

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY AND TOURISM

The meeting was called to order by Sen. Bill Morris at  
Chairperson

1:30 ~~am~~/p.m. on February 22, 1983 in room 529-S of the Capitol.

All members were present ~~except~~.

## Committee staff present:

Mark Burghart, Research Department  
Bruce Kinzie, Revisor  
Louise Cunningham, Secretary

## Conferees appearing before the committee:

Scott Lambers, Administrative Assistant, City of Overland Park  
Maureen Patton, City of Kansas City, Kansas  
Jim Kaup, Kansas League of Municipalities  
Rob Hodges, Kansas Association of Commerce and Industry  
Arnold Berman, Department of Human Resources

A motion was made by Sen. Gordon to approve the Minutes of February 21st. Seconded by Sen. Arasmith. Motion carried.

S.B. 207 - Steineger, Mulich, Rehorn

Employment security, claims, noncharge to employer.

Bruce Kinzie explained the bill to the Committee and said this bill was for summer employees with a voluntary quit's provision. It was similar to S.B. 265 which was in the Committee last year. It was also the subject of an interim study, when no bill was advised, although there was a close vote in the Committee.

The Chairman informed the Committee that Sen. Steineger, who was the principal author of the bill, had called him and requested the Committee to hold up on this bill. Conferees on the bill were present so the hearings proceeded.

Scott Lambers, City of Overland Park, said the City did not believe unemployment benefits for employees such as lifeguards at swimming pools, recreation leaders at playgrounds during the summer, and school crossing guards should be charged against the City. They know when they are hired exactly when the job terminates and it does not seem appropriate to charge the employers. He said this cost would discourage the hiring of students. The City feels that by hiring these young people it is a benefit to the community. They support S.B. 207. A copy of his statement is attached. (Attachment 1).

Maureen Patton, City of Kansas City, said the hiring of summer students is a community service and they felt their account should not be charged. She said all rated employers should be charged and the cost spread out. If they continued to be charged she said the City would cut down on the number of summer employees. She submitted a letter dated February 8, 1983 to Dennis M. Shockley regarding unemployment compensation claims for summer employees. (Attachment 2). She also submitted a table showing summer help employed for 1980 thru 1982 and the unemployment tax paid. A copy is attached. (Attachment 3).

Jim Kaup, Kansas League of Municipalities, said the problem is not unique for cities. They support S.B. 207 and said their policy statement reads that "summer and temporary employees should be excluded from coverage". Their position was that employers should not be charged for seasonal employees when the employee knew that the job was only temporary. Mr. Kaup was informed that federal law states that employees must be covered.

Rob Hodges, KACI, spoke in opposition to S.B. 207. He said employers would not support the bill as written now. It is not fair to have someone else pay for it.

S.B. 257 - Ehrlich

Employment security law; definition of employer as it relates to individuals employed in domestic service.

Sen. Ehrlich explained this bill saying the problem had been brought to his attention by an attorney in Hoisington. Two elderly ladies had taken two retarded individuals into their home after their parents had died. They found themselves in an employer situation when they had to hire someone to help take care of these two retarded people. One of the employees filed for unemployment benefits against them. These ladies, out of their kindness, were assessed for this type of benefit. They did meet with Dr. Ludwick and were told that according to present law, they were liable as employers.

In a letter from Dr. Ludwick to Mr. Lynn Muchmore, Director of the Budget, it was pointed out that exemption from coverage of employers which paid \$1,000 or more but less than \$4,000 in a calendar quarter would only mean that the employer would meet the Federal definition and would have to pay the full 3.5% tax on this employment to the Federal Government. A copy of this letter is attached. (Attachment 4).

Sen. Ehrlich was informed that by making the changes proposed in this bill, it would be out of conformity. The other change proposed in the bill to conduct hearings in all 105 counties would be very expensive.

Arnold Berman said the Department is currently conducting hearings in 31 locations across the state. The proposed bill would prohibit the Department from having telephone hearings which are very helpful. These telephone hearings are set up with the approval of both sides and they are currently having about 60 each week. He said to his knowledge there had been no other case as this one which was brought to the attention of Sen. Ehrlich. It was suggested that perhaps it would be better to obtain this type of domestic service through an employment agency in which case there would be no liability.

Meeting was adjourned.

SENATE LABOR, INDUSTRY & TOURISM COMMITTEE

Date 2-22-83 Place 529 S. Time 1:30

GUEST LIST

NAME

ADDRESS

ORGANIZATION

Marcus D. Patton	101 N. 7th St. K.A. St.	City of Kansas City, Kansas
SCOTT CAMBERS	OVERLAND PARK	CITY OF OVERLAND PARK
ARNOLD BERMAN	TOPEKA	DHR
Bob Hill	"	KACI
DAN MORGAN	"	AGC of KS
Jim Kamp	"	League of KS Munic.

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REMARKS BY SCOTT LAMBERS  
ADMINISTRATIVE ASSISTANT  
CITY OF OVERLAND PARK  
BEFORE THE SENATE LABOR, INDUSTRY AND TOURISM COMMITTEE

FEBRUARY 22, 1983

HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE, THANK YOU VERY MUCH FOR THE OPPORTUNITY TO APPEAR BEFORE YOU CONCERNING UNEMPLOYMENT COMPENSATION. MY NAME IS SCOTT LAMBERS, AND I AM THE ADMINISTRATIVE ASSISTANT TO THE CITY MANAGER OF OVERLAND PARK.

ON BEHALF OF THE CITY, I WOULD LIKE TO EXPRESS OUR SUPPORT FOR SB 207, WHICH WOULD AMEND THE PRESENT UNEMPLOYMENT COMPENSATION REGULATIONS TO PROVIDE THAT BENEFITS SHALL NOT BE CHARGED TO A RATED GOVERNMENTAL EMPLOYER IF AN EMPLOYEE LEAVES WORK FOR REASONS PROVIDED IN K.S.A. 44-706.

OUR CITY HIRES 228 PART-TIME AND SEASONAL EMPLOYEES EACH YEAR. WE BELIEVE THAT POSITIONS SUCH AS LIFEGUARDS AT SWIMMING POOLS, RECREATION LEADERS AT PLAYGROUNDS, SCHOOL CROSSING GUARDS, PUBLIC WORKS SUMMER LABORERS AND OTHER SIMILAR POSITIONS, SHOULD NOT BRING THE CITY ADDITIONAL EXPOSURE TO LOSSES AND THE RESULTANT INCREASES IN PREMIUMS FOR UNEMPLOYMENT INSURANCE.

ALSO, SINCE MOST OF THESE POSITIONS ARE FILLED WITH HIGH SCHOOL AND COLLEGE STUDENTS WHO ARE RETURNING TO SCHOOL AFTER THEY LEAVE THE CITY AND ARE GENERALLY INELIGIBLE TO COLLECT UNEMPLOYMENT BENEFITS AT THE TIME OF TERMINATION, IT SEEMS INAPPROPRIATE TO EXPOSE EMPLOYERS TO THIS RISK.

THEREFORE, WE WOULD URGE THE COMMITTEE TO RECOMMEND SB 207 AS FAVORABLE FOR PASSAGE, AND I THANK YOU FOR YOUR CONSIDERATION REGARDING THIS MATTER.

*Atch. 1*



CITY OF KANSAS CITY, KANSAS

JERRY D. DAVIS  
DIRECTOR OF PERSONNEL



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ONE CIVIC CENTER PLAZA

KANSAS CITY, KANSAS 66101  
(913) 371-2000

February 8, 1983

To: Dennis M. Shockley  
Legislative Liaison

From: Maureen D. Patton *Mo*  
Employment Supervisor

Subject: Unemployment Compensation Claims (Summer/Temporary Employees)

Per your request, I have gathered the following information for you. As you are probably aware our temporary/summer employees are considered to be layed off by us at the termination of their employment with us. They therefore may file claims and collect unemployment compensation which is charged to our account. These claims are not protested by our organization due to the lay off status.

Examples of people collecting on these types of claims are as follows:

Sample Claims (Summer)

<u>Case</u>	<u>*Amount of Claim</u>	<u>Date(s) of Employment</u>
Case I	\$264.00	Employed Summer 1981
Case II	\$298.00	Employed Summers 1978 and 1981
Case III	\$572.00	Employed Summers 1978, 1979, 1981 and 1982

Sample Claims (Temporary)

<u>Case</u>	<u>*Amount of Claim</u>	<u>Original Employment Date</u>
Case IV	\$711.00	August 1980
Case V	\$874.00	August 1980
Case VI	\$931.00	August 1970
Case VII	\$603.00	December 1978
Case VIII	\$1054.00	August 1976

A method for tracking and protesting unemployment compensation claims against the City was initiated in September 1981. This program

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Dennis Shockley  
February 8, 1983  
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has proven to be most cost effective. During 1982 this program saved our organization approximately \$92,800.00. This figure was derived by basing our costs on our \$29 million payroll and noting that the 1982 tax rate was 1.36% and the 1982 tax rate is 1.04%.

I might also suggest that in building legislation in this area you consult with individuals knowledgeable in this area who work for public school systems. Public schools usually have great liability in unemployment compensation due to their use of substitute teachers.

Should you required further examples in this area or further explanation of our tracking/protesting techniques, please do not hesitate to contact me.

**\*These claims were all collected during a time period from September 1981 thru January 1983.**

MDF/vvr

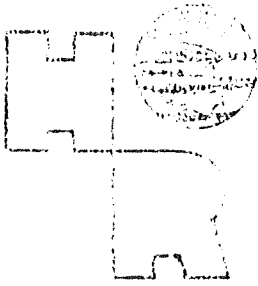
cc: Jerry Davis

SUMMER HELP - COLLEGE STUDENTS

<u>YEAR</u>	<u>NUMBER</u>	<u>WAGES PAID</u>	<u>AVERAGE PAY</u>	<u>TAX RATE</u>	<u>UNEMPLOYMENT TAX PAID</u>
1980	104	\$142,438.30	(1,370.)	.06%	\$ 85.46
1981	141	\$194,698.80	(1,380.)	.70%	\$ 1,363.00
1982	126	\$169,234.02	(1,343.)	1.36%	\$ 2,300.00
					<u>TOTAL = \$ 3,648.46</u>

JDD/vvr-081782

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KANSAS DEPARTMENT OF  
*Human Resources*  
OFFICE OF THE SECRETARY

401 TOPEKA AVENUE TOPEKA, KANSAS 66603

913-296-7474

February 16, 1983

Mr. Lynn Muchmore  
Director of the Budget  
Room 152-E  
State Capitol  
Topeka, Kansas 66612

Re: Fiscal Note on Senate Bill No. 257

Dear Mr. Muchmore:

Senate Bill No. 257 makes two changes to K.S.A. 44-703 and adds a new section. The first change has the affect of changing the definition of "employer" as it relates to an employing unit which employs individuals in domestic service. It would change the dollar criteria for establishing liability under the Kansas Employment Security Law from payment of cash remuneration of \$1,000 to \$4,000 or more in any calendar quarter in the current or preceding calendar year.

The enactment of this provision would not result in any savings to Kansas employers. Federal law requires coverage of domestic employers if during any calendar quarter in the calendar year or the preceding calendar year an employer paid wages in cash of \$1,000 or more for domestic service. The exemption from coverage of employers which paid \$1,000 or more but less than \$4,000 in a calendar quarter under State law would only mean that the employer would meet the Federal definition and would have to pay the full 3.5 percent tax on this employment to the Federal Government. If the employer was assigned a rate of less than 2.7 percent in the state, this employer would actually wind up paying more rather than less unemployment taxes without providing unemployment insurance coverage for their employees.

Kansas was required under Federal conformity to extend coverage to domestic employers who paid cash wages of \$1,000 or more in a calendar quarter as a result of the Unemployment Compensation Amendments of 1976 (Public Law 94-566). Enactment of this amendment would result in Kansas' Law not being in conformity with the Federal requirements.

The second proposed change intends to exempt coverage for domestic employees in a home which care for invalids. Since Federal Law requires coverage of these individuals as stated above, the Kansas Law would not conform to Federal Law.

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Mr. Lynn Muchmore  
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If Kansas was found to be out of conformity, the fiscal impact upon Kansas employers would be severe. Based upon FY 1982 wage data, this would amount to additional tax payments from Kansas employers in calendar year 1983 of \$139,200,000.

New section 2 would require appeals to be held in the county in which the parties reside or in which the employer's principal place of business is located.

This new section would increase the amount of travel required to conduct appeal hearings. Currently, hearings are conducted from 31 locations. This new section would increase that number to 105 locations. Also, we currently conduct an average of 60 appeals per week by speaker telephone.

In addition to travel costs, additional staff would be required because the number of appeals that could be conducted by one person in a day would be reduced because more of their time would be spent traveling.

We are unable to estimate a dollar amount at this time, but additional travel and staff costs would be significant.

Sincerely,



Harvey L. Ludwick, Ed.D.  
Secretary of Human Resources