

MINUTES OF THE House COMMITTEE ON Labor and IndustryThe meeting was called to order by Representative Arthur Douville at
Chairperson9:00 a.m. ~~p.m.~~ on January 22, 1985 in room 526-S of the Capitol.

All members were present except: Rep. Hensley, exc.; Rep. Pottorff, exc.; Rep. Miller, exc.; Rep. Snowbarger; Rep. O'Neal; Rep. Sifers; Rep. Patrick; and Rep. Bideau.

Committee staff present: Jerry Donaldson, Beth James

Conferees appearing before the committee:

Dr. Larry Wolgast, Dept. of Human Resources

Chairman Douville called the meeting to order. He invited Dr. Wolgast to take the speakers stand. Dr. Wolgast briefly went over his department, informally, as per attachment #1. He said the Department was brought together in 1975/76 as an umbrella agency by Governor Bennett and Secretary James McCain. Before that time there was a commissioner of labor and many of the agencies were spread out over many different areas. The agency has to do with the labor force. They work with anyone who is employed in the state of Kansas or/ and every employer in the state of Kansas deals with the department. They are there to work for employers and employees. The committee is there to decide how they walk down the center. Their role is to carry out the law in dealing with the two sides.

Dr. Wolgast said that they are having to deal with four problems. The first is that Kansas is undergoing a large number of plant closings at the present time. 1600 persons will be unemployed due to these plant closings. Kansas is just now entering into the last phase of the recession. Second, unemployment is lasting longer than it used to. In previous recessions the usual time people are unemployed is around 26 weeks. With the last recession the average time is going up to 36 to 40 weeks. That is the reason the trust funds went broke all over the nation. Third, because of the new federalism there is a shift of emphasis from the federal to the state level on the administration of laws. There is a greater leeway at the state level for the administration of the newer laws that effect the department. Fourth, as the federal government deals with its very high deficit it will effect the department.

A question and answer period followed.

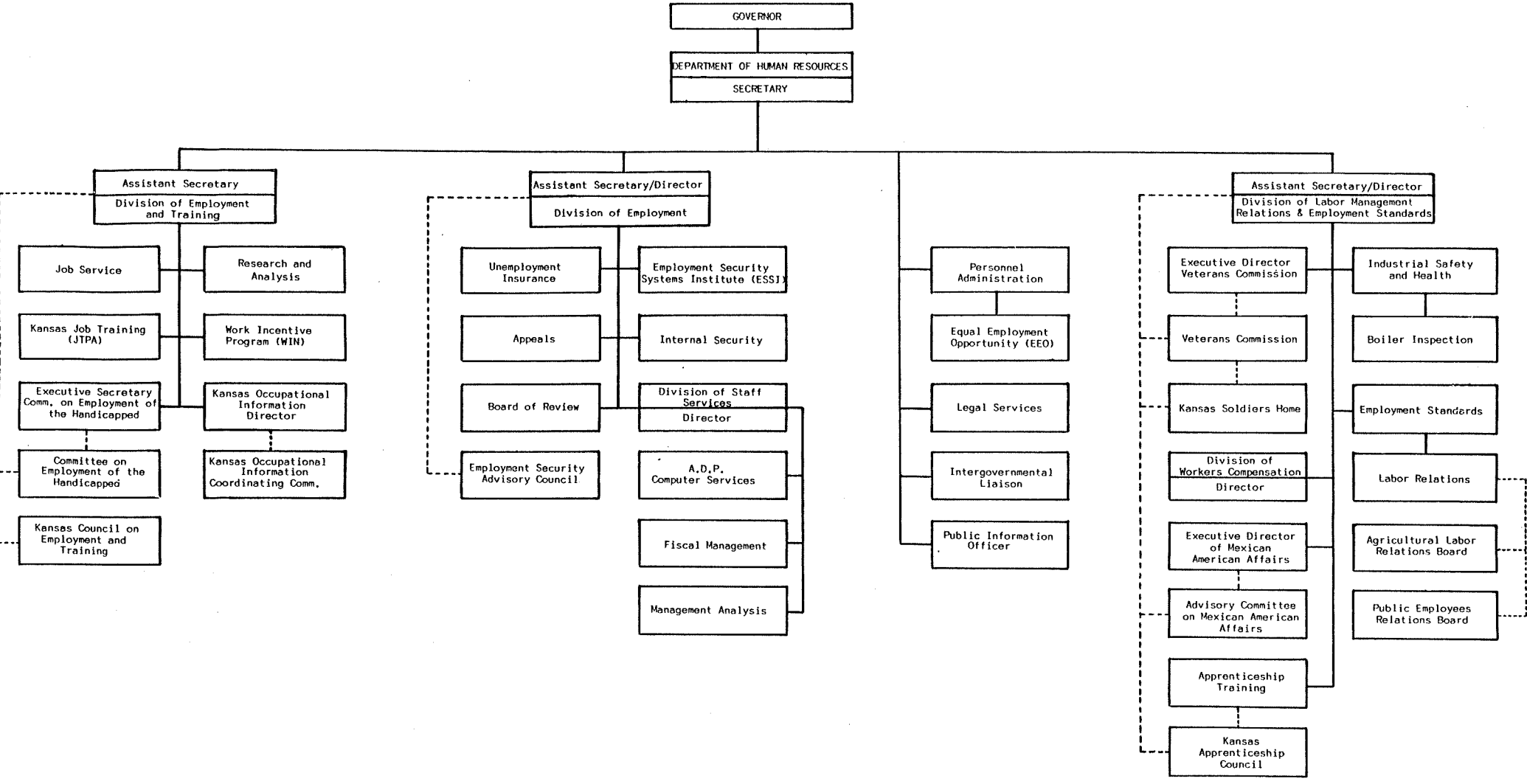
The meeting was adjourned at 10:00 a.m.

House Labor & Industry Comm.

1-22-85

Rob Hryca	KCC1	Topeka
Larry Wolcott	DHR	"
A.G. Kotick	DHR	"
Ralph McGee	MS. AFL-CIO	Wichita
Bill Abbott	BOEING	Wichita
Wayne Maichel	AFL-CIO	Topeka
Mastra Haaver	Topeka Cap-Journal	"

ORGANIZATIONAL CHART
Kansas Department of Human Resources



APPROVED BY: Larry E. Wolgast

JANUARY, 1985

Atch. 1 1/22/85

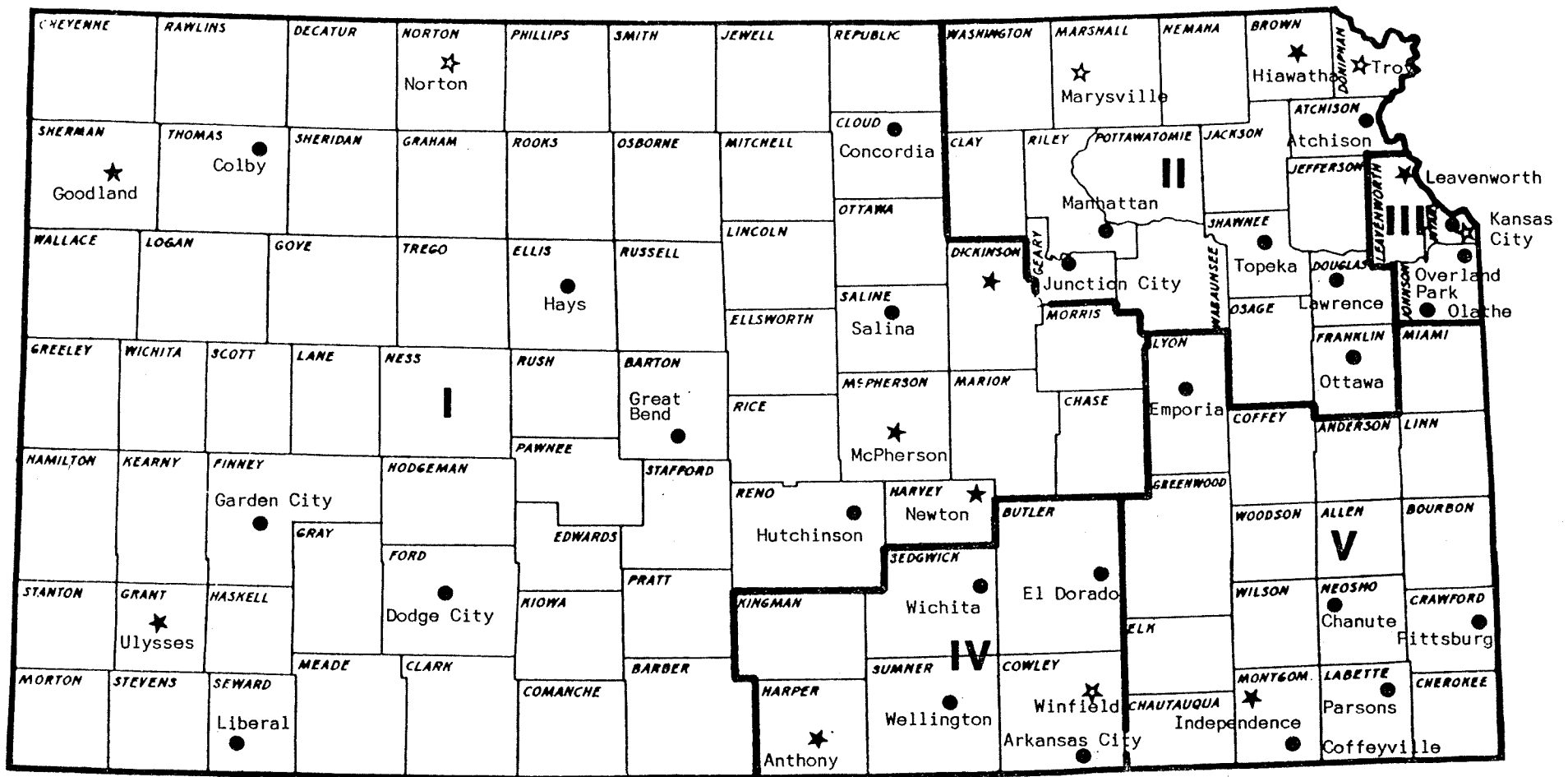
Department of Human Resources Budget
State Fiscal Year 1985 Estimate

Total Budget Estimate for the Department of Human Resources	199.8 M
Financing from State General Fund	<u>2.3 M</u>
Financing from Non-State General Fund Sources	197.5 M

Major Sources of Financing Agency State Fiscal Year 1985
Budget Estimate

A. Unemployment Insurance Benefits	147.5 M
B. Federal Revenue	
1. Job Training Partnership Act	22.5 M
2. Unemployment Insurance	11.4 M
3. Job Service	8.4 M
4. Employment Security Systems Institute	2.5 M
5. Work Incentive Program	1.4 M
C. Workers' Compensation Fee Fund	1.3 M
D. State General Fund	2.3 M

KANSAS



☆ JTPA OFFICES

Kansas City (4th & State)
 Marysville
 Norton
 Troy
 Winfield

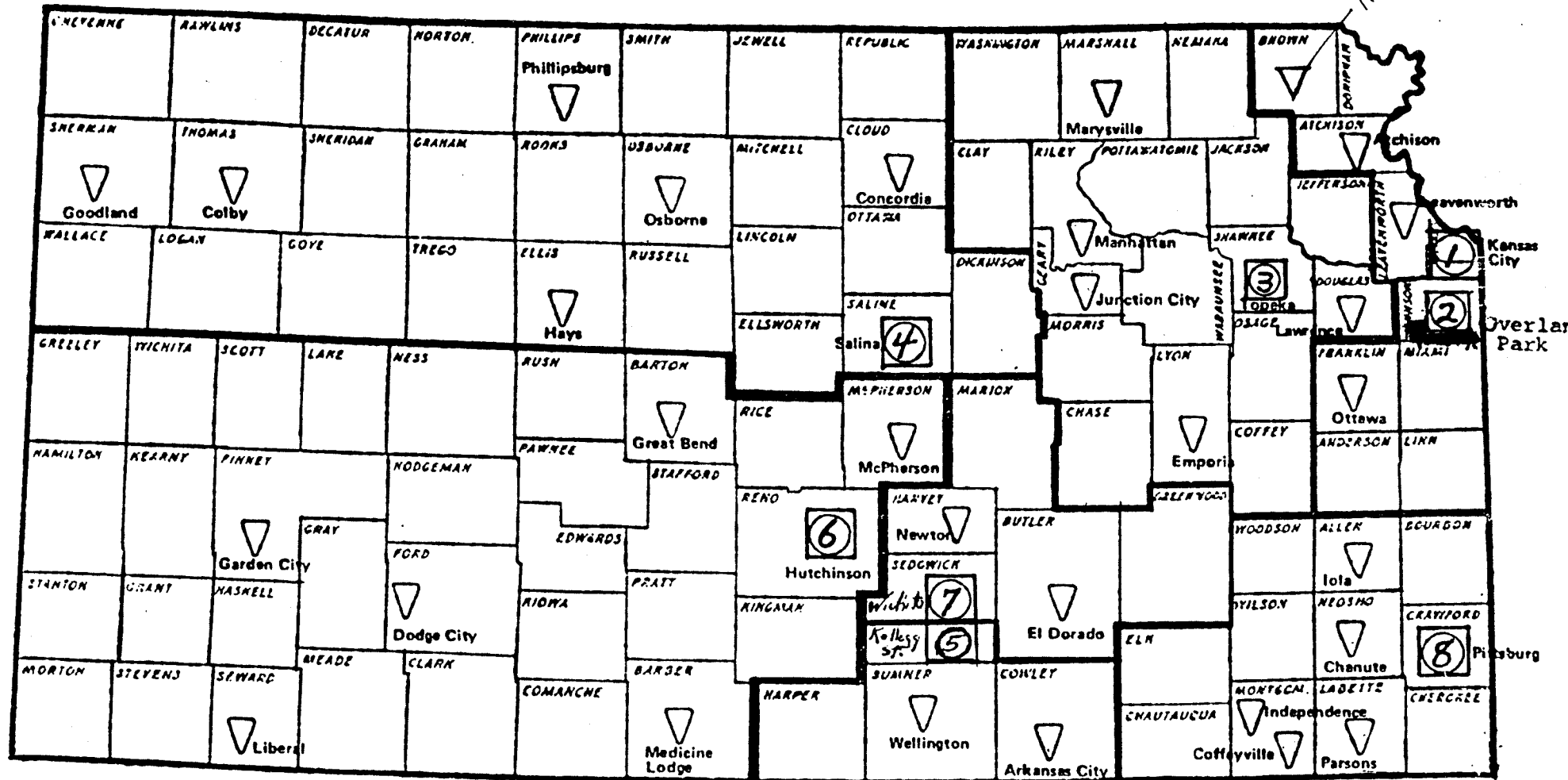
☆ JOB SERVICE OFFICES

Anthony
 Goodland
 Hiawatha
 Independence
 Leavenworth
 McPherson
 Newton
 Ulysses


● JOB SERVICE/JTPA OFFICES

Arkansas City	Great Bend	Ottawa
Atchison	Hays	Overland Park
Chanute	Hutchinson	Parsons
Colby	Junction City	Pittsburg
Concordia	Kansas City (552 State)	Salina
Coffeyville	Kansas City (Parallel)	Topeka
Dodge City	Lawrence	Wellington
El Dorado	Liberal	Wichita
Emporia	Manhattan	
Garden City	Olathe	

JOB INSURANCE SERVICE



 District Job Insurance Offices

 Itinerant Service

Unemployment Insurance Statistics
Fiscal Years 1984 and 1983

<u>Item</u>	<u>Fiscal Year</u>		<u>Per Cent Change</u>
	<u>1984</u>	<u>1983</u>	
Initial Claims.....	162,335	225,590	-28.0
Continued Claims.....	1,114,028	1,871,528	-40.5
Appeals.....	15,564	14,102	10.4
Amount of Payments.....	\$125,969,962	\$223,070,037	-43.5
Average Weekly Benefit Amount.....	\$126.41	\$129.64	-2.5
Average Weekly Insured Unemployment...	21,018	35,521	-40.8
Average Rate.....	2.4	4.1	---
Liable Employers.....	56,494	55,393	2.0
Fund Balance, End of Year.....	\$201,169,872	\$134,480,947	49.6

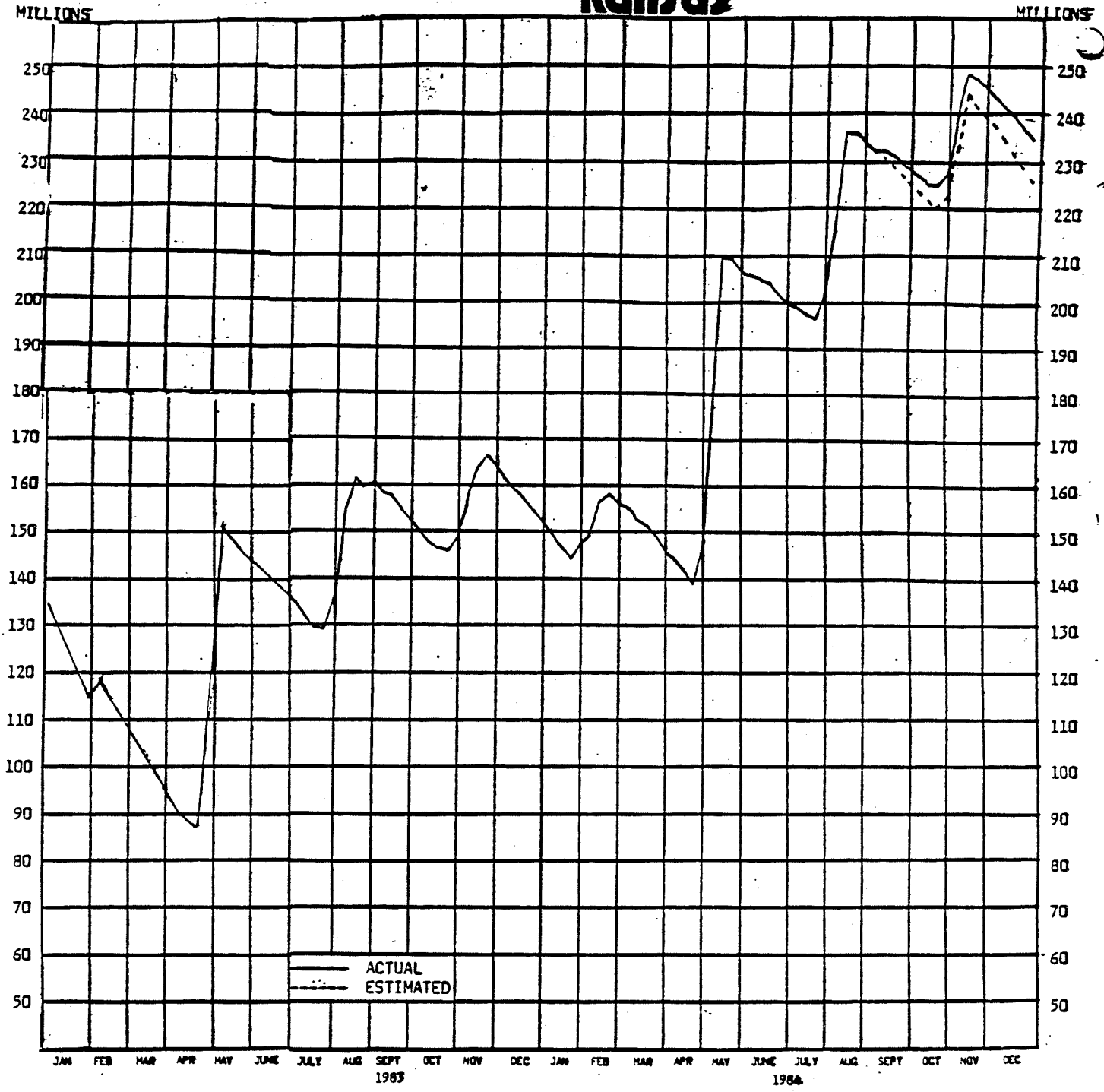
	<u>Change</u>		<u>Amount</u>	<u>Per Cent</u>
	<u>January 5, 1985</u>	<u>January 7, 1984</u>		
Fund Balance, Week Ended.....	\$232.3 million	\$149.7 million	+\$82.6	+55

	<u>Change</u>		<u>Amount</u>	<u>Per Cent</u>
	<u>January 12, 1985</u>	<u>January 14, 1984</u>		
Fund Balance, Week Ended.....	\$229.3 million	\$146.7 million	+\$82.6	+56

Unemployment Insurance in FY 1984
A Brief Summary

During fiscal year 1984 the level of insured unemployment was considerably lower than the previous fiscal year. Due to improved economic conditions, the average weekly insured unemployment rate declined from 4.1 per cent in FY 1983 to 2.7 per cent in FY 1984 while the average number of weekly claims was down nearly 41 per cent. As a result of the "freeze" of the maximum weekly benefit amount for FY 1984 at the same level as FY 1983, and a smaller portion of claimants from high wage jobs, a slight reduction was noted in the average weekly benefit amount. This drop and the previously mentioned decrease in claims caused total benefits paid to decline from \$223.1 million in FY 1983 to \$126.0 million in FY 1984. During fiscal year 1984 the balance in the Reserve Fund increased for the first fiscal year since 1980. Income from contributions and interest during FY 1984 was nearly \$67 million higher than benefit payments for the same time period. The maximum employer tax rate for unemployment insurance was reduced in 1984 and will be further reduced in 1985.

weekly trust fund balance kansas



WEEKS ENDED JANUARY 1983 - DECEMBER 1984

Number of Months of Reserves Available for
Benefits Measured in Terms of Last 12 Months Outlay
Period Ended June 1984

<u>State</u>	<u>Month</u>	<u>Rank</u>	<u>State</u>	<u>Month</u>	<u>Rank</u>
United States.....	7.3	NA	Montana.....	1.6	39
Alabama.....	9.4	21	Nebraska.....	12.1	18
Alaska.....	16.3	14	Nevada.....	16.5	13
Arizona.....	24.3	5	New Hampshire.....	29.4	2
Arkansas.....	4.1	36	New Jersey.....	5.0	33
California.....	14.4	15	New Mexico.....	13.0	17
Colorado.....	0.8	43	New York.....	10.9	20
Connecticut.....	6.2	29	North Carolina.....	24.0	6
Delaware.....	20.9	8	North Dakota.....	0.0	46
Dist. of Columbia..	4.9	34	Ohio.....	0.0	46
Florida.....	42.9	1	Oklahoma.....	5.6	30
Georgia.....	25.4	3	Oregon.....	7.1	27
Hawaii.....	23.0	7	Pennsylvania.....	0.0	46
Idaho.....	4.9	34	Puerto Rico.....	8.8	23
Illinois.....	0.0	46	Rhode Island.....	8.9	22
Indiana.....	11.3	19	South Carolina.....	5.4	32
Iowa.....	0.0	46	South Dakota.....	18.8	10
Kansas.....	17.6	11	Tennessee.....	13.2	16
Kentucky.....	0.8	43	Texas.....	0.0	46
Louisiana.....	0.1	45	Utah.....	8.5	24
Maine.....	6.7	28	Vermont.....	1.4	40
Maryland.....	8.5	24	Virginia.....	17.1	12
Massachusetts.....	19.3	9	Virgin Islands.....	1.7	38
Michigan.....	0.0	46	Washington.....	1.3	42
Minnesota.....	0.0	46	West Virginia.....	2.6	37
Mississippi.....	25.4	3	Wisconsin.....	1.4	40
Missouri.....	8.4	26	Wyoming.....	5.5	31

Kansas Department of Human Resources
Research and Analysis Section
Division of Employment and Training
October 1984

Shown below is a comparison of calendar year 1984 tax rates with those for 1985. You will note that 1985 rates are slightly below those of 1984, representing the second consecutive year in which Kansas employers will enjoy an overall rate reduction.

Tax Rate
(Eligible Employers)

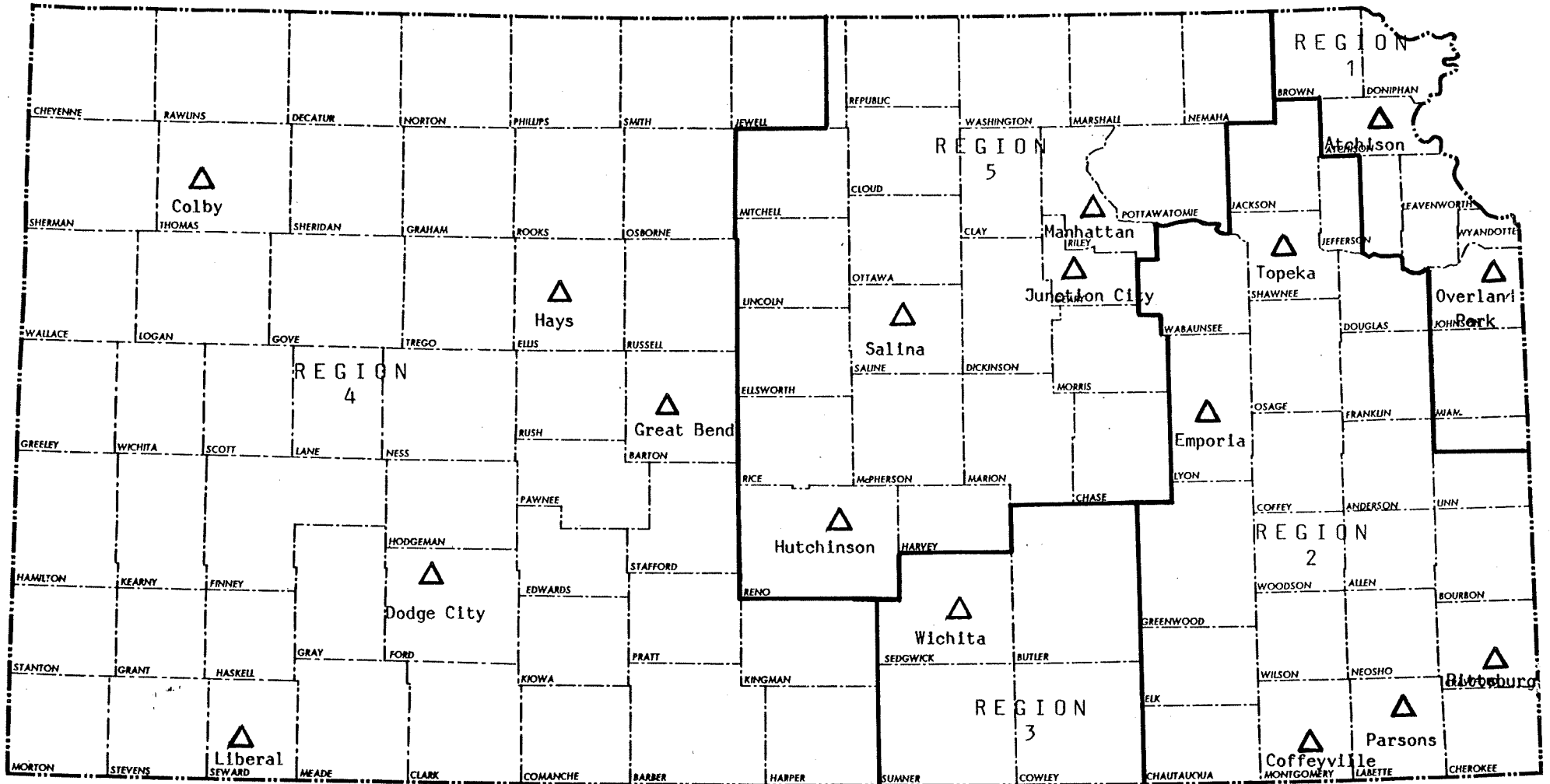
<u>Rate Group</u>	<u>1985</u>	<u>1984</u>
1	.06%	.06%
2	.24	.26
3	.48	.51
4	.72	.77
5	.96	1.03
6	1.20	1.28
7	1.44	1.54
8	1.68	1.80
9	1.92	2.05
10	2.16	2.31
11	2.40	2.57
12	2.64	2.82
13	2.88	3.08
14	3.12	3.34
15	3.36	3.59
16	3.60	3.85
17	3.84	4.11
18	4.08	4.36
19	4.32	4.62
20	4.56	4.88
21	4.80	5.13

Several factors can be identified which account for this reduction. Included among these is the much improved economic climate as gains in employment acted to spur increases in wages with subsequent revenue flow to the trust fund. Increased employment aided further by countering large benefit outlays as seen during 1982-83. The total yield for 1985 is put at \$148.7m, down slightly from \$150.0m during 1984. Interestingly, had the trust fund reached \$228m, up only \$3m from the \$225 as of the computation date, employers would have realized a further significant reduction in rate. The freeze or "cap" on the maximum weekly benefit amount also augmented the strength of relative reserves.

An added "real" strength of reserves becomes obvious when the trust fund balance (monies available for benefits) is measured as a per cent of total wages ("risk" or potential for outlay). For rate year 1984 reserves were only 1.55 per cent of total payroll. This had grown to 1.97 per cent by the computation date for the 1985 tax year; only a minimal gain but a reversal of past trends. A second comparison among states is shown in the attached table. This illustration matches states by the number of months for which benefits are currently available (June '84) for payment if the pattern of outlay were to mirror the last 12 months history. Kansas ranks 11 among the many states with 17.6 months. This example is useful only for comparison of reserve strength among states since benefit outlays have seldom matched any immediate past period. Further, from an actuarial standpoint Kansas' reserve position cannot be described as healthy. However, it serves only to illustrate the desperate financial dilemma of the states and the threat to the Federal/State U.I. Framework. The Kansas financial tone appears favorable when likened to states faced with total insolvency and years of continued borrowing. We would hasten to caution that a ranking of 11th in this sad assemblage is anything but comforting and certainly reason to warrant a continued effort towards an improved solvency position.

DEPARTMENT OF HUMAN RESOURCES
 DIVISION OF EMPLOYMENT SECURITY
 CONTRIBUTIONS BRANCH
 FIELD REGIONS & TAX OFFICES

KANSAS



REGION 1
 Overland Park-Districts
 11,12,13,14,15,16,18
 Atchison-District 17

REGION 2
 Topeka-Districts 21,26,27,28
 Emporia-District 22
 Pittsburg-District 23
 Parsons-District 24
 Coffeyville-District 25

REGION 3
 Wichita-Districts
 31,32,33,34,35,
 36, 37, 38

REGION 4
 Dodge City-Dists. 41 & 42
 Liberal-District 43
 Colby-District 44
 Hays-District 45
 Great Bend-District 46

REGION 5
 Salina-Dists. 51,52,53
 Hutchinson-District 54
 Junction City-Dist. 55
 Manhattan-District 56