

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:36 A.M. on January 26, 2007 in Room 123-S of the Capitol.

All members were present except:
Laura Kelley- excused

Committee staff present:
Amy Deckard, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Mike Heim, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:
Secretary Garner, Department of Labor
Director Paula Greathouse, Division of Work Comp
Richard Thomas, Division of Work Comp

Others attending:
See attached list.

Chairperson Brownlee introduced Secretary Garner, Department of Labor. Secretary Garner presented written testimony. (Attachment 1) Secretary Garner stated his intent is to review the Department of Labor & Division of Workers Compensation Annual Statical Report 2006 Fiscal Year. (On file)

Secretary Garner stated the agency has many responsibilities. It administers the unemployment insurance program; processing claims for benefits and collecting unemployment taxes to fund the system. The agency operates the state's workers compensation system. The Department of Labor's Industrial Safety and Health division offers workplace safety consultations for private employers and oversees job safety involving public employees. The Department of Labor enforces the employment laws for Kansas, including Child Labor laws and the Wage Payment Act. The agency's Market Information service is the research unit which compiles awesome data on the workforce in Kansas. The agency also oversees the Public Employers and Employees Relations Act and the Public Negotiations Act.

Secretary Garner stated the Kansas Department of Labor developed a strategic plan to define a new vision and direction for the agency focused on two key concepts: customer-focused assisted self-service and integrated operations. Over the past two years they have embarked on numerous initiatives to advance these objectives in their strategic plan. Secretary Garner reviewed some of the initiatives.

Next, Secretary Garner reviewed the Unemployment Statistics (Attachment 2) stating they are promoting on-line filing which has increased from the previous year. He also stated that the agency is renovating a building on the old state hospital grounds to consolidate their call services operations. He made reference to the progress on the construction. (Attachment 3)

Secretary Garner stated that this past summer the U.S. Department of Labor reported a high technical overpayment rate for the Kansas unemployment program. The U.S. Department of Labor examines two types of overpayment that the U.S. Department of Labor measures: Operational or fraudulent; which is paying unemployment to those that do not meet the federal qualifications; and technical. Secretary Garner stated that they were not following all technical requirements of state law and registration for work is the problem. State law requires people to register for work in the public Workforce Center and file for unemployment at that time. The number of workforce centers has decreased and now all unemployment claims in the state are filed by telephone or online. This process is cumbersome and therefore, making it difficult to use and it has not been very successful as an option for claimants. In November 2006, a new administrative regulation requires only those unemployed workers identified as most likely to exhaust their UI benefits and in need of re-employment services to register with the public Workforce Centers. This new regulation ensures UI claimants most in need of help finding a new job will get the services they need. He stated he proposed rules and regulations which are now in place to clarify the law and conform with the practices of the U.S. Department of Labor.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:36 A.M. on January 26, 2007 in Room 123-S of the Capitol.

Secretary Garner moved on to a review of the Division of Workers Compensation annual report. He referred the Committee to the 2006 Oregon Workers' Compensation Premium Rate Ranking Summary (Attachment 4) Secretary Garner stated Kansas is doing very well when compared to other states. He stated they are doing a great deal of modernization in the work comp division also. He stated insurers could report accidents electronically and the division is promoting that as well. He referred the Committee to Mediation Within The Workers Compensation System (Attachment 5) stating they had expanded the mediation program with workers compensation for an alternate dispute resolution pilot program in southeast Kansas which has been very successful.

Secretary Garner moved on to the workplace safety and health programs. He stated they would help employers, at the employers' request, identify workplace hazards and how to abate those hazards. A new program was created to promote workplace safety called the KSafe program. Secretary Garner called the Committee's attention to KSafe Award Program, (Attachment 6) and stated SHARP was another safety program and he referred the Committee to Making Kansas Workplaces Safer (Attachment 7) He stated that if any of the Committee members have employers in their districts that are interested in getting this recognition he had application forms and would get those to them.

Secretary Garner then moved to the Labor Market Information Division stating they compile statistics on the labor market in Kansas, estimates on the labor force, employment levels, unemployment rates, wages paid and projections of future occupation trends. Secretary Garner said they are also trying to improve that operation by bringing some economists on board.

Next, Secretary Garner stated that the Kansas Department of Labor oversees the Employment Standards unit which enforce the Kansas employment laws, including helping recover unpaid wages that are owed to Kansas employees. They processed 1,411 wage claims and collected a record \$1.930,000.

Secretary Garner then moved to worker misclassification and stated they had been very successful in enforcing those laws investigating over 136 employers misclassifying 1,363 workers. Unemployment taxes owed by these employers totaled more than \$171,000 in unpaid employment taxes.

Questions and answers followed. Senator Jordan referred Secretary Garner to page three (3) of his testimony asking how they determined workers most likely to exhaust their UI benefits. Secretary Garner stated there was a profiling system developed and approved by the U.S. Department of Labor, that they use to identify all claimants with benefits.

Senator Brownlee asked if every university boiler had to meet standards. It was noted that every boiler in the state had to meet the same standards.

In answer to a question, it was also noted that the Kansas Department of Labor collects unpaid wages for Kansas workers including the undocumented workers.

Upon the conclusion of the questions and answers, Secretary Garner continued with a review of the 32nd Workers Compensation Annual Statistical Report, FY 2006 Summary. (Attachment 8)

Questions and answers followed.

Secretary Garner referred the Committee to the handout Report Worker Misclassification (Attachment 9)

Chairperson Brownlee recognized Senator Jordan. Senator Jordan made a motion to accept the minutes for January 10th, January 11th, January 16th, and January 25th. Senator Reitz seconded. Motion carried.

Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next meeting scheduled for Tuesday, January 30th at 8:30 a.m. in room 123S.