

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY AND TOURISM COMMITTEE

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

1:30 ~~am~~/p.m. on February 6, 1984 in room 529-S of the Capitol.

All members were present except:

- Sen. Daniels.
- Sen. Ehrlich was excused.

Committee staff present:

- Jerry Ann Donaldson, Research Department
- Gordon Self, Revisor
- Louise Cunningham, Secretary

Conferees appearing before the committee:

- Mr. Wayne Holmstrom, Wichita State University
- Mr. Harry Helser, Wichita, AFL-CIO
- Mr. Steven Goodman, Department of Human Resources

The meeting was called to order by the Chairman. A motion was made by Sen. Arasmith to approve the Minutes of January 30. Motion was seconded by Sen. Werts. Motion carried.

S.B. 581 - Employment Security; relating to the definition of employment.

Mr. Wayne Holmstrom, WSU, Coordinator of Cooperative Education, said the federal laws had been changed to exclude cooperative education students from receiving unemployment compensation and relieves their employers from paying the federal unemployment taxes on their wages, however they still have to pay unemployment taxes to the state on the earnings of co-op students. The co-op students were those students who were combining their school work with related work experience. While students filing claims were not a big problem in the state, the possibility remains for claims to be made and collected by students under the state law. Employers would be more willing to hire students if they knew the students could not file claims for unemployment against them. Mr. Holmstrom submitted a 'Change in Unemployment Law Impacts Co-op' by the National Commission of Public Education. (Attachment 1). He also submitted a list of the schools in Kansas with cooperative education. (Attachment 2).

Mr. Holmstrom said the change to strike the words "under the age of 22" was requested because the average age of the college student was 27 or 28. This would conform with the federal law.

Mr. Helser, AFL-CIO said they support S.B. 581.

Mr. Goodman, Department of Human Resources said they had no objection to the bill and it would not have significant impact on his Department.

Gordon Self, Revisor, said the bill needed some technical amendments. A motion was made by Sen. Feleciano to amend S.B. 581 on page 16, in line 590, by striking the semicolon and inserting in lieu thereof a period; in line 591, by striking "(5)". Motion was seconded by Sen. Arasmith. Motion carried.

A motion was made by Sen. Burke to recommend S.B. 581 as amended, favorably for passage. Motion was seconded by Sen. Werts. Motion carried.

Meeting was adjourned.

SENATE LABOR, INDUSTRY & TOURISM COMMITTEE

Date 2-6-84 Place 5-29-8 Time 1:30

GUEST LIST

NAME

ADDRESS

ORGANIZATION

Wayne Holmstrom	5823 Venawee	Wichita State University
Harry G. Nelson	Wichita, KS	HF2-C30
Keith Husby	Box 143	Wichita State University
PAT SCHAFER	TOPEKA	BUDGET

After a long struggle, a long awaited and much needed change has recently been made in the federal unemployment tax legislation, which now excludes cooperative education students from receiving unemployment compensation and relieves their employers from paying the federal unemployment taxes on their wages. Heretofore, after completing a co-op work term, a number of students had filed for and in some cases collected unemployment benefits. Although such claims were not commonplace and in many cases were successfully contested by the employer and the co-op school, the possibility of future claims remained. The Federal Unemployment Tax Act of 1971 (FUTA) only excluded students "under the age of 22" in cooperative education programs from receiving unemployment benefits (Internal Revenue Code Section 3306 (c)(10)(C)). But recently this section of the FUTA law has been amended by eliminating the age limitation of "under the age of 22," thereby exempting all students in co-op programs from claiming unemployment compensation.

HOWEVER, THERE IS A CATCH - - - state laws must now be brought into conformity with the emendation of the FUTA law in order for employers to receive the full benefit of this change. Because most if not all states' unemployment security laws are similar or identical to the federal, in some cases action may automatically be taken to bring local laws into conformity with the federal changes, but it should not be ASSUMED that this will happen in any state.

IF STATES TAKE ACTION to bring their unemployment laws into conformity:

- A. All threat of successful unemployment claims by any co-op student will be removed. Co-op students will neither be eligible to collect benefits under state nor federal law.
- B. Employers will no longer have to pay ANY unemployment taxes -- neither state nor federal -- on co-op student earnings.

IF STATES DO NOT TAKE ACTION:

- A. Although federal law disallows unemployment claims from co-op students of any age, the possibility remains for claims to be made and collected by students under the unamended state law.
- B. Although employers will not have to make federal unemployment tax payments, they still will have to pay quarterly unemployment taxes to the state on the earnings of co-op students.

Although the precise language of individual state laws may vary, the language of the Federal Unemployment Tax Act, to which states would want their laws to conform, excludes from unemployment coverage:

...service performed by an individual who is enrolled at a non-profit or public educational institution which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on as a student in a full-time program, taken for credit at such institution which combines academic instruction with work experience if such service is an integral part of such program, and such institution has so certified to the employer, except that this subparagraph shall not apply to service performed in a program established for or on behalf of any employer or group of employers.

FEDERAL UNEMPLOYMENT TAX ACT PROVISION
Title XXVI
Section 3306 (c)(10)(C)

Making the change in state laws will mean a savings for co-op employers. As co-op practitioners everywhere feel the effects of a down economy and a tight job market, this can be a useful selling point in developing and maintaining co-op jobs. With the recent and significant change in the federal law, the way has been paved for schools to take action within their individual states to make the hiring of cooperative education students an even more beneficial investment for employers.

Atch. 1



WICHITA STATE UNIVERSITY

WICHITA, KANSAS 67203
PHONE 316/689-3688

COOPERATIVE EDUCATION

In 1982 the following Kansas schools reported 1,302 job placements. A high percentage of these were in the areas of Business and Technology:

Allen County Community Junior College
Bethel College
Central College
Cowley County Community College
Dodge City Community College
Donnelly College
Emporia State University
Friends University
Garden City Community College
Hesston College
Pittsburg State University
Kansas State University - College of Engineering
Kansas Wesleyan College
Labette Community College
McPherson College
Wichita State University

Atch. 2