

Kansas Administrative Regulations

Department of Labor—Division of Employment

Article 2.—Unemployment Insurance; Contributing, Reimbursing and Rated Governmental Employment

50-2-21. Computation of employer contribution rates.

(a) The terms "total wages" and "taxable wages," as used in this regulation, shall refer to all payrolls for contributing employers, reported and received by September 1 following the computation date of June 30, for all employment during the fiscal year ending on the computation date. The certified payroll information on September 30 that is required for the computation delineated in this regulation shall be provided by the director of data processing.

(b) Planned yield. The approximate amount of the planned yield for the ensuing calendar year shall be computed as follows:

(1) The planned yield on total wages in column B of schedule III A, of K.S.A. 44-710a(a)(3), and amendments thereto, shall be determined by the reserve fund ratio in column A of the same schedule. The reserve fund ratio shall be computed by dividing the total assets of the employment security fund, on July 31, following the computation date and as certified by the chief of management, by the total payrolls for the preceding fiscal year ended June 30, as certified by the director of data processing.

(2) The average rate of contributions shall be determined by multiplying the ratio of total to taxable payrolls for the preceding fiscal year ended June 30 by the planned yield computed in paragraph (b)(1) of this regulation. In any calendar year in which the taxable wage base changes, the calculation for that calendar year and the following calendar year shall be an estimate of what the taxable wages would have been if the new taxable wage base had been in effect during the preceding fiscal year ending June 30.

(3) The approximate amount of the planned yield for the ensuing calendar year shall be the taxable wages for the previous fiscal year ended June 30, multiplied by the

average rate of contributions computed in paragraph (b)(2) of this regulation, rounded to the nearest \$100,000.00.

(c) Estimated yield from ineligible employer accounts.

(1) Estimated contributions for industry-rated employers.

(A) The computation shall be made using a certified tabulation provided by the director of data processing entitled "all accounts except reimbursing—cross-classification by rate and industry." The procedure for computing the average contribution rate for all industries and for each industry division shall be identical. The rate of the preceding calendar year for each rate group in the industry division shall be cumulatively multiplied times the taxable wages in each corresponding rate group for the industry division. The cumulative total shall be divided by the total taxable wages in the industry to determine the industry rate. The assigned rate for each industry shall be the sum of 1.0 percent plus the computed rate or the sum of 1.0 percent plus the average rate of all employers, whichever is higher. The assigned rate shall not be less than 2.0 percent.

(B) The average rate for all industries shall be computed by cumulatively multiplying the calculated rate of each industry division times the total taxable wages for that industry division and dividing the cumulative total by the total taxable wages for the industry divisions.

(C) The estimated contributions for each specially rated industry division and all other divisions shall be computed by multiplying the taxable wages for the corresponding industry divisions or all other industry divisions by the appropriate assigned rate.

(2) The total estimated yield for active ineligible employer accounts shall be the sum of the estimated contributions for industry-rated employers.

(3) Negative account balance employers, as defined in K.S.A. 44-710a(d), and amendments thereto, shall pay at the statutory rate of 5.4 percent. In addition, negative balance employers shall be assessed a surcharge based on the size of the employer's negative reserve ratio. The director of data processing shall provide a certified listing of all negative account balance employers. The listing shall contain the negative reserve ratio, number of employers, and taxable wages for the fiscal year ended June 30. Each

negative account balance employer shall be identified as shown in schedule II of K.S.A. 44-710a, and amendments thereto. The assigned rate shall be the sum of the statutory rate of 5.4 percent plus the applicable surcharge identified in schedule II of K.S.A. 44-710a, and amendments thereto. The estimated contributions of negative account balance employers shall be computed by multiplying the taxable wages of all negative account balance employers by only the statutory rate. The resultant product shall reflect the estimated yield from negative account balance employers.

(d) The required yield for eligible employer accounts shall be the approximate amount of the planned yield, computed in paragraph (b)(3) of this regulation, less the total estimated yield for active ineligible employer accounts computed in paragraph (c)(2) of this regulation and less the total estimated yield from negative account balance employers computed in paragraph (c)(3) of this regulation.

(e) Rate adjustment for active eligible employer accounts.

(1) A certified array of each active eligible employer account shall be provided by the director of data processing in accordance with schedule I, K.S.A. 44-710a, and amendments thereto. The tabulation shall include the following:

(A) The lowest reserve ratio in each rate group;

(B) the number of employers in each rate group;

(C) the amount of taxable wages in each rate group;

(D) the cumulative amount of taxable wages for all accounts from the first through each succeeding rate group; and

(E) the final, total taxable payrolls for the fiscal year ended June 30, for all active eligible employer accounts. In any calendar year in which the taxable wage base changes, the taxable wages used in the calculation for that calendar year and the following calendar year shall be an estimate of what the taxable wages would have been if the new taxable wage base had been in effect during all of the preceding fiscal year ending June 30.

(2) The average rate required shall be the required yield for eligible employer accounts, determined in subsection (d) of this regulation, divided by the total taxable payrolls listed in paragraph (e)(1)(E) of this regulation.

(3) The average rate required shall be divided by the average estimated yield of the array to develop an adjustment factor. The average estimated yield of the array shall be computed by cumulatively multiplying the taxable payrolls in each rate group by the experience factor denoted for each rate group in schedule I, K.S.A. 44-710a(a)(2), and amendments thereto, and dividing by the total taxable payrolls for active accounts. The experience factor for each rate group in schedule I shall be multiplied by the adjustment factor to determine the adjusted tax rate for each rate group, with the statutory maximum as an upper limit.

(4) The taxable payrolls for each rate group shall be multiplied by the adjusted tax rate computed for each rate group to determine the estimated contributions for each rate group.

(A) If the adjusted tax rate reaches the statutory maximum at a rate group numerically lower than the highest numbered rate group, or if the computed rate for any group is higher than the statutory maximum, the adjusted tax rates shall be adjusted further. The estimated additional contribution incurred because of the statutory maximum limit of the unadjustable groups shall be prorated over rate groups other than those that are unadjustable. The taxable payrolls and estimated contributions of the unadjustable groups shall be subtracted, respectively, from the totals of all groups and the balances used in the readjustment.

(B) The readjustment shall be accomplished by dividing the total estimated contributions of the adjustable groups by the total taxable payrolls of the adjustable rate groups to determine the required rate of yield for the groups. The estimated rate of yield for the rate groups shall be computed by cumulatively multiplying the experience factor by the corresponding taxable payroll in each rate group and dividing the cumulative total by the total taxable wages of the rate groups. The required rate of yield shall be divided by the estimated rate of yield for the adjustable groups to determine the final adjustment factor.

(C) The experience factors of all rate groups in schedule I shall be multiplied by the final adjustment factor to determine the final effective contribution rates for the eligible contributing employers, with no effective contribution rate to exceed 5.4 percent.

(f) A computation and listing of the effective employer contribution rates shall be prepared by the chief of labor market information services. If, in rounding to the terminal digit, it is determined that the position following the terminal digit is five and all succeeding digits are zero, the terminal digit shall be rounded to the nearest even digit. All such calculations shall be rounded to the nearest $\frac{1}{1000}$ except as mandated by K.S.A. 44-710a(a)(3), and amendments thereto, requiring all rounding be to the nearest $\frac{1}{100}$.

(Authorized by K.S.A. 1999 Supp. 44-714; implementing K.S.A. 1999 Supp. 44-710a; effective May 1, 1983; amended May 1, 1984; amended May 1, 1987; amended June 25, 1990; amended Nov. 22, 1996; amended Feb. 16, 2001.)

***** Authenticated Kansas Administrative Regulation *****