

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 25, 2016, 346-S of the Capitol.

All members were present except:

Representative Stan Frownfelter – Excused

Committee staff present:

Linda Herrick, Kansas Legislative Committee Assistant

Reed Holwegner, Legislative Research Department

Chris Courtwright, Legislative Research Department

Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Lana Gordon, Secretary of Labor;

Justin McFarland, Director of Labor Market Information Services, Department of Labor

Others in attendance:

[See Attached List](#)

Possible bill introductions

Chairperson Hutton asked if there were any bills to be introduced. There were none.

Presentation on 2015 Kansas Department of Labor Annual Report

Secretary Lana Gordon, Kansas Department of Labor (KDOL) gave the highlights of the KDOL 2015 annual report ([Attachment 1](#)).

- The UI Fraud/Special Investigations unit recovered and returned to the Unemployment Insurance (UI) Trust Fund more than \$12 million dollars.
- There were 12,000 fraudulent cases closed related to UI benefits. Through the Legislature, KDOL became a law enforcement agency about three years ago, and it has helped tremendously to combat fraud.
- The number of individuals claiming unemployment benefits has dropped from 28,185 at the first of the year to 18,024 at the end of 2015.
- A website was developed for explaining and assisting with the reporting of human trafficking, and January 2016 was proclaimed by the Governor as Human Trafficking Awareness Month in Kansas.
- There were 520 safety and health visits to Kansas businesses which identified 1,342 serious hazards.
- Questions were addressed about the Workers Compensation Law which were presented by

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MINUTES of the Committee on Commerce, Labor and Economic Development at 1:30 pm on Monday, January 25, 2016 in Room 346-S of the Capitol.

17,530 persons.

- The Unemployment Insurance Trust Fund balance as of last week was \$438.8 million.

In response to questions, Secretary Gordon furnished replies. Many businesses around the state indicate it is very difficult to find employees with skills who pass background checks and drug testing. KDOL is studying how to better prepare people for the workforce. Also, the balance in the UI Trust Fund is \$438.8 million. To be solvent, it should be at \$600 million or \$700 million. Mr. McFarland answered questions about the 2015 annual report. He noted Representative Kleeb had asked about mismatches between available labor vs. job openings. Just this past week, the KDOL Workforce Board passed a plan and will send it to the federal government for approval. The plan would bring some employers and schools together to address workforce needs. The issue would be how resources could be allocated so schools are preparing students for the workforce with both hard and soft skills.

Representative Suellentrop had a question about the UI data about overpayments and fraud. Mr. McFarland explained in 2013, **HB 2105** was passed, which gave KDOL law enforcement authority and also imposed civil penalties for fraud and falsification. This gave KDOL authority to become more proactive with better tools for collection. KDOL used a targeted approach with persons with a high balance and sent overpayment notices to give opportunities to pay down unemployment debt.

Representative Tietze asked about the reduced duration of benefits and the three-tier system, 16, 20 and 26 weeks, under **HB2105**. Mr. McFarland explained this became effective in 2014, and experience has been 16 weeks, 20 weeks, and back to 16 weeks. KDOL has not done a study to determine the impact of individuals that would otherwise have qualified for 20 weeks in favor of the cutoff. However, final payments for individuals are tracked and that information will be provided. Whether the reduced payment would impact individuals to have two jobs is a factor KDOL cannot track.

Presentation on Kansas Department of Labor Overview

Justin McFarland then gave an overview for the Department of Labor ([Attachment 2](#)). On Friday, the labor market report was released for December 2015. There was an increase of 2,000 total non-farm jobs and 1,800 private sector jobs. Over the year, the total non-farm job increase was 6,800. For the year using non-seasonal adjusted figures, growth in construction was 7.6% and 1.7% for education and health services.

The average employer tax rate for 2016 is 1.64% (\$14,000 taxable wage base and \$229.60 per employee). In 2015, it was 3.24% (\$12,000 taxable wage base and \$388.80 per employee).

Mr. McFarland then answered questions about the labor report. Representative Tietze asked if it is known why employees are unemployed. Mr. McFarland noted KDOL knows from the individual report that the person is laid off which matches the employer report, and KDOL does have codes assigned for the unemployment reason, but it does not encumber every possible scenario.

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 2:32 p.m.

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