

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairman Donald Dahl at 9:00 a.m. on February 19, 2003 in Room 243-N of the Capitol.

All members were present:

Committee staff present: Jerry Ann Donaldson, Kansas Legislative Research Department
Renaë Jefferies, Revisor of Statutes
June Evans, Secretary

Conferees appearing before the committee: Rebecca Smith, National Employment Law Project, Washington State
Jim DeHoff, Executive Secretary, Kansas AFL-CIO
Dr. Ernie Pogge, AARP
Sandy Barnett, Kansas Coalition Against Sexual and Domestic Violence
Jim Garner, Acting Secretary, Kansas Department of Human Resources
Terry Leatherman, Vice President, Legislative Affairs, Kansas Chamber of Commerce and Industry
Hal Hudson, State Director, National Federation of Independent Business

Others attending: See attached sheet

The Chairman called the meeting to order at 9:00 a.m.

The Chairman opened the hearing on **HB 2281 - Employment security law; waiting period, benefit, exception.**

Representative Dale Swanson, a proponent to **HB 2281** introduced Rebecca Smith (Attachment 1).

Rebecca Smith, National Employment Law Project (NELP), which is a nonprofit law and policy organization based in New York City. NELP has advocated on behalf of low wage and unemployed workers for nearly 30 years. NELP's Unemployment Insurance Safety Net Project provides public education and technical assistance to community organizations, labor federations, policy makers, and legislators concerned with unemployment insurance reform. Given the current economic downturn, there has been unprecedented interest in the past two years in changing unemployment insurance programs to better assist laid off workers and their families. NELP has been involved in these efforts in over 20 states, including Colorado, New Mexico, and Oklahoma.

The unemployment rate in Kansas was 4.6 percent in December 2002, up from 3.7 percent in March 2000.

CONTINUATION SHEET

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The recession and continuing jobless recovery is affecting Kansans who are exhausting unemployment benefits at a much greater rate, exhausting the federal extension of benefits, and receiving less from the federal extension than what was promised.

Unemployment benefits are set according to a formula based on a fraction of the worker's prior earnings. The Advisory Council on Unemployment Insurance (ACUC) recommends that average benefits amount to fifty percent of the state's average weekly wage. Few states provide sufficient benefits to meet the needs of low-wage workers. In Kansas, average benefits amount to 47% of the state's average weekly wage. Dependents' benefits could mean a substantial boost in income, targeted to families, and especially benefitting the 22% of Kansans who receive \$200 or less in weekly UI benefits.

Domestic violence is widespread in America. Each year 1.5 million women are physically or sexually assaulted by an intimate partner. Job loss and the threat of job loss prevent many battered women from escaping violent relationships by removing their ability to sustain themselves and their children. Some victims of domestic violence, who leave their jobs due to violence, are already entitled to benefits. The provisions proposed in **HB 2281** would establish a clear definition of "domestic violence" and a clear process for proving that a woman is entitled to benefits.

The recession and jobless recovery is affecting millions of American workers and their families. Middle class workers are being affected by the relatively low levels of wage replacement represented by any unemployment insurance system and by the length of unemployment. Many women and low-wage workers are cut out of the system entirely. **HB 2281** is a comprehensive bill designed to help families in Kansas weather the recession, and pump needed dollars into their hands and into the state's economy. The infusion of 78 million dollars in the trust fund has made the expansion of benefits affordable (Attachment 2).

Jim DeHoff, Executive Secretary, Kansas AFL-CIO, testified saying that **HB 2281** makes some significant changes in the Kansas Employment Security Law. The AFL-CIO recommends that **HB 2281** be referred to the Employment Security Council for complete review and action. The Council would report back to the House Commerce & Labor Committee with their recommendations (Attachment 3).

Dr. Ernie Pogge, Chair of the Topeka Advocacy Satellite Group for AARP Kansas, testified supporting **HB 2281**. Kansas is one of 20 states, plus the District of Columbia, that reduces unemployment benefits for workers collecting Social Security even though they have become unemployed through no fault of their own and intend to return to work when that becomes possible. This practice penalizes older workers who need or wish to remain productive and continue to receive earnings from employment beyond the time when most Americans are retired (Attachment 4).

Sandy Barnett, Executive Director, Kansas Coalition Against Sexual and Domestic Violence, testified in support of **HB 2281**. **HB 2281** does not create new law; it just clarifies that when a person must leave employment due to domestic violence, they are not ineligible for unemployment benefits. Currently a victim could make application for unemployment insurance because of special circumstances, but it isn't well known. This would just make it clear that unemployment insurance may be an option if all other requirements are satisfied (Attachment 5).

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Jim Garner, Acting Secretary, Kansas Department of Human Resources (KDHR), stated he was part proponent and part opponent to **HB 2281**. This bill contains six major features that would modify the current Kansas Employment Security Law. This modifies the wage base period and creates a new alternate wage base period. Minimum and maximum weekly benefits paid to unemployed claimants are modified. Dependent children would receive a weekly benefit. The elimination of the waiting week and a social security deduction is new. Present law currently states that a worker who leaves voluntarily due to a “personal emergency” is not disqualified from receiving unemployment benefits. This existing exemption has been interpreted by the agency to apply to persons dealing with domestic violence. The proposed changes would have significant administrative costs to KDHR. Additional staff would have to be hired and that cost has been estimated at \$470,700. The Employment Security Council does deal with this and would be glad to call a meeting and deal with it as quickly as possible and report back to this committee. This should also cover railroad retirement (Attachment 6).

Representative Ruff stated the committee would be hearing and working **HB 2353 - Employment Security Insurance Act for Domestic Violence** on Monday and wanted to make sure the issue of being able to leave a job and collecting unemployment because of domestic violence is covered. Should we look at social security?

The Chairman stated that Huff's bill covers social security.

Terry Leatherman, Vice President—Legislative Affairs, Kansas Chamber of Commerce, testified in opposition to **HB 2181**. The benefit increases and changes to the unemployment compensation structure proposed in **HB 2281** are coming at a time of unprecedented stress on the Kansas Employment Security Fund and on Kansas employers due to the current state of the economy (Attachment 7).

Hal Hudson, State Director, National Federation of Independent Business, testified as an opponent to **HB 2281**. Small business owners already are overburdened with regulations and red tape. Enactment of this bill would make it more expensive for small employers to hire and pay employee benefits to those who are working. Provisions of **HB2281** go far beyond what is contemplated in current law (Attachment 8).

The meeting adjourned at 10:30 a.m. The next meeting will be February 20, 2002.