

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY AND TOURISM

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

1:30 ~~xxx~~/p.m. on January 16, 1984 in room 529-S of the Capitol.

All members were present except:
Sen. Arasmith was excused.

Committee staff present:

Ben Barrett, Research Department
Jerry Ann Donaldson, Research Department
Gordon Self, Revisor

Conferees appearing before the committee:

The Chairman introduced two new members of the Committee Staff, Jerry Ann Donaldson with the Research Department and Gordon Self with the Revisor's Department. He said Ben Barrett would also be present as his schedule permits.

Jerry Ann Donaldson summarized the bills and resolution carried over from the 1983 session. (Memorandum dated January 9, 1984. Attachment 1).

S.B. 82 (Senate Judiciary)

The bill allows a workers' compensation payment award in a lump sum under certain conditions and at the director's discretion. The director will determine whether a lump sum payment is in the best interest of the employee or the dependents of a deceased employee.

S.B. 207 (Sen. Steineger, Mulich, Rehorn)

The bill amends the employment security law to allow a noncharge to employer liability for certain employers.

The Chairman reminded the Committee that this bill was being held at the request of the authors. It dealt primarily with summertime employees of municipalities. The result of this bill is that if employers were excused from this burden it would fall on the Fund.

S.B. 257 (Sen. Ehrlich)

The bill redefines employer as it relates to the employing unit of individuals in domestic service. The cash remuneration amount for the exclusion of the employer in this category has been raised from \$1,000 to \$4,000.

The Chairman said the problem with this bill is that it would bring us out of conformity. Line 428 would exempt domestics from coverage under the Employment Security Law.

S.B. 290 (Senate Judiciary)

The bill establishes annual revision of workers' compensation awards for certain disabilities to coincide with the percentage increase or decrease in the state's average weekly wage.

The Chairman said he had received a letter from Kenneth L. Robinson, National Council on Compensation Insurance to the Kansas Insurance Department stating that the overall cost of this bill would be approximately \$13.8 million. (Attachment 2).

SCR 1629 (Sen. McCray)

The concurrent resolution provides for a legislative study concerning a minority contractor's revolving loan fund and surety bond guarantee program for minority contractors.

Jerry Ann Donaldson said this had already been incorporated in Proposal No. 43. There is no bill on it yet.

(over)

The Chairman distributed a summary of Trust Fund Balances and projected Trust Fund Balances as of January 7, 1984. (Attachment 3).

The Committee was informed that bills resulting from interim studies would:

1. Freeze the benefit for two years at \$175.00.
2. Would raise the wage base from employers to \$8000.00.

These bills will originate in the House and our Committee will hear testimony later. There has been general agreement by Labor and KACI.

The Chairman expressed some concern about changes made in the federal statutes regarding cooperative education. Students are now excluded from receiving unemployment compensation and their employers are relieved from paying the federal unemployment taxes on their wages. The states were asked to bring their own statutes into conformity. Kansas has not done that. Students are not being utilized because if they cannot find a job they can file for unemployment benefits. They cannot file for benefits under federal but can under state.

Some members of the Committee requested an update in regard to the Job Service Centers and JPTA. The Department of Human Resources would be requested to brief the Committee tomorrow.

Meeting was adjourned.

SENATE LABOR, INDUSTRY & TOURISM COMMITTEE

Date January 16 Place 529-S Time 1:30

GUEST LIST

NAME

ADDRESS

ORGANIZATION

Jamie Wull	503 Kansas Ave #328	Kansas Advisory Committee on Mexican American Affairs
Wayne Mancoske	Doj.	Kansas AFL-CIO
Eric Portman	Topoka	Re Dept Human Resources
P. Johnson	217 E 4th	DH R / WIC
M. Hawver		Topoka City

MEMORANDUM

January 9, 1984

FROM: Kansas Legislative Research Department

RE: Summary of Bills and Resolutions Carried Over From
the 1983 Session in the House Committee on Labor
and Industry and the Senate Committee on Labor,
Industry, and Tourism

A. HOUSE COMMITTEE ON LABOR AND INDUSTRY

H.B. 2077 (Representative Heinemann)

The bill amends the employment security law relating to the definition of employer. The maximum dollar amount for the exclusion of an employing unit paying cash remuneration to individuals in domestic service has been raised from \$1,000 to \$2,500.

H.B. 2128 (Representative Hensley)

The bill requires that all public employers come under the scope of the Public Employer-Employee Act. The major change is to remove the option of a governing body of public employers, other than state agencies, to elect coverage under the act.

H.B. 2270 (Representative R. Frey)

The bill raises the rate of compensation for special local administrative law judges involved in workers' compensation reviews. Per diem compensation is raised to \$25 per day per case but not more than \$100 for any one case.

H.B. 2319 (Representative Leary Johnson)

The bill allows shared work unemployment benefits on a voluntary basis, upon written agreement of the employer, the employee, and any bargaining unit involved.

H.B. 2512 (House Labor and Industry)

The bill pertains to the public employer-employee relations law by abolishing the election of inclusion under the act for certain public employers. The definition of a public employee is amended to include professional employees

Atch. 1

of school districts. The bill creates a new public employer-employee relations board and prescribes the powers, duties, functions and jurisdiction of the board. The bill abolishes the old public employee relations board. Procedures are established for the board to resolve disputes which reach impasse situation, including binding arbitration.

H.B. 2513 (House Labor and Industry)

The bill disqualifies certain workers from benefits under the employment security law. Bus drivers employed by a private contractor are not eligible for benefits for a week of unemployment during a week that occurs between two successive academic years or between two regular terms if the driver has a contract or reasonable assurance to perform services in any such capacity with the private contractor for any educational institution, other than an institution of higher education, for both academic years or terms.

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S.B. 374 (Senate Judiciary)

The bill makes a number of changes in the statutes which regulate the operation of private employment agencies in the state of Kansas. The bill defines private employment agency as any business which is operated for profit and which secures or holds itself out to applicants as able to secure employment or to provide information or service of any kind purporting to promote, lead to, or result in employment for the applicant with any employer other than itself. The bill also sets forth a number of employment-type agencies which do not constitute private employment agencies including:

1. an educational, religious, charitable, fraternal, or benevolent association which charges no fees for services;
2. any employment service operated by the state, United States, or political subdivisions of the state;
3. any temporary help service that at no time advertises or represents that its employee may, with the approval of the temporary help service, be employed by one of its client companies on a permanent basis; or
4. any newspaper or publication of general circulation.

The bill provides that any radio and television station or any employment service which receives a fee from the employer shall not be considered to be private employment agencies. The bill also requires the Secretary of Human Resources to adopt rules and regulations necessary to administer and enforce provisions of the act. Violations of the act constitute a class C misdemeanor (rereferred).

S.B. 261 (Senate Labor, Industry,
and Tourism)

The bill establishes the loss of one or two testicles and the loss of a kidney in the list of scheduled injuries contained in the Workmen's Compensation Act.

S.B. 365 (Senate Labor, Industry,
and Tourism)

The bill regulates the contribution rate of employers under the employment security law. The bill amends the computation schedule so that negative account balance employers pay, in addition to the set surcharge rate, another surcharge based on the size of the employer's negative reserve ratio.

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S.C.R. 1610 (Senate Joint Committee on
Administrative Rules and Regulations)

The concurrent resolution revokes two regulations of the Division of Workers' Compensation of the Department of Human Resources. Those regulations established the degree of disability which would result from loss of a kidney or testicles.

B. SENATE COMMITTEE ON LABOR, INDUSTRY, AND TOURISM

S.B. 82 (Senate Judiciary)

The bill allows a workers' compensation payment of award in a lump sum under certain conditions and at the director's discretion. The director will determine whether a lump sum payment is in the best interest of the employee or the dependents of a deceased employee.

S.B. 207 (Senators Steineger,
Mulich, Rehorn)

The bill amends the employment security law by allowing an additional noncharge to employer liability. Leaving work voluntarily with good cause had previously been chargeable to the employer's account.

S.B. 257 (Senator Ehrlich)

The bill redefines employer as it relates to the employing unit of individuals in domestic service. The cash remuneration amount for the exclusion of the employer in this category has been raised from \$1,000 to \$4,000.

S.B. 290 (Senate Judiciary)

The bill establishes annual revision of workers' compensation awards for certain disabilities to coincide with the percentage increase or decrease in the state's average weekly wage.

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S.C.R. 1629 (Senator McCray)

The concurrent resolution provides for a legislative study concerning a minority contractor's revolving loan fund and surety bond guarantee program for minority contractors.



National
Council
on Compensation
Insurance

(2)

Kenneth L. Robinson
Director

August 12, 1983

Mr. Bill Wempe
Fire and Casualty Examiner
Kansas Insurance Department
420 S.W. 9th
Topeka, Kansas 66612

Re: Senate Bill 290

Dear Mr. Wempe:

Senate Bill 290, introduced last session, proposes to amend the benefit provisions of the Kansas Workers' Compensation Act by requiring the weekly compensation payable to an employee or his survivors to be revised annually by the percentage change in the State Average Weekly Wage (SAWW).

We estimate average overall costs will increase 8.2% if this proposal is adopted. The dollar impact would be approximately \$13.8 million.

I will be pleased to provide any additional information you may require.

Sincerely,

Kenneth L. Robinson

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2.

Trust Fund Balances

<u>Week Ended</u>	<u>Actual</u>	<u>Projected on December 3, 1983</u>
December 10, 1983.....	\$159.5M	\$159.2M
December 17, 1983.....	\$157.2M	\$156.7M
December 24, 1983.....	\$154.9M	\$153.6M
December 31, 1983.....	\$152.2M	\$150.8M
January 7, 1984.....	\$149.7M	\$147.8M

Trust Fund Balances (Uncertified)

August 31, 1980 (peak).....	\$245,701,383
<u>Quarter Ending</u>	
December 31, 1982.....	\$135,057,407
March 31, 1983.....	\$ 93,895,835
June 30, 1983.....	\$134,480,947
September 30, 1983.....	\$150,217,858
December 31, 1983 (estimated).....	\$152,200,000

Projected Trust Fund Balances

January 31, 1984.....	\$137.4M
February 28, 1984.....	\$148.2M
March 31, 1984.....	\$135.5M
April 30, 1984.....	\$132.2M

3.

1983 Amendments to Employment Security Law
Estimated Additional Income or Savings in 1983

<u>Amendment</u>	<u>Additional Income or Savings</u>
1. Increase wage base to \$7,000.....	\$10,000,000
2. New size-of-fund control schedule.....	\$10,000,000
3. Twenty (20) per cent surcharge.....	\$20,000,000
4. "Freeze" maximum weekly benefit amount (start July 1).....	\$ 3,000,000
5. Rounding down of weekly benefit amounts.....	\$ 600,000
	<u>\$43,600,000</u>
Actual Fund Balance, December 31, 1983.....	\$152.2M
Estimated 1983 funds due to law changes.....	<u>\$ 43.6M</u>
Estimated fund balance, no law changes.....	\$108.6M

A total of \$152.2 million was in the Kansas Unemployment Insurance Trust Fund at the close of the 1983 calendar year. This represents a 61 per cent increase from the end-of-the month total for March 1983 when the Fund was at its lowest level since 1973. This improvement can be attributed to two

major factors. The first of these was the amendments by the 1983 Legislature. A surcharge tax was added to the contribution rates of employers and resulted in an additional \$20 million in revenues. An increase in the taxable wage base from \$6,000 to \$7,000 brought in nearly \$10 million as did a change in the size-of-fund control schedule. These law changes accounted for approximately 65 per cent of the Fund's increase. The other major factor in the improvement is that the insured unemployment rates for the weeks during the last half of 1983 were substantially lower than those for the same period of 1982. The rate declined to 2.0 per cent for the week of November 12, 1983 after it had peaked at 5.0 per cent to end the 1982 calendar year.

Even with these improvements, the fund balance is well below its peak level of \$250.9 million attained during May 1980. The economy must continue to improve if the fund is to remain stable.

In recent years the fund balance has steadily dwindled. As the following table shows, contributions have steadily been less than benefits in recent years.

<u>Year</u>	<u>Benefits (000,000's)</u>	<u>Contributions (000,000's)</u>
1980	117.7	83.3
1981	112.3	88.2
1982	217.8	105.7
1983	165.9	153.4 (est.)