

MINUTES OF THE HOUSE COMMERCE, LABOR AND ECONOMIC DEVELOPMENT
COMMITTEE

The meeting was called to order by Chairperson Mark Hutton at 1:30 pm on Tuesday, January 20, 2015, 346-S of the Capitol.

All members were present

Committee staff present:

Reed Holwegner, Legislative Research Department
Linda Herrick, Kansas Legislative Committee Assistant
Jason Thompson, Office of Revisor of Statutes
Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Justin McFarland, Director of Labor Market Information Services and Deputy General
Counsel, Ks. Department of Labor

Others in attendance:

[See Attached List](#)

Possible bill introductions

Chairperson Hutton asked if there were any bills to be introduced.

Representative Claeys moved, seconded by Representative Couture-Lovelady, a bill be introduced concerning transparency of teacher union negotiations. The motion passed.

Representative Hutton moved, seconded by Representative Corbet, a bill be introduced concerning home owners association property rights. The motion passed.

Justin McFarland, Kansas Department of Labor (KDOL) requested a bill be introduced concerning changes within the Kansas Employment Security Law (disqualified for unemployment because of a substitute job, appeals time for Board of Review, filing electronically). *Representative Kleebe moved, seconded by Representative Brunk, a bill be introduced concerning changes to the Kansas Employment Security Law as requested by the agency. The motion passed.*

Presentation on:

Unemployment Insurance--Overview

Mr. McFarland gave a presentation ([Attachment 1](#)) on Unemployment Insurance (UI). He provided a brief history, noting Wisconsin was the first state to enact a jobless benefit bill, followed by the federal government which made it a part of the Social Security Act. UI is a federal-state partnership setting up employer contributions into trust funds which are used to pay temporary benefits to unemployed workers until employment is found. Kansas enacted its unemployment system in 1937, known as the Kansas Employment Security Law.

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Mr. McFarland concluded his presentation and responded to questions as indicated below:

--A company is investigated for worker misclassification through random audits of employers. If anything is found, a hearing will follow. When filing for unemployment benefits, an investigation is made on wages reported by the employer. Kansas passed HB2135 which requires KDOL to work with the Department of Revenue in sharing information about employees. KDOL decides whether the person is an independent contractor, or a worker entitled to unemployment. KDOL's determination of employment is binding on the Revenue Department.

--A UI case can be appealed to district court by the employer, employee, or even the agency.

--The district court's standard of review is limited to finding an error that fits into one of eight categories. Employees that pursue judicial review are usually represented by legal counsel. While there could be 3,000 unemployment cases, less than 100 advance to district court each year. As a comparison, there were 18,779 persons receiving unemployment benefits during the week ending January 10.

--The UI Trust Fund's ending balance as of July 31, 2014 was \$232 million. For the week ending January 10, 2015, the Trust Fund's ending balance was \$205.3 million. The level of funding in the Trust Fund is indicative of the Kansas economy's condition.

--The total unemployment tax on Kansas employers for 2015 is estimated to be between \$440 million and \$470 million.

--The maximum number of weeks of unemployment benefits is based upon the State's three-month average seasonally adjusted unemployment rate as of the end of the previous calendar year. With an unemployment rate under 4.5%, it is easier for workers to find work and the number of weeks of payment is reduced. In January 2014, the average number of weeks of UI benefits paid out was 15.9. Later in the year, it decreased to 13.6 weeks.

--Persons not looking for work can be identified as they must submit their job search forms. There is a web site where employers can report a person who has refused a job opportunity.

--Persons receiving unemployment can receive job training and skills.

--In 2013 HB2105 addressed part-time employees. If an individual entered a base period and worked less than 40 hours and attended school, when looking for work, they were only required to seek jobs like they currently have, i.e., fast food service.

--Most UI hearings deal with disqualified persons and why the person is unemployed, i.e., quit job

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without good cause.

--On occasion the benefits paid represent more than the wages earned while working, and it was explained that all employers in the base period are charged proportionate shares.

The means of assessing UI taxes was discussed.

Adjournment

The meeting adjourned at 2:30 p.m. The next Committee meeting is Wednesday, January 21.