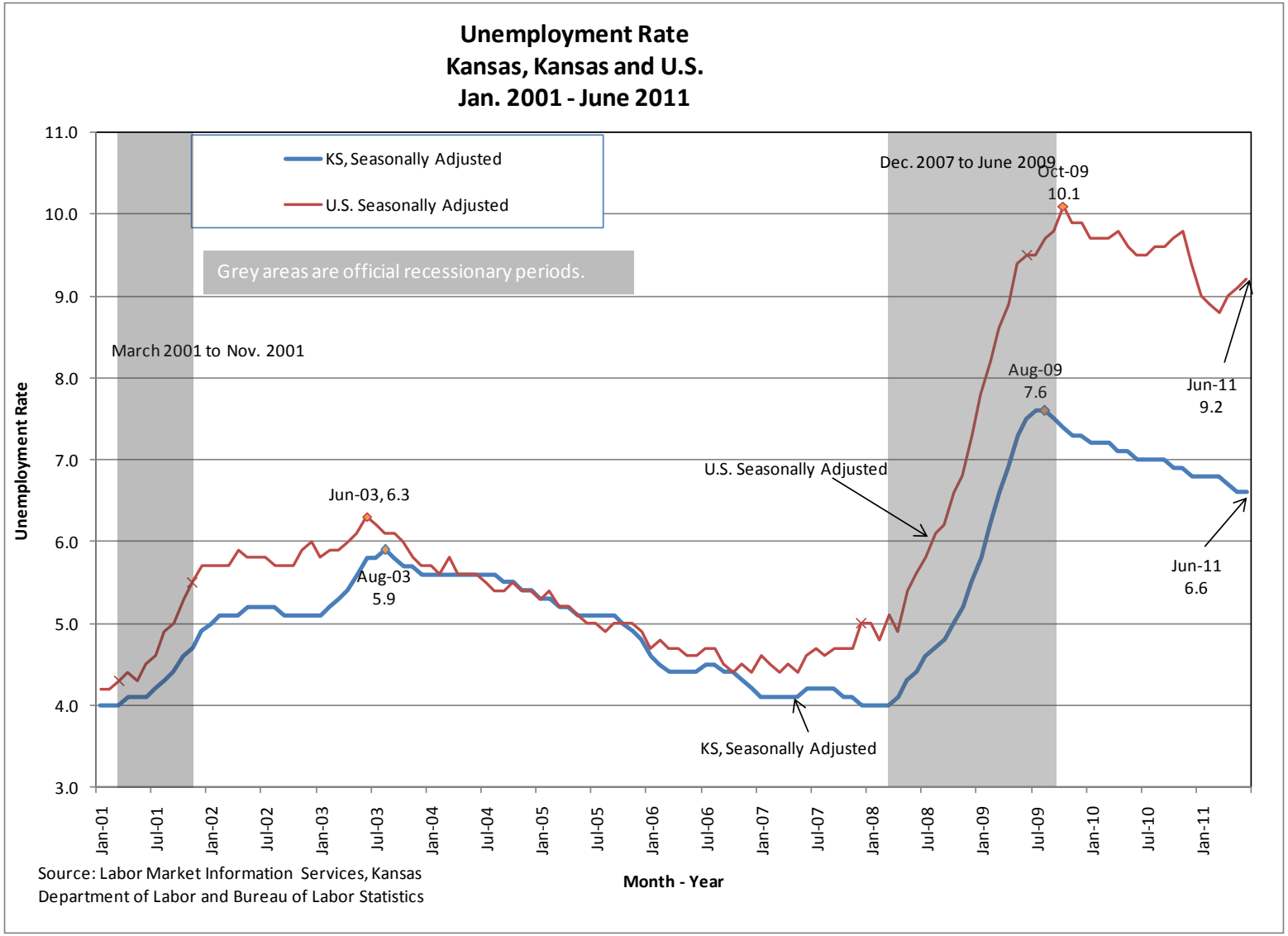
Interest on UI Trust Fund Loans

As of July 18th, 2011



Source: Labor Market Information Services, Kansas Department of Labor, Bureau of Labor Statistics and U.S. Department of Treasury

Unemployment Situation



Unemployment Situation

UNEMPLOYMENT INSURANCE WEEKLY REVIEW

Regular Program	This Week 07/16/2011	Last Week 07/09/2011	Year Ago 07/17/2010	Over-the-Week Percent Change [4/]	Over-the-Year Percent Change [4/]
Claims Filed [1/]					
Initial Claims	**3,364**	**4,009**	**3,650**	-16.1%	-7.8%
Call Center	2,102	2,667	2,161	-21.2%	-2.7%
Internet	1,262	1,342	1,489	-6.0%	-15.2%
Continued Claims	**28,523**	**27,135**	**39,627**	5.1%	-28.0%
Benefit Payments [2/]					
Amount of Payments	**$7,870,984**	**$7,447,829**	**$10,191,306**	5.7%	-22.8%
Weeks Compensated	**25,096**	**23,797**	**32,143**	5.5%	-21.9%
Final Payments	**889**	**996**	**1,185**	-10.7%	-25.0%
Individuals Receiving Payments	**22,610**	**21,840**	**27,875**	3.5%	-18.9%
Average Weekly Benefit Amount	**$313.64**	**$312.97**	**$317.06**	0.2%	-1.1%
U.I. Trust Fund Balance [3/]	**$141.3M**	**$140.7M**	**$100.2M**		
Total Amount of Trust Fund Loans [5/]	**$170.8M**	**$170.8M**	**$88.2M**		

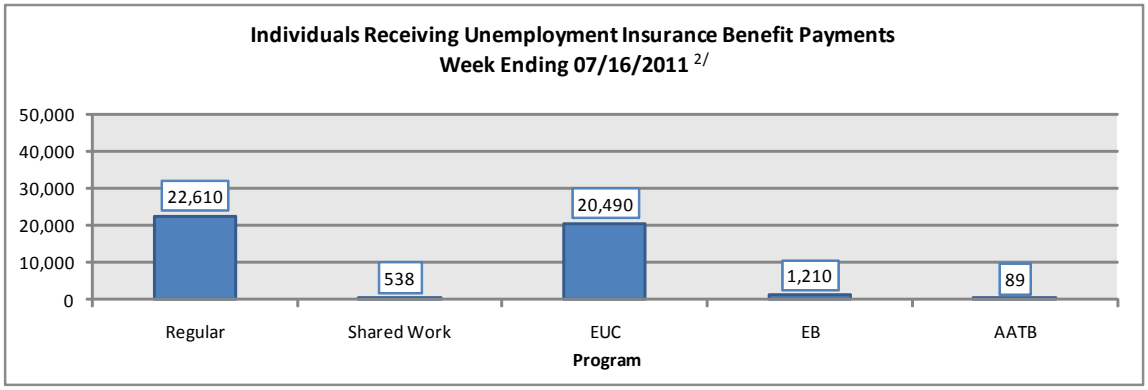
[1/] Claims data reflects UI, UCFE, UCX Intrastate and Interstate Liable New and Additional.

[2/] Payment data reflects all payments including UI, UCFE, and UCX.

[3/] Total expendable balance includes the remaining Reed Act Distribution from March 2002 and the Unemployment Compensation Modernization Incentive from June 2009.

[4/] A negative percentage denotes a decrease, while a positive percentage denotes an increase.

[5/] Total amount borrowed from the Federal Unemployment Account (FUA).



Kansas Department of Labor **Labor Market Information Services** **July 19, 2011**

Legislative Changes 2011 - UI

- Unemployment Insurance – 2 main legislative actions
  - Coverage (HB 2135)
  - Contribution/Tax Rates (SB77)

Legislative Changes 2011 - UI

Coverage of Employees under Unemployment Insurance Law (HB 2135)

- Revised the procedures used to determine if employees have been misclassified as independent contractors.
- The Secretary of the Department of Labor, or the Secretary's designee, would have the responsibility to make all determinations regarding the classification of a worker as being an employee or an independent contractor.
- Penalty provisions would be revised to provide for a second and subsequent violations. For a second violation, a person who misclassifies an individual would be subject to the civil penalty that currently is specified in statute and would become subject to a class C nonperson misdemeanor. For subsequent violations, the person would be subject to the civil penalty and a level 10, nonperson felony.(Note that the senate version of the bill makes this a class A nonperson misdemeanor)

Legislative Changes 2011 - UI

Coverage of Employees under Unemployment Insurance Law (HB 2135)

- A business would be deemed to have made a valid classification if the business had made a reasonable reliance based upon:

1) A judicial decision;
2) A ruling from the Internal Revenue Service (IRS), the Department of Revenue, or the Department of Labor;
3) An audit performed by the IRS, the Department of Revenue, or the Department of Labor; or
4) Work classification the customarily are used by the industry in which the business operates.

Legislative Changes 2011 - UI

Coverage of Employees under Unemployment Insurance Law (HB 2135)

- The business would need to demonstrate that it has acted consistently in its employment practices and tax reporting. If the Labor Secretary could not ascertain a reasonable basis, then eight factors contained in the following questions would be considered:

1) Must the individual comply with specific instructions from the business regarding when, where, and how to perform the service;

2. Are the activities of the individual integrated into the ongoing operations of the business;

3. If needed to accomplish the desired end result, does the individual have the responsibility to hire, supervise, and pay assistants;

4. Must the individual work exclusively for the business in question;

5. Is payment by the business to the individual for services contingent on completion of established benchmarks or tasks;

6. Does the individual provide significant tools, materials, or other equipment used in the accomplishment of the desired end result;

7. Is the individual responsible for any expenses incurred in the performance of services; and

8. Can the individual suffer a loss in the course of performing services?

Legislative Changes 2011 - UI

Changes in UI Taxes & Benefits (SB 77)

1. Extension of HB2676 – providing reduced rates for positive balance employers in rate groups 1 through 32 (impacting 36,800 employers and providing $75.8 million in tax relief for 2011)

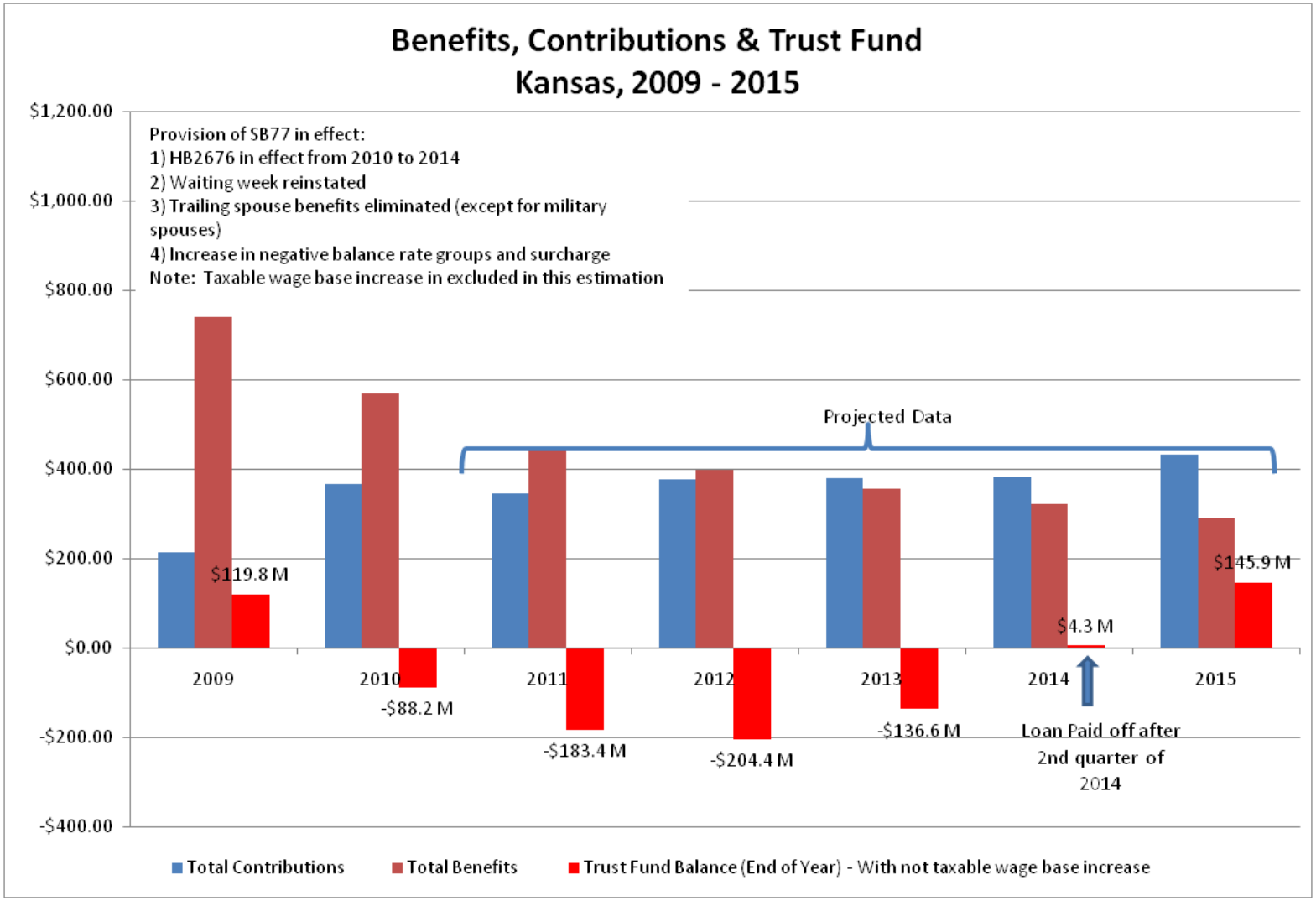
2. Increases the number of negative balance employer rate groups from 10 to 20 and increasing the maximum surcharge from 2.0% to 4.0%, therefore increasing yield from negative balance employers (raising additional $8.5 million annually)

3. Establishment of an Employer Security Interest Assessment Fund

4. Reinstatement of Waiting Week (saving trust fund $11.5 million annually)

5. Elimination of Benefits for Trailing Spouses - except for armed forces (saving trust fund $1.9 million annually)

Projected Trust Fund Balance



Labor Market Information Services,
Kansas Department of Labor

Questions?