Kansas Legislative Research Department November 10, 1977

M I N U T E S

SPECIAL COMMITTEE ON LABOR AND INDUSTRY

October 19 and 20, 1977
Room 532-N, State House

Members Present

Representative Eugene Gastl, Chairman
Senator John Vermillion, Vice-Chairman
Senator Paul Feleciano, Jr.
Senator Bill Morris
Senator Don Allegrucci
Representative Denny Burgess
Representative John Sutter
Representative Bill Wisdom
Representative Darrell Webb
Representative Samuel Sifers
Representative Lynn Whiteside

Staff Present

Mike Heim, Kansas Legislative Research Department
Sherman Parks, Revisor of Statutes Office
Mary Torrence, Revisor of Statutes Office
Mary Allen, Secretary

Conferees and Others Present

Jack Pearson, Kansas Association of Commerce and Industry
Hamp Fairleigh, Department of Human Resources
James O. Foster, Wichita Chamber of Commerce
Dave Watkins, United Auto Workers
George McCullough, Kansas State Federation of Labor
Charles J. Woodin, Kansas Association of Commerce and Industry
Harold Shoaf, Kansas Electric Cooperatives
Tim Brazil, Kansas Insurance Department
Mark L. Bennett, American Insurance Association
Bryce Moore, Director, Division of Workers' Compensation
Kathleen Gilligan Sebelius, Kansas Trial Lawyers
Carl Lewis, Kansas Bankers Association
John L. Richeson, Alliance of American Insurers
Jeff Wampler, Kansas Farm Bureau
Charles D. Lewis, United Telephone of Kansas

October 19, 1977
Morning Session

Proposal No. 46 - Employment Security

The Special Committee on Labor and Industry was called to order by the Chairman, Representative Eugene Gastl, at 10:00 a.m. The purpose of the meeting was to hold Committee discussion on Proposal No. 46 - Employment Security.

Chairman Gastl opened the meeting by asking the members of the Committee for any statements which they might wish to make concerning the philosophy and the intent of the Employment Security Law. Senator Vermillion said that he believed that the purpose of the law was to compensate an individual who is suddenly thrown out of work through no fault of his own. He suggested two main areas for consideration by the Committee:

1. To sift out the areas of the employment security program which allow people out of work through their own fault to receive unemployment compensation.

2. To make compensation available as soon as possible to those workers who have been loyal and hard working people.

Senator Morris said that he basically agreed with Senator Vermillion's philosophy. He said that the reason many states have a bankrupt employment security fund is because those states allowed the system to become a social welfare program.

Representative Whiteside said that the Committee should look at the program as an insurance plan and not a welfare program. Representative Burgess expressed concern over the cost of eliminating the waiting week (an estimated $3 million). Senator Morris suggested that the place to save money is in the field of voluntary quits, misconduct and the refusal of suitable work. Representative Wisdom expressed his support of the elimination of the waiting week and said that he is in favor of looking for ways to offset the cost of this.

The Committee then began a discussion of each of the recommendations of the Employment Security Advisory Council which were presented to the Committee on October 12, 1977. (See the October 12 minutes).

The Committee, by consensus, decided to take no action on the recodification project issue since the recodification was not yet complete.

Representative Whiteside moved that the Committee request that a separate bill be drafted to amend K.S.A. 44-710a(3)(B) by adding the following:

"Provided, however, that in computing such rates for calendar years 1978 and 1979 taxable wages shall be determined on a $6,000 wage base per employee."

The motion was seconded by Senator Vermillion and the motion carried.

A copy of a letter was passed out to each Committee member concerning voluntary quits (Attachment I). The Committee then held a discussion on voluntary quits, misconduct and refusal of suitable work.

Senator Vermillion moved that the Employment Security Law be amended to provide that a person who voluntarily quits, or is discharged for misconduct or refuses suitable work be disqualified totally from unemployment compensation. Senator Vermillion withdrew his motion and then moved that the law be amended to state that an employee who voluntarily quits his job, is discharged for misconduct or refuses to accept suitable work be disqualified for the remainder of the unemployment period until he again becomes employed and becomes eligible for benefits. Representative Wisdom seconded the motion and the motion carried. Representative Webb and Representative Sifers asked that they be recorded as voting no.

Senator Morris moved that an amendment be drafted to add the following definition of "good cause" to the voluntary quit provision:

"Good cause shall include but not be limited to unfair treatment of the employee or the creating of unusually difficult working conditions by the employer."

The motion was seconded by Representative Webb and the motion carried.

A discussion was held concerning the elimination of the zero percent and the 3.6 percent maximum tax rates. Senator Morris distributed information which showed the

impact that eliminating these rates would of had for calendar year 1977 (Attachments II and III).

Afternoon Session

Chairman Gastl called the meeting to order at 1:30 p.m.

Senator Feleciano moved that an amendment be drafted to eliminate the zero percent and the 3.6 percent tax rate. Senator Vermillion seconded the motion and the motion carried. Representative Whiteside and Representative Wisdom voted no.

Senator Morris moved that an amendment be drafted to change the computation date for rated governmental employers from June 30 to March 31 effective January 1, 1978. Representative Sifers seconded the motion and the motion carried.

Senator Feleciano moved that an amendment be drafted to change the heading of K.S.A. 44-710(c) to read "Charging of Benefit Payments". The motion was seconded by Representative Whiteside and the motion carried.

Representative Sifers moved that a bill be drafted to amend K.S.A. 44-710(c) to permit a charge to an employer's account of all benefits paid prior to the June 30, computation date. Senator Morris seconded the motion and the motion carried.

Senator Morris moved that the Committee take no action on the issue of redefining average annual payroll and establishing a limit on the amount an employer's tax rate could increase annually. The motion was seconded by Senator Vermillion and the motion carried.

Senator Morris moved that the Committee take no action on the issue of revising procedures for notifying employers regarding assessments and notice to employers of a final notice pending a specific proposal by the Advisory Council. Senator Vermillion seconded the motion and the motion carried.

Senator Morris moved that the Committee have an amendment drafted concerning pension benefits and unemployment compensation to include the following:

1. For any week with respect to which an individual is receiving a governmental or other pension and claiming unemployment compensation, the weekly benefit amount payable to such individual for such week shall be reduced (but not below zero) as follows:

   A. by one-half the prorated weekly amount of the pension if at least half the cost of the pension plan was contributed by an employer who employed the individual during the base period (or whose account would be chargeable with any unemployment compensation paid to the individual for such week); and

   B. by the entire prorated weekly amount of the pension if the entire cost of the pension plan was contributed by such an employer; or

   C. by the entire prorated weekly amount of any governmental or other pension, retirement or retired pay, annuity, or any other similar periodic payment which is based on any previous work of such individual if such reduction is required as a condition for full tax credit against the tax imposed by the Federal Unemployment Tax Act.

2. In addition, unemployment benefits would not be allowed for retired persons unless they have reentered the employment market and have earned eight times their weekly benefit.

3. Finally, if an employee paid the total cost of his own pension, there would be no reduction of unemployment benefits.

The motion was seconded by Senator Vermillion and the motion carried.

Senator Vermillion moved that a bill be drafted to eliminate the one-week waiting period before a person can draw unemployment compensation. The motion was seconded by Representative Sutter and the motion carried. Representative Whiteside voted no.

Senator Vermillion moved that all of the amendments approved by the Committee to the Employment Security Law with the exception of the first amendment (K.S.A. 44-710a (3)(B) to provide that in computing such rates for calendar years 1978 and 1979 taxable wages shall be determined on a $6,000 wage base per employee) be drafted into one bill. Representative Wisdom seconded the motion and the motion carried. Senator Vermillion said he considered the Committee's recommendations a package deal and this would be the only way he would support the recommendations.

Senator Morris moved that an amendment be drafted to allow an employer to make voluntary tax payments to reduce his tax rate group by two brackets instead of one but in no case lower than his bracket of the previous year. Senator Vermillion seconded the motion and the motion failed.

October 20, 1977
Morning Session

Proposal No. 45 - Workers' Compensation

The meeting was called to order by the Chairman, Representative Eugene Gastl at 9:00 a.m.

Senator Morris moved that the minutes of the October 12, 1977, meeting be approved. Representative Whiteside seconded the motion and the motion carried.

A copy of a reply to Mr. R. J. Soptic's questionnaire concerning the elimination of the one-week waiting period (Attachment IV) and a copy of a letter from Burns International Securities Services expressing opposition to a provision of K.S.A. 75-7607 concerning the private security industry were distributed (Attachment V).

The Committee then began discussion of the recommendations of the Joint Advisory Committee on Workers' Compensation. The first item considered was coverage for agricultural workers. Senator Morris said that there are approximately 33,000 agricultural workers in Kansas and that during harvest season there are as many as 75,000 of these workers. He suggested that there are two ways to provide cover:

1. Repeal the present agricultural exemption. Agricultural employers then would be covered like all other employers unless their average annual payroll was less than $10,000.

2. Change the law to include a specific $20,000 exemption on farm labor.

After further discussion, Senator Morris moved that the agricultural exemption be deleted from the present Workmen's Compensation Law and that agricultural employers be subject to the same $10,000 payroll exemption as other employers. The motion was seconded by Senator Allegrucci and the motion carried. Representative Whiteside and Representative Burgess voted no.

Mr. George McCullough, Kansas State Federation of Labor, discussed recommendations concerning work-related diseases. He said that there is a strict burden of proof requirement in this area which makes it very hard to prove that an occupational related disease exists. Senator Morris said that this subject should be in the form of a bill so that both sides of the question could be heard and one or both of the standing committees could then study the issue.

Representative Whiteside moved that the Committee adopt the recommendation of the Joint Committee which states that Kansas essentially meets the recommendation to provide full coverage of work-related diseases. The motion was seconded by Representative Wisdom and the motion carried. Representative Webb, Senator Allegrucci and Senator Feleciano voted no.

Representative Wisdom moved that temporary total disability benefits be raised to be 75 percent of the state's average weekly wage. The motion was seconded by Senator Allegrucci and the motion carried. Senator Morris, Representative Sifers and Representative Whiteside voted no.

Senator Morris moved that the Committee accept the recommendation of the Advisory Committee that Kansas meets the recommendation in regard to the definition of permanent total disability. Representative Whiteside seconded the motion and the motion carried.

A discussion was held concerning total disability benefits. At present, the maximum dollar benefit is $50,000. Senator Vermillion moved that the temporary and permanent total disability dollar benefit limit be raised to $100,000. The motion was seconded by Senator Allegrucci.

Senator Morris offered a substitute motion that the temporary and permanent total disability benefit limit be raised to $75,000. The motion was seconded by Representative Whiteside and the substitute motion carried.

Representative Whiteside moved that the dollar maximum for death benefits be raised to $75,000 and that weekly death benefits be raised to 75 percent of the worker's gross average weekly wage up to a maximum of 75 percent of the state's average weekly wage. The motion was seconded by Representative Burgess and the motion carried.

Representative Whiteside moved that weekly benefits for permanent total disability and temporary total disability be increased to 75 percent of the worker's gross average weekly wage up to a maximum of 75 percent of the state's average weekly wage. Representative Webb seconded the motion and the motion carried.

Senator Morris moved that a presumption of dependency for children for workers' compensation benefits be added to the statutes. The motion was seconded by Senator Feleciano and the motion carried.

Senator Morris moved to accept the recommendation of the Advisory Committee, that generally Kansas meets the recommendation that there be no statutory limits of time or dollar amount for medical care or physical rehabilitation services for any work-related impairment. Representative Whiteside seconded the motion.

Senator Allegrucci made a substitute motion that changes be made in the law so that there will be no limitations on medical care benefits or physical rehabilitation services for any work-related impairment. The motion was seconded by Senator Feleciano. and the substitute motion carried. Representative Whiteside voted no.

A discussion was held on the heart amendment. Mr. McCullough pointed out that recent Supreme Court decisions have given a more liberal interpretation of the law. Senator Morris moved that there be no change in the heart amendment. Representative Whiteside seconded the motion and the motion carried.

Representative Whiteside moved that the recommendation of the Advisory Committee be accepted and there be no change in regard to the present method of computation for permanent partial benefits. Representative Sifers seconded the motion.

Senator Allegrucci offered a substitute motion that permanent partial benefits be raised to 75 percent of the worker's gross average weekly wage up to a maximum of 75 percent of the state's average weekly wage. Senator Feleciano seconded the motion and the substitute motion carried. (It was the consensus of the Committee that all maximum weekly benefit amounts be based on 75 percent of the person's average weekly wage subject to a maximum of 75 percent of the state's average weekly wage.)

Senator Morris moved to accept the recommendation of the Advisory Committee which said that in regard to extending the time limit for filing a worker's compensation claim to three years, it was agreed that this was not so much a problem of legislation but more one of education. The motion was seconded by Representative Whiteside and the motion carried. Representative Sutter voted no.

Senator Morris moved that a seven-day notice of intent be given to the employer or to the employer's insurance carrier prior to the time an application for a preliminary hearing is filed. Senator Feleciano seconded the motion and the motion carried.

Representative Whiteside moved to accept the recommendation of the Advisory Committee that the state should not establish a workmen's compensation insurance fund. Representative Sutter seconded the motion and the motion carried.

Mr. Bryce Moore, Director, Division of Workers' Compensation, Department of Human Resources spoke to the Committee on behalf of the recommendation of the Advisory Committee's that job security be provided for the new fulltime workers' compensation examiners. After some discussion, Senator Morris moved that the Committee not accept the recommendation regarding examiner's job security of the Advisory Committee. Senator Vermillion seconded the motion and the motion carried.

Representative Whiteside moved that the recommendation of the Advisory Committee to permit the maximum weekly benefit amount be rounded to the nearest dollar. The motion was seconded by Representative Burgess and the motion carried.

Representative Whiteside moved the Committee accept the recommendation of the Advisory Committee that a method be provided whereby employers could file an election to cover volunteer workers. Representative Burgess seconded the motion and the motion carried.

Senator Feleciano moved that the Committee accept the recommendation of the Advisory Committee that a method be provided whereby labor unions and other associations can file an election to cover persons who are on union or association business. Representative Wisdom seconded the motion and the motion carried.

The next recommendation to be considered by the Committee was one to allow employers and insurance carriers to implead the Workmen's Compensation Fund where the employer had knowledge of a prior handicap even though he had not filed with the Division of Workers' Compensation a Notice of Handicapped Employees, Form 88 and to allow the Workmen's Compensation Fund to be made a party in a workmen's compensation case within 60 days of the date an award becomes final and nonappealable.

Mr. Tim Brazil, Kansas Insurance Department, requested that copies of a letter from Mr. Fletcher Bell, Commissioner of Insurance, concerning the above recommendation, which had previously been distributed to Committee members, be read by each member (Attachment VI). Mr. Brazil said that this recommendation would have a direct and adverse effect on the Kansas Workmen's Compensation Fund. The requirement of filing a Form 88 has as its objective to provide employment for handicapped employees by providing an incentive for a employer to hire the handicapped. This object, according to Mr. Brazil, is accomplished by relieving the employer of any additional liability he may incur as a result of hiring a handicapped employee. The rights of claimants are not affected by the Form 88 requirement since they are entitled to benefits regardless of whether or not the Workmen's Compensation Fund is a party in the case. Mr. Brazil said that the second part of the recommendation would allow the Workmen's Compensation Fund to be made a party after a final and nonappealable award had been entered and would make the effective representation and defense of the Workmen's Compensation Fund extremely difficult, if not impossible.

Mr. George McCullough argued in favor of the recommendation. He said that in his opinion this recommendation would have the effect of decreasing the number of impleadings on the Workmen's Compensation Fund. Instead of routinely impleading the fund, a lawyer would have a chance to review the evidence to see whether or not the Fund is involved before impleading it.

Representative Burgess moved that no action be taken by the Committee on this recommendation at this time. The motion was seconded by Representative Whiteside and the motion carried.

Senator Feleciano moved that no action be taken on the recommendation of the Advisory Committee that language be inserted in K.S.A. 44-528 in regard to not allowing review and modification of a settlement award. Senator Allegrucci seconded the motion.

Representative Whiteside offered a substitute motion that the Committee accept the recommendation that language be inserted in K.S.A. 44-528 in regard to not allowing review and modification of a settlement award. Representative Sifers seconded the substitute motion. The substitute motion failed.

A vote was then taken on the original motion by Senator Feleciano and the motion carried.

Senator Morris moved that the Committee take no action on the recommendation of the Advisory Council on Workers' Compensation to amend K.S.A. 44-510a to reflect that the percentage of contribution for a prior injury shall be applied against the money rate paid or collectable for the prior injury. The motion was seconded by Senator Vermillion and the motion carried.

Representative Whiteside moved that the Committee accept the recommendation of the Advisory Committee to amend K.S.A. 44-510 to give the director discretion to allow mileage paid for medical treatment within the home community of the injured worker. Representative Sutter seconded the motion and the motion carried.

Chairman Gastl commended the Committee on their work. He announced that a one-day meeting of the Committee would be held on November 16, 1977, at 10:00 a.m. to review the draft legislation and Committee reports and to take final action on these items.

The meeting was adjourned by the Chairman at 12:00 noon.

Prepared by Mike Heim

Approved by Committee on:

Nov 16, 1977
(Date)

MH/jsf

Attachment I

Mr Chairman, members and staff:

My name is Larry G. Dowd. I have been invited to attend your meeting and speak on this matter. Due to working circumstances, it is necessary I submit this statement rather than appear. When a statement is read, it can not have the voice inflection as needed, does not display sincerity or does not show the determination a speaker projects. With all this in mind, I submit this statement and urge you to imagine a small businessman speaking with force and vigor.

I purchased a drug store in Feb, '76. The previous owner and myself agreed to have a crew inventory the items to determine the purchase price and divide the expenses of doing so on a 50-50 basis. They worked from 9AM to 12 Midnight, took two lunch hours that we paid the dinner bill and paid expenses for two cars being driven from Wichita to Great Bend and back. During the change of ownership, the employment division informed me I HAD to accept the previous owners rating and any liabilities because "it's the law".

Now the fun starts: During the month of April, 1976, I had three girls "QUIT" on their own and each with less, note I said LESS, than twelve hours notice. One girl came back for lunch and asked for her check. Petty circumstances surround these problems, but do not lend themselves to the case. The point is that each drew unemployment benefits and could have been charged to my account. It is truly amazing that they DID draw any of the benefits at all. The first claim slipped by me due to being naive and inexperienced. However, the remaining two, I protested within my allotted time and they drew benefits from the general fund,--but they did draw and THEY QUIT ON THEIR OWN.--Truly amazing.

Approximately the middle of August, I was notified that one of the above mentioned inventory crew was being AWARDED UNEMPLOYMENT BENEFITS AGAINST MY ACCOUNT. Well, by this time I was fast becoming a seasoned veteran at this game and I protested this case on the fact she had already been paid to do one job, she did the job as agreed and was paid for that job. She was also paid for eating and her car was used so she received money for the driving. All of this time and payment was agreed to by me, by her and by the previous owner and she was paid in February 1976 for this agreement. However, "it's the law" and it states scince there wasn't any more work for her, she is allowed to receive more money and I get another

Atch. I

chan to pay her:--again but this time for not working. Fair--huh??

This last case is a real clincher. This lady was fired from this store approximately eight months before I purchased the store. After checking records, the process of informing the owner and allowing time for protest was followed, but the previous owner sat on his duff and did absolutely nothing about the claim against his account. When I was notified, I protested, most of the claim had been paid and after bringing this to light my rating jumped from zero "0" to 2.6. I protested on the grounds she never worked one minute for me but,-oh, oh, too late Dowd, the previous owner did not protest so she gets to draw the money against your account. Too bad,-but "it's the law" you know.

Have you noticed how "it's the law" seems to keep popping up every now and then? It kind of makes me nauseous, how does it affect you? During my campaign against what I feel are unfair laws that I have to follow, I can not begin to tell you how many times "it's the law" was thrown up to me. During my talks with the local employment office, talks with the referee, Preston Gates, during my hearingS, phone conversations to the offices in Hutchinson and Topeka as well as follow-up letters AND additional letters to these two offices, the phrase was used time and time again,--"it's the law". The claim from the inventory crew member is only $37.50 and I paid $1,081 dollars to the lady that didn't work one minute for ole Dowd, but boy, I can't begin to thank anyone for the privilege of getting to pay these benefits. I mean after all,--"it's the law". Even if, and I repeat, even if the total claim was only five cents, (one nickel), I would argue and campaign just as furious and with as much vigor as I am now. This LAW is not fair; it is quite irritating and hinges on being ridiculous for the small business man as myself. These statements stand EVEN IF all of these claims came out of the general fund and didn't cost me the nickel--------it's still unfair that they drew benefits at all.

If by any stretch of the imigination, if by any chance of fair play, if it could be at all possible to have the gentlemen that instigated these laws just per chance be on my side of the fence, I wonder how long it would take to get legislation in the mill and get something changed. I have copies of letters I mailed to the local chamber of commerce, Rep Roth, Sen Janssen, Gov. Bennett, Rep Setelius, Sen Dole, Sen Pearson and Mr L.E. Weatherford of the Dept of Labor as a result of my letter to Pres. Carter. I have copies

of the letters to the employment division and letters from the above mentioned to me. If they can be of any help, you are welcome to copies for the records.

I can honestly say that my stand is not a popular position. I have had hate letters, obscene p calls, cussed out and cussed at and threatened with a law suit. I was told that I am to blame for the ill health of the lady that was fired, drew $1,081 and not even a thank you. I was also told IF, just IF, anything happens to her,--HE will hold ME responsible for her death. Keep in mind-she didn't work for me, I didn't fire her, I gave her $1,081 but I'm responsible for her bad health since I'm trying to get s me justification on my behalf. Isn't that a crock? This whole situation does not please me a little bit and all the guff is not a barrel of laughs, but I refuse to quit because of uninformed people. I'd bet a silver dollar you would find less unemployment being paid out if some of the laws were changed to protect the business instead of the lame, lazy and sick. Please believe me, I AM NOT AGAINST BENEFITS, <u>in some cases</u>, but this has turned out to be one big circus. I don't want to stay on my soap box forever, but I'd bet another dollar if a survey is taken, the vast majority would feel today's laws on any subject matter are th to portect the guilty. It's way past time we get this feeling changed and I hope your committee can do its share to get the feeling reversed.

In closing, I would like to bring forth these questions:

1) How can a society justify paying a person if it is their wish to quit and not work,--be it from the employer or from the general fund.
2) How does society justify paying a person if all parties agree before hand, the amount of work to be done, the salary to be paid and if necessary, the time to do a job?
3) How can anyone draw unemployment when the case is being protested. The time it takes to rectify, if possible, any error and in these cases above--one year now, the original case has been closed, the benefits paid, the receipient could care less and here I sit.
4) What legislative body, what committee or what one person controls the unemployment benefit program. (I have received many conflicting statements from state and federal levels.)

Gentlemen, I than you for your time and for taking your time reading this statement. I truly wish I could be here.

Larry G. Dowd

Larry G. Dowd
Dowd's Pharmacy
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September 27, 1977

Attachment "II"

U.C. TAX - PER EMPLOYEE COST *
(ASSUMING ALL EMPLOYEES REACH THE WAGE BASE)

*Based on 1977 RATES

	WITH CURRENT "ZERO" RATE AND 3.6% MAXIMUM RATE				if Wage Base $6,000	WITHOUT 3.6% MAX. RATE	WITHOUT ZERO OR 3.6% MAX. RATE
Rate Group	1.1% Yield $4,200 (Rate) Wage Base	1.2% Yield $6,000 (Rate) Wage Base	Per Employee Cost Inc. or Decrease	~~1977 Costs~~ Per Employee	Est. 1978 Costs Per Employee	Costs Per Employee	Costs Per Employee
1	0	0	0	0	0	0	12.00
2	.3	.2	-.60	12.60	12.00	12.00	24.00
3	.5	.4	3.00	21.00	24.00	24.00	30.00
4	.8	.6	2.40	33.60	36.00	36.00	42.00
5	1.0	.8	6.00	42.00	48.00	48.00	54.00
6	1.3	1.0	5.40	54.60	60.00	60.00	66.00
7	1.6	1.2	4.80	67.20	72.00	72.00	78.00
8	1.8	1.4	8.40	75.60	84.00	84.00	90.00
9	2.1	1.6	7.80	88.20	96.00	96.00	96.00
10	2.3	1.8	11.40	96.60	108.00	108.00	108.00
11	2.6	2.0	10.80	109.20	120.00	120.00	120.00
12	2.9	2.3	16.20	121.80	138.00	132.00	132.00
13	3.1	2.5	19.80	130.20	150.00	144.00	144.00
14	3.4	2.7	19.20	142.80	162.00	156.00	156.00
15	3.6	2.9	22.80	151.20	174.00	168.00	162.00
16	3.6	3.1	34.80	151.20	186.00	180.00	174.00
17	3.6	3.3	46.80	151.20	198.00	192.00	186.00
18	3.6	3.5	58.80	151.20	210.00	204.00	198.00
	3.6	3.6	64.80	151.20	216.00	216.00	210.00
20		3.6	64.80	151.20	216.00	228.00	[illegible]00
21		3.6	64.80	151.20	216.00	240.00	[illegible]00

Attch. II

RATES FOR CALENDAR YEAR 1977

Rate Group	Reserve Ratio (Lower Limit)	$4,200 Base				$6,000 Base					
		1.1%		1.2%		1.1%			1.2%		
		3.6 Max.	No Max.	3.6 Max.	No Max.	3.6 Max.	No Max.	No. 0/Max.	3.6 Max	No Max.	No 0/Max.
1	13.496%	0	0	0	0	0	0	.2	0	0	.2
2	12.661	.3	.2	.3	.3	.2	.2	.3	.2	.2	.4
3	12.348	.5	.5	.6	.5	.4	.4	.5	.4	.4	.5
4	12.192	.8	.7	1.0	.8	.6	.6	.7	.6	.6	.7
5	12.037	1.0	.9	1.3	1.0	.7	.7	.8	.8	.8	.9
6	11.927	1.3	1.2	1.6	1.3	.9	.9	1.0	1.0	1.0	1.1
7	11.800	1.6	1.4	1.9	1.5	1.1	1.1	1.2	1.2	1.2	1.3
8	11.644	1.8	1.6	2.2	1.8	1.3	1.3	1.3	1.4	1.4	1.5
9	11.522	2.1	1.9	2.6	2.0	1.5	1.5	1.5	1.6	1.6	1.6
10	11.398	2.3	2.1	2.9	2.3	1.7	1.7	1.7	1.8	1.8	1.8
11	11.178	2.6	2.3	3.2	2.6	1.8	1.8	1.8	2.0	2.0	2.0
12	10.970	2.9	2.6	3.5	2.8	2.0	2.0	2.0	2.3	2.2	2.2
13	10.634	3.1	2.8	3.6	3.1	2.2	2.2	2.2	2.5	2.4	2.4
14	10.318	3.4	3.0	3.6	3.3	2.4	2.4	2.3	2.7	2.6	2.6
15	9.747	3.6	3.3	3.6	3.6	2.6	2.6	2.5	2.9	2.8	2.7
16	9.301	3.6	3.5	3.6	3.8	2.8	2.8	2.7	3.1	3.0	2.9
17	8.346	3.6	3.7	3.6	4.1	2.9	2.9	2.8	3.3	3.2	3.1
18	7.241	3.6	4.0	3.6	4.3	3.1	3.1	3.0	3.5	3.4	3.3
19	4.247	3.6	4.2	3.6	4.6	3.3	3.3	3.2	3.6	3.6	3.5
20	-5.935	3.6	4.4	3.6	4.8	3.5	3.5	3.3	3.6	3.8	3.7
21	-99.999	3.6	4.7	3.6	5.1	3.6	3.7	3.5	3.6	4.0	3.8

NOTES: "No Maximum" relates to taxable wages; maximum is 2.0 percent of total wages.

"No Zero" moves experience factors to .1 per cent through 2.1 percent of total wages

Flexible Maximum -- annual total wages rounded to nearest $500. CY 1976 - $9,433 ro

Atch. III

WILLIAM G. MILLIKEN, Governor

STATE OF MICHIGAN

DEPARTMENT OF LABOR

MICHIGAN EMPLOYMENT SECURITY COMMISSION

S. MARTIN TAYLOR, Director

7310 WOODWARD AVE., DETROIT, MICHIGAN 48202

TELEPHONE (313) 876-5000

September 8, 1977

Mr. R. J. Soptic, President
UAW Local No. 31
1019-21 Waterway Drive
Kansas City, Kansas 66102

Dear Mr. Soptic:

This is in reply to your letter addressed to "State Labor Commission", Lansing, Michigan, dated August 11, 1977, which has been forwarded to us for the reply.

Your letter requested information with respect to three questions concerning Michigan's experience in the elimination of the waiting period for claimants who apply for unemployment compensation.

In 1973, an amendment to the Michigan Employment Security Act eliminated the requirement of a "Waiting Week" and benefits became payable for the calendar week in which a valid new claim is filed. (To file a valid new claim, the claimant must be eligible and qualified in all respects, and not disqualified.)

The answers to the questions raised in your letter are answered, as far as we are able, in the same sequence as they appeared.

A. 1. Each claimant who did not exhaust the maximum number of weeks of benefits allowed him/her is paid for that week which had been previously credited as an unpaid "Waiting Week", and deducted from the total benefits which had been allowed. This results in an additional week of benefit payments to him/her.

2. The number of claimants who filed valid "New Claims" because the first week is compensable, who would not have filed a claim to only obtain "Waiting Week" credit and to establish a Benefit Year, is unknown and any answer would only be conjecture on our part.

B. Our agency has conducted no study of the facts involved in this question.

C. See the answer to the first question above.

Yours truly,

Hendrik G. Nobel, Chief
Benefits Section

Att. IV

BURNS Burns International Security Services, Inc.
Suite 900 LaSalle Plaza
180 North LaSalle Street
Chicago, Illinois 60601
Tel. 312 641-8500

October 10, 1977

Honorable Eugene F. Gastl
State Representative
5811 Nieman Road
Shawnee, Kansas 66203

Dear Mr. Gastl:

I would like to take just a few moments of your time to voice our opposition to a paragraph now contained in KSA 75-7b07 and House Bill 2191. The present law, as well as House Bill 2191, relates to the private security industry and as the present statute stands, clearly represents a discriminatory position in relation to other licensed groups.

As a further descriptive analogy, compare the laws which relate to the licensing of doctors or barbers. Clearly stated, the owner of a barber shop or hospital is not held legally responsible for all acts of his employees, but the public is still protected by common law remedies already available. However, by statute, the private security industry is singled out as a group and a law gives insurance claimants and others the absolute right to bring final action without the necessity of a trial.

My point is quite simple, in that Section (b) of paragraph (4) contained in KSA 75-7b07 is unnecessary, unduly burdensome and purely an unreasonable penalty to impose on a single industry. This legal statute imposes such severe penalties that it goes far beyond that which is commonly acceptable for other industries or professions. The cost generated by such a law must ultimately be passed on to the consumer which again is unfair without a burden of proof established. As it stands now, as well as amended, this law tends to encourage litigation, which could, in many cases, be time consuming and costly to the courts and the public. We urge you to carefully compare the penalties and liabilities hidden in the existing language and we are confident you will immediately see the injustices of the paragraph.

Your consideration of our comments will do a great deal to enforce the faith we have in our legislative system and if I may be of any help in clarifying my comments or expanding on the impact of the law as we know it, I stand ready to at any time.

Yours very truly,

D. A. Kristick
Regional Vice President

DAK/tmw

Att. IV

Attachment VI

FLETCHER BELL

COMMISSIONER OF INSURANCE

October 19, 1977

Representative Eugene Gastl
Chairman, Special Committee on Labor & Industry
House of Representatives
Statehouse
Topeka, Kansas 66612

Mr. Chairman:

At the October 12, 1977, meeting of the Special Committee on Labor and Industry, Bryce B. Moore, Director of the Division of Workers' Compensation, presented the recommendations of The Governor's Joint Advisory Committee on Workmen's Compensation. Included therein are eight proposed changes in the Kansas Workmen's Compensation law along with copies of the proposed amendments implementing these changes. Of these proposed changes, proposals number five and seven will have a direct and adverse effect on the Kansas Workmen's Compensation Fund. As the state official who is charged by statute with the responsibility of representing and defending the Workmen's Compensation Fund, I feel it is important that you be made aware of my concern relative to these proposed amendments.

Proposal #5 is a two-part proposal which would delete the requirement of filing a Form 88 and would allow the Workmen's Compensation Fund to be made a party in a workmen's compensation case within 60 days of the date an award becomes final and nonappealable.

As you know, the requirement of filing notice of a pre-existing condition prior to the date of the compensable injury was contained in the Workmen's Compensation law prior to July 1, 1974, and was reinstated by the 1977 legislature pursuant to the requests of this Department. This was one of the steps taken in an effort to slow down the rapid increase in liability which has been experienced by the Workmen's Compensation Fund since the 1974 changes in the law.

The changes made by the 1977 legislature for the purpose of limiting the liability of the Workmen's Compensation Fund did not become effective until July 1, 1977; and therefore, will only apply to cases where the accident occurs subsequent to that date. Substantially all of the cases in which the Workmen's Compensation Fund is currently a party are still involving accidents which occurred prior to July 1, 1977; therefore, the effect of the 1977 changes is not yet reflected in the experience of the Fund.

Atch. VI

The requirement of filing proof of knowledge of a pre-existing condition (Form 88) prior to the date of a compensable accident is consistent with the primary objective of the Workmen's Compensation Fund. That objective, of course, is to provide employment for handicapped employees by providing an incentive for an employer to hire the handicapped. This objective is accomplished by relieving the employer of any additional liability he may incur as a result of hiring a handicapped employee. If the employer is not aware of the pre-existing condition, he is doing nothing to further the social objective of providing employment for the handicapped. If the employer has knowledge of the pre-existing condition, he evidences his knowledge and social intent by filing the Form 88, which entitles him to take advantage of the benefits provided by the Workmen's Compensation Fund. The notice of pre-existing condition (Form 88) is the only method of insuring that the employers knowledge of a pre-existing condition was present prior to the compensable injury. The rights of claimants are not affected by the Form 88 requirement since they are entitled to benefits regardless of whether or not the Workmen's Compensation Fund is a party in the case. The effect of deleting the Form 88 requirement from the law would be to shift the burden of paying for a larger percentage of workmen's compensation claims from private industry to the state general revenue fund.

The second change contained in proposal #5 effects the time at which the Workmen's Compensation Fund may be made a party in a workmen's compensation case and would allow the Workmen's Compensation Fund to be made a party after a final and nonappealable award had been entered. The present law states that the Workmen's Compensation Fund may be impleaded at any time "prior to the first full hearing where any evidence is presented on the claim." If adopted, this amendment would make the effective representation and defense of the Workmen's Compensation Fund extremely difficult, if not impossible. Respondents and claimant's attorneys would be able to obtain evidence bearing on the liability of the Workmen's Compensation Fund through the taking of both medical and lay depositions at which the Workmen's Compensation Fund would not be represented. The fund would then be expected to redepose these same witnesses in an effort to overcome the presumption that had been created at the first deposition. A witness's first deposition would still be available to impeach his credibility if his later testimony is more favorable to the Fund. Further, since a final award is normally not entered in a case until a considerable amount of time after the date of the accident, it can be anticipated that important witnesses could not be located for the purpose of retaking their deposition or, if they could be located, their memory of important events pertaining to the claim would be impaired due to the amount of time which had passed. Finally, if this proposed amendment is adopted, it should be expected that the defense costs of all of the parties to the claim would at the very least double.

The Advisory Committee's proposed change #7 would also, if adopted, increase the liability of the Workmen's Compensation Fund. K.S.A. 1976 44-510a provides for a reduction in compensation for a prior compensable injury by the percentage of contribution that the prior disability contributes to the overall disability following the latter injury. This reduction parallels the liability of the Workmen's Compensation Fund and in many cases, relieves the Workmen's Compensation Fund of all liability during the period of time that compensation is paid or is collectable for such prior disability. K.S.A. 44-510a(b) which prescribes the method to be used in applying this reduction was added to the Workmen's Compensation law in 1974. This new language had the effect of somewhat limiting the Fund's liability which had been so greatly expanded by the remainder of the changes made in 1974. If K.S.A. 40-510a is amended as recommended, an increase in the liability of the Workmen's Compensation Fund should be anticipated.

As I am sure you are aware, the Workmen's Compensation Fund receives its general fund entitlement on an after the fact basis for amounts actually expended during the previous fiscal year. The general fund entitlements of the Workmen's Compensation Fund since 1974 have been as follows:

July 1, 1974	$86,940.00
July 1, 1975	$73,696.00
July 1, 1976	$101,204.00
July 1, 1977	$196,286.73

On July 1, 1978, the general fund entitlement for the Workmen's Compensation Fund will be $501,523.29. It is anticipated that the entitlement for July 1, 1979, will be well in excess of $1,000,000.00. Since this entitlement will be reimbursement for the current fiscal year's expenditures, the 1977 changes to the Workmen's Compensation Law will have little if any effect on this amount. If the above proposed amendments are adopted, it should be anticipated that future general fund entitlements will be substantially increased.

The Workmen's Compensation law is generally recognized as social legislation for the purpose of providing prompt and reasonable compensation to injured employees. The expense of the benefits provided by the law is shared by employers and taxpayers. The effect of the above changes is to shift the obligation for a greater percentage of claims to the tax rolls. This is a determination that is exclusively within the discretion of the legislature. My concern is that you be made aware of this effect before acting on these proposed amendments.

Very truly yours,

Fletcher Bell
Commissioner of Insurance

FB:mh