

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 Monday, January 26, 2015, 346-S of the Capitol.

All members were present

Representative J. Basil-Dannebohm – Excused

Committee staff present:

Reed Holwegner, Legislative Research Department

Linda Herrick, Kansas Legislative Committee Assistant

Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Michael Copeland, Director, Workforce Services, Department of Commerce;

Lana Gordon, Secretary of Labor;

Justin McFarland, Deputy General Counsel, Department of Labor

Others in attendance:

[See Attached List](#)

**Presentation on:**

**Workforce Development**

Michael Copeland, Kansas Department of Commerce, gave a presentation ([Attachment 1](#)) on Workforce Development. This division links businesses, job candidates and educational institutions to ensure that employers can find skilled workers. It partners with the the Department of Labor and the Department for Children and Families to provide reemployment and training, and the Department of Corrections and Board of Regents on workforce initiatives.

Mr. Copeland introduced members of his staff who were present: Keith Meyers, Mike Beene, and Zoe Thompson.

After the presentation, Mr. Copeland gave the following responses to questions asked by Committee members:

-- Registered apprenticeships are provided through a variety of businesses across Kansas.

-- The Work Opportunity Tax Credit Program encourages the hiring of targeted employees, that is, on-the-job training with a variety of employers across the state. There was funding for this training in 2014 but none for 2015. It tasks employers to provide the training, and this typically is provided by institutions or companies outside the post secondary system for both union and non-union jobs.

-- The Second Chance Act Grant is provided via a partnership between Topeka Correctional Facility and Washburn Institute of Technology and Barton Community College to provide career and employment development to offenders. Credits can be acquired while a person is incarcerated and the

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person could work toward an associate degree once released.

-- The veterans' unemployment rate for Kansas dropped from 10.5 percent in 2013 to 5.5 percent in fiscal year 2014. Veterans were assessed and placed in jobs where their skills matched the employer needs. Percentage rates for other states will be furnished to the Commerce Committee members.

-- Concerning workshop development for persons with disabilities who perform different kinds of labor, occasionally, qualified short-term project-specific grants are available.

-- Under the Work Opportunity Tax Credit Program (WOTC), approvals are processed by the Department of Commerce. Employers receive compensation by reducing their federal income tax and hiring targeted employees to help move them from economic dependency to self-sufficiency, thus earning an income and paying taxes.

-- It was questioned whether Workforce AID training could be extended to vocational training at the high school. Workforce AID is a one-time money pilot program, partnering with many companies and community colleges providing the training. Regarding questions about SB155, Workforce AID is for adults, and this is a small slice of the Board of Regents training programs. Training ranges from certificate programs to college courses that can later lead to an associate degree.

-- Part of the employment problem is restriction on hiring people who have records. Employers are more willing to consider the alternative workforce.

-- Vocational training cannot begin until after high school. There is limited funding, but businesses are seeing value in this program.

### **Presentation on:**

#### **KDOL Overview, Annual Report and Labor Market Information Overview**

Secretary of Labor, Lana Gordon, provided the Kansas Department of Labor's (DOL) 2014 Annual Report ([Attachment 2](#)). Secretary Gordon presented some of the Annual Report highlights:

-- DOL was one of the state agencies joining the Attorney General to prevent human trafficking. A website was developed to explain and assist with the reporting.

-- For the entire year of 2014, the unemployment in Kansas was under 5 percent. The number claiming unemployment dropped from 20,342 at the beginning of 2014 to 14,992 at the end of the year.

-- Safety and health visits to Kansas businesses numbered 390.

-- The Workers Compensation Division assisted more than 19,000 injured workers, attorneys, and employers, with questions about the workers compensation law.

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-- In the past two years, \$28 million has been recovered in overpayments of unemployment benefits.

-- In ongoing investigations of unemployment fraud, twenty-four workers were indicted for a contagious fraud (collecting unemployment while still working).

Benchmarks have to be met in accordance with the federal government. KDOL is now in compliance in all areas. Two years ago before Secretary Gordon came to KDOL, the Appeals Division had a backlog of 6,000 cases. Staff worked diligently to get the backlog down.

The Workforce Safety Division has developed the safety and health recognition program. Kansas has 183 businesses actively involved, more than any other state.

The Labor Market Information Services Division has developed career posters on a web site that can be downloaded. They show various jobs with the average annual wage and have been shared with high schools across the state.

-- A question was asked about the price of the State OSHA Study, and Secretary Gordon will follow-up.

-- Communications between states are done on a case-by-case basis when there is a UI claim where the worker may live in one state and work in another.

The Unemployment Insurance Trust Fund is now a little under \$200 million, and it was \$215 million at the end of last year. The State's goal is to maintain an adequate trust fund, and the U.S. Department of Labor looks at the balance, wages for the state, and the historical average or the three highest years in the past twenty. That dollar amount is \$600 million or \$700 million and Kansas has a ways to go.

Justin McFarland gave a labor market information services overview ([Attachment 3](#)). The percentage of people employed in Kansas through December 2014 was 65.2%, and nationally, it was 59.2%.

Mr. McFarland gave the following responses to questions asked by Committee members:

-- Employment numbers represent the people residing in Kansas who are working at age 16 or older no matter the number of hours, and excludes those in the military or institutionalized. There is no cutoff at the top age.

-- Page 7 indicates the average annual wage in Kansas is \$41,240 or \$19.83 per hour. Mr. McFarland will provide the average Texas annual wage for jobs as mentioned on that page.

### **Possible bill introductions**

Chairperson Hutton asked if there were any bill introductions. There were none.

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Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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**Adjournment**

The meeting adjourned at 2:30 p.m. The next meeting will be Tuesday, January 27.