

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on January 20, 2005 in Room 241-N of the Capitol.

Committee members absent: L. Candy Ruff- excused
Mike Kiegerl- excused

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

Conferees appearing before the committee: Jim Garner, Secretary of Labor

The Chairman stated it is hard to hear members speaking from both the North and South ends in this room as the public address system is very antiquated. Members at each end need to speak up loudly.

The Chairman said the committee was honored to have Secretary Jim Garner give a briefing on the Department of Labor. Mr. Garner previously was a representative and minority leader for part of his service in the chamber before he decided to make some money.

Jim Garner, Secretary of Labor, gave a brief update of activities within the Kansas Department of Labor (KDOL) during the last several months. 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 Industrial Safety and Health unit offers workplace safety consultations for private employers and provides investigations into job-related accidents involving public employees. The Department of Labor enforces the employment laws for Kansas—including wage and hour laws and the Wage Payment Act. The agency’s Labor Market Information Services is the research unit which compiles awesome data on the workforce in Kansas. The Public Employees Relations Board is located in the agency and oversees the Public Employers and Employees Relations Act and the Public Negotiations Act.

Executive Reorganization Order (ERO) No. 31 transferred all workforce development and job training programs to the Kansas Department of Commerce. Approximately 260 employees were transferred from KDOL effective July 1, 2004. The new name (KDOL vs KDHR) better reflects the responsibilities of the agency and helps the public better access the services of the agency.

The programming that processes all claims, makes the payments of benefits, tracks overpayments and compiles statistics on the unemployment benefits system is antiquated and inflexible. This is being updated.

The agency’s Federal Unemployment Insurance funding was reduced by approximately \$2.5 million for the Federal Fiscal Year that began October 1, 2004. Employee positions were eliminated and a work share plan in the Unemployment Insurance call centers were implemented. Every division has been affected by the budget reduction.

In the last quarter of 2004, funds in the Penalty and Interest account were used to cover the processing fees for employers using online filing. Previously, employers were charged a processing fee in addition to their taxes if they chose to pay their taxes electronically. The fee was an impediment to encouraging more employers to use this convenient option. Unemployment director Wayne Maichel suggested that Penalty and Interest funds (money collected from late and past due accounts) be used to cover the charges. Legislation will be forthcoming that would permanently authorize the use of Penalty and Interest funds for this purpose.

Last year, the Unemployment Insurance Trust fund paid out \$451,000 to partially fund the State Treasurer’s Office. KDOL is charged \$.29 by the State Treasurer for every UI warrant sent to unemployed workers. The bulk of the processing work remains in the Department of Administration’s Division of Accounts and Reports, KDOL still must pay the Treasurer’s office a fee for somewhat limited services. It is felt that funding a state office is an inappropriate use of the UI funds paid by employers across the state. The KDOL encourages the Legislature and the State Treasurer to work together to find a better, more appropriate way to fund the Treasurer’s office.

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on January 20, 2005 in Room 241-N of the Capitol.

The Employment Security Advisory Council reviewed proposed changes to the Kansas Employment Security Laws. The Council authorized the introduction of legislation making three changes to the Kansas Employment Security Laws. The bill would: (1) provide for conformity language in the laws to meet the new federal requirements on SUTA Dumping, (2) authorize the use of Penalty and Interest funds to cover the processing charges for employers to file UI taxes electronically, (3) modify our laws to mirror federal law excluding tax purposes. In particular, the SUTA dumping legislation will be an important step in preventing improper manipulation of an employer's experience rating to avoid paying unemployment taxes (Attachments 1, 2, 3 & 4.)

Questions were asked and the Secretary responded that he did not know the answers but would send a delegate from KDOL to answer the questions that were asked.

Two bill requests were accepted as Committee Bills: (1) Concerning workers compensation; relating to date of accident; employer's maximum liability for disability compensation and (2) Concerning workers compensation; relating to burden of proof for admission of chemical test result into evidence.

The meeting adjourned at 10:00 a.m. The next meeting will be January 21, 2005.