



Kelly Services Acclaims U.S. Senate Passage of SUTA Dumping Prevention Act

July 23, 2004

TROY, Mich., July 23 -- Kelly Services, Inc. (Nasdaq: KELYA, KELYB) hails yesterday's vote by the U.S. Senate to ban the use of tax schemes by companies to avoid paying their fair share of unemployment insurance taxes. With bipartisan support, the Senate passed the SUTA Dumping Prevention Act of 2004, by unanimous consent. President Bush is expected to sign the bill into law.

(Logo: <http://www.newscom.com/cgi-bin/prnh/19991208/KELLYLOGO>)

SUTA dumping occurs when employers take deliberate action to disguise their true unemployment experience for the purpose of evading unemployment insurance taxes. Most frequently, it involves the use of questionable merger, acquisition or restructuring schemes to manipulate unemployment insurance tax rates. The SUTA bill would require each state to enact conforming legislation that would prevent corporations from engaging in this deceptive practice, develop detection tools, and enforce the law. It also imposes penalties on violators and promoters.

Senate sponsors of the legislation were Don Nickles (R-Okla.), Ted Kennedy (D-Mass.), Charles Grassley (R-Iowa), Max Baucus (D-Mont.), John Ensign (R-Nev.), Carl Levin (D-Mich.), Patty Murray (D-Wash.), and Judd Gregg (R-N.H.).

"We are pleased that the Senate acted quickly and in bipartisan fashion, as did the House, to support legislation that ends a tax scheme by employers that could be draining state trust funds of billions of dollars," said Carl Camden, president, Kelly Services. "Workers, states and ethical employers all have reason to cheer," he said. Kelly Services has helped lead the effort to bring this issue to the attention of policy makers.

SUTA dumping schemes have been promoted for years by accounting firms and other unemployment compensation consultants. In testimony to the U.S. House Ways and Means Committee, the U.S. Department of Labor indicated the practice could be costing state insurance trust funds billions of dollars. SUTA dumping reduces state trust fund receipts and shifts a disproportionate share of the unemployment compensation tax burden to more ethical employers.

"Congress has demonstrated that Republicans and Democrats alike can embrace an issue that protects the integrity of state unemployment compensation systems," said Camden. "We urge states to begin work immediately to implement the bill and put an end to this tax avoidance scheme."

About Kelly Services

Kelly Services, Inc. (Nasdaq: KELYA, KELYB) is a Fortune 500 company headquartered in Troy, Mich., offering staffing solutions that include temporary services, staff leasing, outsourcing, vendor on-site and full-time placement. Kelly serves 200,000 customers through 2,500 company owned and operated offices in 26 countries. Kelly provides employment for nearly 700,000 employees annually, with skills including office services, accounting, engineering, information technology, law, science, marketing, light industrial, education, health care and home care. Revenue in 2003 was \$4.3 billion. Visit <http://www.kellyservices.com> .

SOURCE Kelly Services, Inc.

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