

MINUTES OF THE House COMMITTEE ON Labor and Industry

Held in Room 521-S, at the Statehouse at 9:30 a. m. ~~p.m.~~,

on February 17, 19 83.

All members were present except:

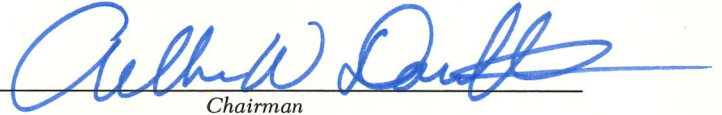
Representatives Edgar Moore and James Holderman/both excused.

The next meeting of the Committee will be held at 9:30 a. m. ~~p.m.~~,

on February 22, 19 83.

These minutes of the meeting held on \_\_\_\_\_, 19\_\_\_\_ were

considered, corrected and approved.

  
Chairman

The conferees appearing before the Committee were:

Mr. Glenn Cogswell, Alliance of American Insurors

Chairman Douville called the meeting to order at 9:30 a.m.

There was a discussion of the amended version of H.B. 2221.

The committee received a handout (attachment #1) the subject: Fiscal note for House Bill 2221. Because H.B. 2221 was amended in the senate the information on this handout is outdated.

The Chairman recognized Mr. Glenn Cogswell to speak. Mr. Cogswell said that of the states that have group self insurance on worker's compensation, 16 of the states do require by statute either a security deposit or a security bond. Mr. Cogswell has a list of these states and will get copies for the committee.

Chairman Douville adjourned the meeting at 9:55 a.m.



2-17-83 Guest List

DAN RAMLOW	TOPEKA	KS. CONTRACTORS ASSN.
Tom Skott	Topeka	AGCO of Ks
Harry D. Nilser	Wichita	AFL-CIO
Bill Sneed	TOPEKA	Ks. Ins Dept.
Bill Morrissey	"	Ks Div. of Work. Comp.
Dick Smelser	"	" " " " "
B Moore		
Glenn D. Cozswell	Topeka	Alliance of American Insurers.
LARRY MAGILL	"	I.I.A.I.C.

2-17-83 #1

The Honorable Arthur Douville, Chairperson  
Committee on Labor and Industry  
House of Representatives  
Third Floor, Statehouse

Dear Representative Douville:

SUBJECT: Fiscal note for House Bill No. 2221 by Committee  
on Labor and Industry

In accordance with K.S.A. 75-3715a, the following fiscal  
note concerning House Bill No. 2221 is respectfully submitted  
to your committee.

House Bill No. 2221 would amend K.S.A. 44-703, 44-704,  
44-711, 44-714 and 44-717, and K.S.A. 1982 Supp. 44-706 and  
44-710a to provide the following:

1. an increase in the wage base from \$6,000 to \$7,000;
2. an increase in the maximum employer contribution rate  
from 4.3 percent to 5.4 percent;
3. modifications in the fund control schedule to increase  
receipts;
4. a surcharge of 20 percent to all employers during  
calendar year 1983, and in 1984, if the fund balance is less than  
.75 percent of total wages as determined by the Secretary of  
Human Resources;
5. an additional surcharge above the 20 percent if the  
fund's balance drops below \$35 million;
6. a freeze on the maximum weekly benefit rate at the  
current level through fiscal year 1985;
7. benefit payments would be rounded down to the  
nearest dollar figure;
8. elimination of negative account surcharges;
9. an increase in the rate for new employers from one  
percent to two percent; and
10. authority of the Department of Human Resources to  
interplead in probate proceedings in order to collect from an  
estate employer contributions which are due and owing.

*Atch. 1*

The Department of Human Resources has estimated the fiscal impact of House Bill No. 2221 based on a most favorable and a more moderate projected unemployment rate. In some instances, amounts cannot be accurately estimated because of several factors. However, the Department of Human Resources indicates that enactment of the bill would change receipts and expenditures in the State Employment Security Fund as follows:

- a. the increase in the wage base would generate \$12.2 million during calendar year 1983 and a lesser amount in calendar year 1984;
- b. the change in the fund control schedule would greatly \$10.9 million during calendar year 1983, \$11.4 million during calendar year 1984 and \$9.1 or \$18.2 million during the first six months of 1985, depending on prior year payments;
- c. the 20 percent surcharge would generate \$28.0 million in 1983 and \$36.4 million in 1984;
- d. the additional surcharge, should the fund balance drop below \$35 million, would generate \$1.7 million in the first quarter of 1984 using the most favorable rate, and if unemployment is at the projected moderate rate \$57.4 million could be anticipated in the first quarter of 1984 and \$29.5 million in the first quarter of 1985;
- e. by freezing the maximum benefit rate at \$163.00 a savings of \$8.0 million could be realized in FY 1984 and \$8.3 million in FY 1985 under the most favorable unemployment rate, or \$12.6 million in FY 1984 and \$16.5 million in FY 1985 under the moderate unemployment rate; and
- f. the "rounding down" of individual benefit amounts would save \$1.1 million in FY 1984 and \$1.3 million in FY 1985 under the most favorable unemployment rate, or \$1.9 million in FY 1984 and \$1.7 million in FY 1985 under a moderate rate of unemployment rate.

In addition, the administrative cost of redetermining the contribution rates for contributing employers, computing and notifying the same of their new rates, including the surcharge, would be approximately \$26,000. Each quarterly surcharge would entail an administrative expense of \$13,000. Other items of a preparatory nature to implement the provisions of the bill would also be needed at a minimal cost.

Any fiscal liabilities to the state as a result of the passage of House Bill No. 2221 would be in addition to the provisions contained in the 1984 Governor's Budget Report.

*Tommy Smith*

Tommy Smith  
Budget Analyst

For the Director of the Budget