

Approved

Stephen R. Cloud 1-26-84
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Rep. Stephen R. Cloud at
Chairperson

9:03 a.m./p.m. on January 24, 1984 in room 522-S of the Capitol.

All members were present except:

Rep. Barr - Excused

Committee staff present:

Avis Swartzman - Revisor
Carolyn Rampey - Legislative Research Department
Julian Efird - Legislative Research Department
Russ Mills - Legislative Research Department
Jackie Breymeyer - Committee Secretary

Conferees appearing before the committee:

Jerry Shelor, Secretary, Department of Human Resources
Rep. Arthur Douville, Chairman, Labor & Industry Committee

The meeting of the House Governmental Organization Committee was called to order at 9:03 a.m. by Rep. Stephen R. Cloud, Chairman. The minutes of the January 19 and January 20 meetings were approved. Action will be taken on the January 23 minutes tomorrow.

The Chairman introduced Jerry Shelor, Secretary, Department of Human Resources, who, in turn, introduced the following employees of the Department: Jerry Abbott, Assistant Secretary, Division of Labor Management Relations and Employment Standards; Steve Goodman, Assistant Secretary, Division of Employment Security; Larry Wolgast, Assistant Secretary, Division of Employment and Training; Jerry Powell, Employment Relations Administrator; Wayne Kitchen, Industrial Safety Administrator and Bryce Moore, Director, Workers Compensation. Secretary Shelor brought along copies of his testimony (Attachment I), a news article entitled Unemployment Debt (Attachment II), and an Organizational Chart (Attachment III), which were distributed to the Committee. He spoke of a number of initiatives the Department has taken since he assumed the role of Secretary last summer. A newsletter entitled The Resource has been developed which describes the happenings and issues currently before the Department. This will inform and help the public understand the concepts of the Department. Secretary Shelor had visited over 30 offices in the state during the month of December. This helped him to become better acquainted with the areas of the state, as well as the employees and their problems. A grant person position has been established. This is a full-time position aimed at developing proposals to be considered at the federal level. Kansas has not had one location where all grants were received. Several reorganizational developments were made within the Department. Job Service and the Job Training Partnership Act (JTPA) have been brought into the same Division. The unemployment trust fund is now at about 155 million dollars. Secretary Shelor cited the article he had brought showing how some of the other states have fared with their unemployment compensation funds. The Department has reinstated the Kansas Industrial Roundtable. This group of leaders from industry and organized labor will work for goals that will benefit all Kansas. Secretary Shelor continued with a run-down of the Organizational Chart. He went through the Divisions and explained their various functions. He answered several Committee questions.

The Chairman thanked Secretary Shelor and introduced Rep. Arthur Douville, Chairman of the Labor & Industry Committee. Rep. Douville would like to see the length of the term of the Director of the Division of Workers Compensation statutorily increased to coincide with the Governor's election or, have the Director of this Division raised to Assistant Secretary status with accountability to Secretary Shelor. He thanked the Committee for their time and consideration of his views.

Chairman Cloud thanked everyone who had appeared as conferees and observers. He stated that Michael Barbara, Secretary, Department of Corrections would be present tomorrow to give an overview of that Department.

The meeting was adjourned at 10:23 a.m.

DEPARTMENT OF HUMAN RESOURCES

SECRETARY JERRY SHELOR

BEFORE THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

1984 LEGISLATURE

JANUARY 24, 1984

Attch. I

THERE ARE A NUMBER OF INITIATIVES THAT WE HAVE TAKEN SINCE I HAVE ASSUMED THE ROLE OF SECRETARY LAST SUMMER. I WOULD LIKE TO BRIEFLY ENUMERATE AND DESCRIBE THOSE FOR YOU.

1. FIRST MY MAJOR OBJECTIVE HAS BEEN TO OPEN UP THE DEPARTMENT OF HUMAN RESOURCES IN ORDER TO LET YOU, THE LEGISLATORS AND THE PUBLIC, UNDERSTAND THE IMPORTANT CONCEPTS OF THIS DEPARTMENT. I FEEL THIS HAS BEEN ACCOMPLISHED BY DEVELOPING THE RESOURCE, A NEWSLETTER WHICH DESCRIBES THE HAPPENINGS AND ISSUES CURRENTLY BEFORE THE DEPARTMENT. AS SECRETARY I BELIEVE IT IS THE DUTY OF THE DEPARTMENT TO PROVIDE INFORMATION TO LEGISLATORS THAT IS HELPFUL TO THEIR CONSTITUENCY.
2. I HAVE VISITED OVER 30 OFFICES IN THE MONTH OF DECEMBER, MANY OF THEM IN YOUR OWN COMMUNITIES. I BELIEVE THIS IS VITALLY IMPORTANT IN ORDER TO BETTER UNDERSTAND UNIQUE PROBLEMS AND SITUATIONS CONFRONTING EACH OF THE AREAS OF THE STATE AS WELL AS PROVIDING AN OPPORTUNITY TO BECOME BETTER ACQUAINTED WITH THE EMPLOYEES IN OUR OFFICES. THE STATE EMPLOYEES WORKING IN THESE OFFICES ACROSS THE STATE ARE THOSE WHO DAILY MEET THE PUBLIC AND SERVE THE CITIZENS OF KANSAS. THE TRUE

TEST OF EFFICIENCY AND EFFECTIVENESS OF OUR DEPARTMENT CAN BE FOUND IN THE LEVEL OF WORK BY THESE PEOPLE ON THE FRONT LINES. KANSAS HAS HISTORICALLY RANKED HIGH IN EFFICIENCY AND EFFECTIVENESS OF THEIR JOB SERVICE CENTERS.

3. KANSAS RANKS FOURTH TO LAST IN THE NATION IN THE AMOUNT OF TAX BURDEN PER GRANT DOLLAR RECEIVED. IN FY 1982 IT COST THE STATE OF KANSAS \$1.29 FOR EVERY DOLLAR RETURNED TO THE STATE IN GRANT MONEY. IN ORDER TO WORK HARD AT DEVELOPING GRANT PROPOSALS I HAVE ESTABLISHED A GRANT PERSON POSITION. THE PERSON IN THIS POSITION CAN WORK FULL-TIME AT DEVELOPING PROPOSALS TO BE CONSIDERED AT THE FEDERAL LEVEL. UNDER THE GUIDANCE OF THE REAGAN ADMINISTRATION THERE IS A TREND TO ALLOW STATES TO DETERMINE THEIR OWN DESTINY AND INFLUENCE IN DEVELOPMENT OF GRANTS. ALSO, THE REAGAN ADMINISTRATION HAS REQUESTED ALL STATES TO HAVE A SYSTEM BY WHICH THERE IS A CENTRAL POINT THAT WOULD REVIEW ALL GRANTS COMING FROM A STATE. UNTIL THIS GRANT'S OFFICE WAS ESTABLISHED IN THE DEPARTMENT OF HUMAN RESOURCES, KANSAS DID NOT HAVE ONE LOCATION THAT ALL GRANTS WERE REVIEWED.

4. LAST SUMMER WE UNDERTOOK SEVERAL REORGANIZATIONAL DEVELOPMENTS WITHIN THE DEPARTMENT. A SIGNIFICANT ONE WAS THE BRINGING TOGETHER OF JOB SERVICE AND THE JOB TRAINING PARTNERSHIP ACT INTO THE SAME DIVISION. CONTINUAL CUTBACKS IN FEDERAL FUNDING HAS NECESSITATED AN EFFICIENT AND EFFECTIVE ORGANIZATIONAL STRUCTURE.

5. AT THIS TIME LAST YEAR THE UNEMPLOYMENT INSURANCE TRUST FUND WAS THREATENED BY INSOLVENCY ALTHOUGH THE FUND'S BALANCE WAS 130 MILLION BY HIGH UNEMPLOYMENT RATE OF SEVEN PERCENT. DURING THE COMPARABLE PERIOD THIS YEAR, THE TRUST FUND IS AT ABOUT 155 MILLION DOLLARS AND THE UNEMPLOYMENT RATE IS 4.4 PERCENT. TWENTY-SEVEN OTHER STATES HAVE HAD TO BORROW FROM THE FEDERAL GOVERNMENT TO PAY REGULAR STATE BENEFITS BECAUSE THEIR TRUST FUNDS WERE EXHAUSTED. HAD THE KANSAS FUND NOT REMAINED SOLVENT, THE STATE WOULD HAVE HAD TO BORROW MONEY TO PAY INTEREST TO THE FEDERAL GOVERNMENT. SOLVENCY WAS MAINTAINED BY THE ACTION OF THE EMPLOYMENT SECURITY ADVISORY COUNCIL, MADE UP OF REPRESENTATIVES OF BUSINESS, LABOR AND THE PUBLIC, WHICH RECOMMENDED A PLAN TO THE 1983 LEGISLATURE TO KEEP THE FUND SOLVENT. I CONTINUE TO WORK CLOSELY WITH THE ADVISORY COUNCIL ON ALL RECOMMENDATIONS AFFECTING LABOR AND INDUSTRY.

6. THE DEPARTMENT HAS REINSTITUTED THE KANSAS INDUSTRIAL ROUNDTABLE AND INITIATED ITS FIRST MEETING THIS YEAR TO BE HELD ON FEBRUARY 24th AND TO BE CHAIRED BY THE GOVERNOR. THE KANSAS INDUSTRIAL ROUNDTABLE WAS INITIALLY CONCEIVED BY A GROUP OF LEADERS FROM INDUSTRY TO ORGANIZED LABOR IN 1975. THOSE PEOPLE APPROACHED MR. ED BRUSKE, THEN SECRETARY OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT, AND DR. JAMES MCCAIN, THEN SECRETARY OF THE DEPARTMENT OF LABOR, WITH THEIR IDEA AND EXPLAINED THE PROPOSED PURPOSES OF THE ROUNDTABLE. THOSE PURPOSES WERE:

1. TO IMPROVE COMMUNICATIONS, UNDERSTANDING, AND COOPERATION AMONG LEADERS OF LABOR, MANAGEMENT AND GOVERNMENT IN KANSAS.
2. TO DISCUSS AREAS OF MUTUAL CONCERN RELATIVE TO JOB CREATION, PRODUCTIVITY, AND ECONOMIC GROWTH.
3. TO CREATE A POSITIVE PUBLIC ENVIRONMENT CONDUCTIVE TO LABOR-MANAGEMENT COOPERATION.

THERE CAN BE NO DOUBT THAT THESE GOALS ARE WORTHWHILE AND ADMIRABLE.

THERE CAN ALSO BE NO DOUBT THAT THE ATTAINMENT OF THESE GOALS WOULD BE A TREMENDOUS PLUS FOR ALL KANSAS CITIZENS.

7. FINALLY, I WANT TO MENTION MY PHILOSOPHY OF BRINGING BUSINESS AND LABOR TOGETHER. THE DEPARTMENT OF HUMAN RESOURCES IS ONE OF THE FEW AGENCIES IN THE STATE THAT HAS STRONG VIEWPOINTS BROUGHT BY TWO GROUPS THAT ARE MANY TIMES ON OPPOSITE SIDES OF THE SAME QUESTION, NAMELY LABOR AND INDUSTRY. IT IS MY PHILOSOPHY TO BRING THESE TWO SIDES TOGETHER SO THAT THEY CAN MUTUALLY DEVELOP AN AREA OF COMMONALITY, RATHER THAN WORKING THROUGH AN ADVERSARIAL ROLE. I WILL BE DOING ALL I CAN IN THE FUTURE TO BRING ABOUT SUCH A RELATIONSHIP.

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Unemployment debt ^{KCT} 1-28

Direct federal threat spurs lawmakers

By Mark Schlinkmann
Missouri Correspondent

JEFFERSON CITY — For several years the General Assembly has been warned about the financially shaky status of Missouri's unemployment compensation fund, which is already in debt to Washington for an unpaid \$89.8 million loan.

In past sessions legislators have repeatedly deferred action on a

MISSOURI NOTEBOOK

long-range solution because of a dispute between business and labor lobbies. But there were some signs this week that the issue is being given a top priority in the Capitol for the 1984 legislative session.

Why? Missouri corporations face a threatened penalty of as much as \$540 million in lost federal tax credits in 1985 if the deficit isn't addressed and other federal standards aren't complied with this year.

A bill to increase the employer taxes that finance the program is what needs to be passed. A stop-gap tax surcharge was enacted in 1982 to keep the fund going, but the dispute between business and labor over a proposed accompanying increase in unemployment benefits has held up further action.

This week's activity began with Gov. Kit Bond, who included the issue in the legislative program outlined in his State of the State speech Tuesday. He warned that not only business would be hurt by the federal penalty, adding that it could result in the layoff of thousands of workers.

The next day, House Speaker Bob Griffin showed his concern when he allowed Employment Security Director Bruce Cornett to make an unusual address in the House chamber on the subject.

Meanwhile, a key legislator, Senate Minority Leader Richard Webster, suggested in an interview that the days of waiting for the lobbies to work out a compromise for de facto legislative ratification may be over.

Lawmakers would pass a plan

even if the lobbies can't agree, he predicted.

And Senate President Pro Tem John Scott warned that another extra session may be necessary if the lawmakers fail to act on the issue before their regular 1984 session adjourns April 30.

Still another hopeful sign is that side-issue fights between different types of companies over how the employer tax should be levied apparently have been resolved. So-called positive employers — companies paying more into the fund than their workers were receiving in benefits — had different ideas than "deficit companies" in the opposite situation.

Curt Long, lobbyist for Associated Industries of Missouri, said all the major business lobbies are now agreed on one proposal.

Missouri isn't the only state to go into debt on unemployment compensation. Mr. Cornett said at least 30 other states have depended on federal loans in recent years, with Illinois, Michigan and Pennsylvania borrowing more than \$2 billion each.

If something isn't done to begin repaying Missouri's debt by next year, the penalty will be imposed. That's what the feds tell Mr. Cornett.

Labor may have an advantage on the fight over benefits this year because the direct federal threat is on business. Currently, Missouri is tied with Mississippi in having the lowest maximum unemployment benefit in the nation — \$105 a week.

Business wants to increase that to another flat rate; a bill introduced this session that it supports includes a \$115-a-week figure.

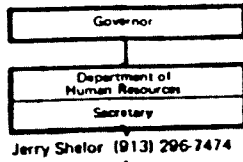
Labor prefers a sliding scale tied to some varying standard related somehow to the rising cost of living.

Skeptics might accurately point out that the federal agencies have used the big-stick approach with Missouri on other programs in the past, then failed to deliver the punishment when the legislature refused to adhere to Washington's mandate in the allotted time.

Still, the deadline may be what stirs the legislature into action.

Atch. II

ORGANIZATIONAL CHART
 Kansas Department of Human Resources

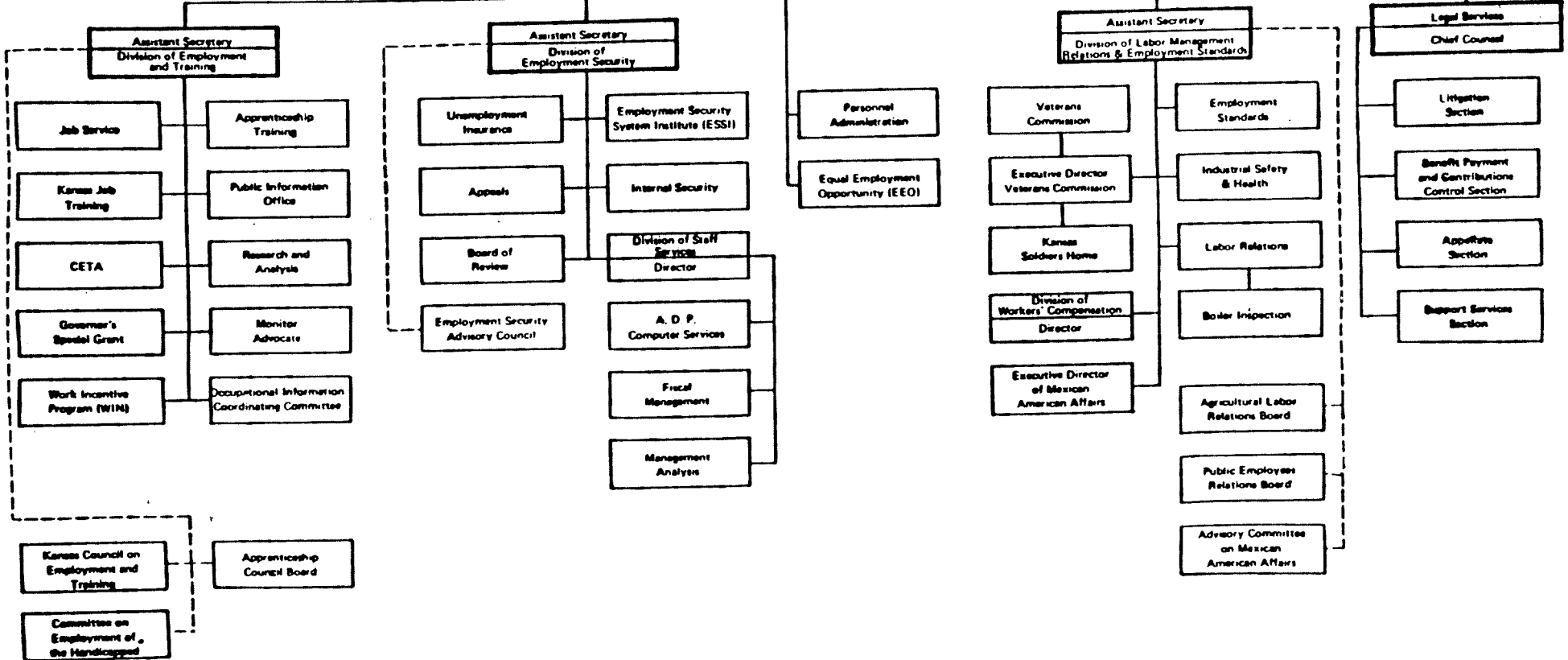


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Attch. III