

MINUTES OF THE Senate COMMITTEE ON Governmental Organization

The meeting was called to order by Senator Vidricksen at
Chairperson

1:30 ~~xxx~~/p.m. on February 11, 1985 in room 531 N of the Capitol.

All members were present except:

Senator Johnston

Committee staff present:

Julian Efird - Research
Bruce Kinzie - Revisor

Conferees appearing before the committee:

Larry E. Wolgast - Secretary, Department of Human Resources

The Chairman called the meeting to order and introduced Larry Wolgast. Mr. Wolgast distributed copies of his report to the committee (Exhibit A) as well as a packet of charts and information relating to various Divisions within the Department. Mr. Wolgast began by stating that he supported the philosophy of the sunset law because he felt it was important to review the agencies from time to time to see what changes should be made. He pointed out some new challenges that face the state; those being increasingly long-term unemployment as result of plant closings, the shift toward new federalism, and budget and deficit reduction plans. He reviewed the organizational chart of the Department and answered questions from the committee.

At the conclusion of the hour the Chairman announced that this hearing would be scheduled again for next Monday and invited Mr. Wolgast to return and make additional comments and answer further questions at that time.

Senator Bogina made a motion to approve the minutes of the February 5 meeting. This was seconded by Senator Francisco. Motion carried.

The meeting was then adjourned by the Chairman.

GUEST LIST

COMMITTEE: Senate Governmental Organization DATE: Feb. 11, 1985

NAME	ADDRESS	COMPANY/ORGANIZATION
A. J. Koch	Topeka	DHR
S. L. Goodman	Topeka	DHR
Larry Wolcott	"	"
Jim Medlock	Topeka	D.H.R.
KAREN BALL	Topeka	AP

REPORT TO
GOVERNMENTAL ORGANIZATION COMMITTEE
DEPARTMENT OF HUMAN RESOURCES



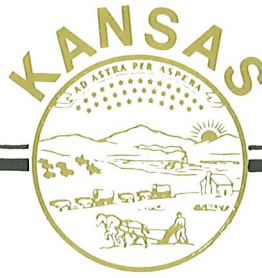
LARRY E. WOLGAST, Ed.D.

SECRETARY

EXHIBIT A

2/11/85

DEPARTMENT OF HUMAN RESOURCES



OFFICE OF THE SECRETARY
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REPORT TO GOVERNMENTAL ORGANIZATION COMMITTEE

Overview

1985 marks the tenth anniversary of the Department of Human Resources which was formed to bring together the State's major labor force and employer assistance programs under one administrative head. Long-established programs with related goals and objectives were brought together by Governor Bennett and Secretary James McCain. This was done to establish a close coordination of all activities which affect the working life and the economic well-being of Kansas citizens and to make the administration of related services more cost-effective.

These objectives are being successfully addressed. However, new challenges now face our state: a startling number of plant closings, increasingly long-term unemployment, the shift toward new federalism, and budget and deficit reduction plans. The Department must continue to effectively serve Kansans by developing creative ways to meet these new challenges. I will discuss these new modes of operation in a few moments.

The Department is organized into three main sections: Employment and Training; Employment which is primarily Unemployment Insurance; and Labor Management Relations and Employment Standards. Every member of the Kansas work force is served by one or more programs of the Department of Human Resources.

The programs administered by the Department of Human Resources are mandated by State and Federal statutes and regulations. Ninety-nine percent of our expenditures are from non-state revenue such as Congressional appropriations, grants, contracts, or from funds assessed through a federal law. However, it is clear that responsibility for these programs is going to fall increasingly on the State as the Federal government looks for ways to reduce the deficit. Services for which citizens have always looked to us--such as asbestos removal consultation as well as services in Job Service--are being cut or substantially reduced. If we are to continue to provide these services at the present level, the State will need to assume a larger portion of the funding responsibility.

As of January 2, 1985, The Department of Human Resources employed over 1,000 full-time employees. Our total expenditure for FY85 is estimated to be \$199.8 million. Of this amount approximately 1%, or \$2.3 million would come from the State General Fund. Subtracting the estimated \$147.5 million of unemployment insurance benefits to be paid from the unemployment insurance trust fund, the remaining budget is \$52.3 million. It is largely comprised of other block allocations from the U.S. Department of Labor including \$22.5 under the Job Training Partnership Act, approximately \$2.5 million from the Employment and Training Administration for the Employment Security Systems Institute, \$1.4 million for the Work Incentive Program, \$8.4 million for Job Service and related programs, and \$295,700 for the 7(c)(1) Occupational Safety and Health Program.

Our budget includes \$32.8 million in wages and other state operation costs and \$261,161 in capital improvements, but \$166.5 million, or 83.5%, of the DHR budget goes to individuals for job counseling, employment training, U.I. benefits, and related supportive services

DEPARTMENTAL ORGANIZATION

As our organizational chart shows, functional units are associated into three main divisions: Employment and Training; Employment; and Labor Management Relations and Employment Standards. Each division is headed by an Assistant Secretary to whom all sections of the division report. Components of Administration are Personnel Administration including Equal Employment Opportunity; Legal Services; The Intergovernmental Liaison/Single Point of Contact; and the Public Information Officer.

Division of Employment and Training

Housed within the Division of Employment and Training are Job Service, Kansas Job Training (JTPA), Research and Analysis, The Work Incentive Program (WIN), the Kansas Occupational Information Coordinating Committee; and the Executive Secretary of the Committee on Employment of the Handicapped. The Wagner-Peyser Act and the Job Training Partnership Act mandate and fund the major portions of this division.

Job Service is funded through the Federal Unemployment Tax Act by an annual employer payroll tax called the FUTA tax. Job Service operates thirty-four offices across the state helping people find jobs and helping employers find workers. Job Service is also mandated to provide the work tests for applicants

receiving unemployment compensation and to provide priority employment services to veterans. Wagner-Peyser funds for FY85 which Kansas Job Service must administer total \$6.7 million. Job Service relates to other special programs, which negotiate their own grants from the Department of Labor: Veterans' Services, Targeted Jobs Tax Credit, Labor Certification; and Job Corps. These programs total \$1.8 million in Kansas.

According to law the Governor appointed the Kansas Council on Employment and Training to advise him on the administration of the Kansas Job Training Partnership Act and other employment and training concerns. It is composed of representatives of business, labor, government, education, and public officials. Upon their recommendations, the State was divided into five Service Delivery Areas. In each SDA, the Governor appointed a board of local elected officials who appointed a private industry council. The private industry councils design and implement JTPA plans for their SDAs. The JTPA staff, the Assistant Secretary, and I work closely with the KCET to provide administration and staff services and oversight for the JTPA programs. All the SDAs have contracted with the Department to carry out a portion of their JTPA services. Co-location of most JTPA local offices with existing Job Service Centers has made the system more accessible. Linkages with Unemployment Insurance functions allow services to be more comprehensive for both the employer and the unemployed. Kansas was one of the few states to effectively provide JTPA services in the initial nine month period from October 1, 1983 to June 30, 1984 and was recognized by the U.S. Department of Labor for its success in implementing JTPA. In the first fifteen months, 1,935 individuals completed training and of those, 82%, or 1,589 were placed in jobs.

Research and Analysis is allocated a little over a million dollars from the Bureau of Labor Statistics, Employment Security grants, Unemployment Insurance, Job Service, JTPA, and Administrative Staff and Technical Service to develop detailed and comprehensive statistics; to interpret and analyze data on the Kansas economy, labor force, occupational supply and demand; wages; hours of work; and agency, State, and national program activity. The computations are used for calculating federal revenue sharing distribution, determining medicare and medicaid payments to the State; allocating JTPA funds to the SDAs and dislocated worker programs; preparing State revenue estimates, and establishing U.I. tax rates for Kansas employers. In the past year, these thirty staff persons have prepared 3,500 federally required reports, 450 for various governmental units, and approximately 2,500 for private industry, chambers of commerce, industrial groups, and universities. Legislation and executive orders which mandate the programs under jurisdiction of the Research and Analysis Section are embodied in Public Law 97-300, the Job Training Partnership Act, the Wagner Peyser Act, and several other federal and state laws.

The Work Incentive program has been functioning in Kansas since it was authorized by Parts A and C of the Social Security Act of 1967. Its main goal is to eliminate or reduce dependency on public assistance among recipients of Aid to Families with Dependent Children (AFDC) by helping them to find unsubsidized employment. Applicants for assistance who are eligible for WIN are identified by the Income Maintenance Unit of the Department of Social and Rehabilitation Services and referred to our WIN staff. Our staff does work, education, and training assessment to determine the potential for job placement or training. Coordinated with SRS, an employability plan is designed with the focus being for employment as soon as possible, part-time if possible while training. Last year 2,122 individuals entered employment through WIN. This

placement was estimated by SRS to have reduced welfare grants by \$4.3 million. The average wage earned by these individuals was \$4.69/hr., \$1.34 above the federal minimum of \$3.35/hr. After 9 months the retention rate of these individuals was 61%, 11% above the national average.

The director for the Kansas Occupational Information Coordinating Committee (KOICC) is officed in the division of E&T as well as the Executive Secretary of the Committee for the Employment of the Handicapped. The KOICC is composed of a representative from Vocational Education, Vocational Rehabilitation, Economic Development, and the Department of Human Resources. Two federal acts require this committee to develop and implement an occupational information system to provide program planners in the areas with information to target employment training to those labor skills actually in need. Current projects include a statewide and regional occupational supply and demand report, a microcomputerized version of the statewide report, and support for career information for secondary students. The FY 85 allocation for KOICC totals \$152,433 which comes from the NOICC, JTPA, and vocational education.

The Committee for the Employment of the Handicapped, established within and as a part of DHR by K.S.A. 74-67, is responsible for promoting employment opportunities for approximately 350,000 handicapped Kansans. It provides education to affected individuals and employers regarding handicapped employment rights, employment training programs, orientation techniques, and reasonable accommodations. It operates on a budget of about \$114,000.

Division of Employment

The second division of the department is the Division of Employment. It is composed of the Unemployment Insurance Services, with Appeals and the Board of Review, and is associated with the Employment Security Advisory Council. ESSI, Internal Security, Staff Services, Data Processing, Fiscal Management, and Management Analysis are also components of the Division of Employment. The basic function of the Unemployment Insurance section is to collect payroll "contributions," or taxes, and to pay unemployment insurance benefits when due. This is accomplished through two branches: Contributions and Benefits. The Office of Appeals, Board of Review, Benefit Payment Control Unit, Random Audit Unit, and Cost Model Unit, while not specifically involved in tax collection or benefit payments, provide control mechanisms to insure that due process requirements are met as well as auditing both claimants and employers for the prevention and detection of fraud.

Unemployment insurance programs are administered through a unique federal/state partnership mandated by Titles III and IX of the Social Security Act and the Federal Unemployment Tax Act (FUTA). Although mandated by federal law, individual states may set their own benefit payment requirements. Kansas meets overall federal operational standards. Thus employers in the State receive a credit of 5.4% against their total FUTA tax liability of 6.2%. Funds for administration of U.I. services are provided by the Federal government from FUTA revenues. If the state chose not to administer the U.I. Program along Federal standards, all employers in the state would lose the offset tax credit.

During FY 84, 108,225 individuals filed new claims for benefits. Over 71,000 determinations relating to payment of almost 1.2 million weeks of unemployment were made. Referees issued almost 13,700 decisions with nearly

2,200 of those being reviewed by the Board of Review. Total benefits during FY 84 amounted to over \$149 million. Unemployment contributions and reimbursing payments amounting to nearly \$174 million were collected from over 56,700 employers.

Currently 258 positions allocated by the Department of Labor are being filled by DHR employees in U.I. Services. The Department of Labor has allocated 407 positions for U.I. functions. Other positions are found in data processing, management analysis, research and analysis, and others.

Staff Services includes Data Processing, Fiscal Management, and Management Analysis. These units provide services necessary to the other programs of the Department. Consolidating these services lowers the cost. The operations of DHR are highly computerized and include remote terminals in 52 locations handling data processing for Job Service, WIN, KOICC, Research and Analysis, U.I., Employment Standards, Veterans, and JTPA. The fiscal unit has responsibility for the state and federal budget, contractual services, accounting, dispersal of administrative expenses, and procurement of equipment and supplies. Management Analysis does space planning, performance audits, equipment utilization reviews, and efficiency studies.

A third main component of this division is the Employment Security Systems Institute which was established by the U. S. Department of Labor Employment and Training Administration to carry out training and technical assistance relating to the automation of record keeping related to employment and training programs. It is one of two such technical assistance centers in the nation providing centralized services to promote uniformity and cost efficiency. Since 1969 ESSI has trained over 13,500 employment security personnel and provided automated data processing technical assistance to 52 employment security agencies. In 1984, ESSI trained 1,378 individuals, 25% of whom came to Topeka. The technical

support unit is 100% federally funded from FUTA tax (\$2.5 million) and States contract with ESSI for training (\$300,000). Department of Labor has contracted with the Department of Human Resources for administrative services. ESSI employs sixty-one people. The Department of Labor has indicated it may not fund this technical assistance program in FFY 86.

Division of Labor Management Relations and Employment Standards

The Division of Labor Management Relations and Employment Standards enforces laws and regulations dealing with public and private employer-employee relationships and employment standards, such as those dealing with employee health and safety and minimum wages and hours. The Division also oversees the organization of public employees and their relations with employers. The Assistant Secretary of Labor Management Relations and Employment Standards administers the functions of six main sections: 1) Industrial Safety and Health; 2) Employment Standards; 3) Veterans' Services; 4) Workers' Compensation; 5) Mexican American Affairs; and 6) Apprenticeship Training. Several subsections, committees, commissions, and councils support the activities of these main sections.

The Industrial Safety and Health program has two subprograms: 1) industrial safety and 2) boiler inspection. The federal government unit of the Industrial Safety section is responsible for the 7(c)(1) Occupational Safety and Health program. This unit provides statewide, on-site inspections and consultations to industrial and other private firms free of charge. Assistance is provided in interpreting the requirements of all applicable federal Occupational Safety and Health Administration (OSHA) laws, rules, and regulations; identifying safety and health hazards, and eliminating or controlling them.

The State Government unit of the Industrial Safety section is designed to reduce the frequency and severity of accidents and illnesses occurring to state employees. This unit works with the Insurance Department regarding the state self-insurance fund to reduce the number and cost of workers' compensation claims against the fund. It also provides training and seminars to make supervisors more aware of safety and health hazards in the workplace. A similar service is provided to cities, counties, and public school districts in an effort to make all public places of employment safer and more healthful.

The Occupational Health and Hazardous Chemical unit of the Industrial Safety section assists both private and public employers in recognizing, evaluating, and controlling possible contaminants in work environments. Specific services include : 1) industrial sampling for known chemical, biological, and physical hazards in general industries; 2) identification and control or removal of old, toxic, and explosive chemicals in school, hospital laboratories, and other installations; and 3) identification and technical assistance regarding toxic asbestos material in schools and other public buildings.

The Boiler Inspection unit provides for the inspection of all boilers in the state. It is estimated that there are 25,000 boilers in operation in the state which are required by law to be inspected by an insurance company inspector or by a state inspector. A certificate is issued if the inspector finds the boiler to be safe for operation. Anyone found operating a boiler without a certificate is subject to a Class "C" misdemeanor penalty. The boiler inspection program is supported by fees. During FY84 this unit, consisting of three certified inspectors and two clerks, inspected 2,519 boilers. Insurance inspectors conducted an additional 8,029 boiler inspections. To remain self-supporting, it will be necessary to increase boiler certificate fees during FY85.

Industrial Safety and Health FY85 objectives are: 1) To conduct 675 on-site industrial consultations; 2) To provide information, education, and training materials and technical assistance in the field of occupational safety and health; 3) To assure that all identified boilers that are not insured are inspected to evaluate their safety; and 4) To register 15,500 boilers during the fiscal year.

The Employment Standards section is charged with the responsibility of insuring compliance with the Wage Payment Act and the minimum wage and maximum hours law. This section processes wage complaints by service of claims on employers, investigations of claims, conciliation of claims, and by conducting quasi-judicial hearings on disputed claims. This section is staffed by an Employment Standards Supervisor, four Investigators, one Hearing Examiner, and two clerical positions. During FY84, 1,821 claims were filed with this section. It investigated and conciliated claims totaling \$400,000 on disputed claims and 347 hearings were conducted. Under the provisions of the minimum wage and maximum hours statute 30 complaints were filed. Each year the number of cases this section handles increases dramatically. At present, each investigator handles an active case load of 179 cases each month.

The Labor Relations unit administrates a program which provides a framework for employees in the private sector who are exempt from federal laws to organize and bargain with employers on working conditions, wages, hours, and benefits. A similar framework is available to agricultural employees under the Agricultural Labor Relations Board. A framework is also provided for all public employees to organize and bargain with their employers. The Public Employee Relations Board is a neutral body assisting the parties, except teachers, in resolving conflict. The Board conducts representative elections, determines appropriate bargaining units, assigns mediators and fact-finders, determines the existence of impasse,

and resolves allegations of prohibited practices. For teachers, the framework is similar to the Public Employee Relations Act, except that the Secretary of Human Resources is charged with all administrative duties.

The Veterans' Services section has three distinct functions: 1) To collect and provide information to veterans regarding veterans benefits and to assist veterans with disability benefit claims, medical assistance and educational benefits; 2) To inspect and approve all educational and training courses offered under veterans educational statutes; and 3) To provide management and operation of the Kansas Soldier's Home at Fort Dodge. The statewide program is administered through 14 field offices, veterans' service organization offices located in three federal facilities, and one administrative office. It is the largest state supported section of the Department and is 90% state and 10% federally funded.

Field representatives assist veterans in preparing and processing claims and securing necessary supporting information. The program inspects, approves, and supervises apprenticeship and on-the-job training programs for veterans. It also provides information about schools and other institutions which offer education and training for veterans and dependents eligible for such benefits. In addition, the Kansas Soldiers' Home is administered through this program.

The veterans program workload is changing to a greater emphasis on medical benefits. This will increase as World War II veterans reach the 65-year-old group. It is projected that by 1990, 75 percent of all males over age 65 will be veterans. This will mean more pension claims and nursing home placements.

The Kansas Soldiers Home and its appointing authority, the Kansas Veterans Commission, are incorporated within the Department of Human Resources. The superintendent of the Soldiers Home is appointed by the Secretary of the Department of Human Resources and is responsible for the execution of policies

established by the Veterans Commission. The agency is located in Fort Dodge and was established in 1889. Staff and budget of the Kansas Soldiers Home are not a part of the Department of Human Resources.

The Kansas Soldiers Home provides a home for honorably discharged veterans and eligible dependents who are incapable of self support due to disability or old age. The budget of the home funds five basic activities: administrative services, residential services, nursing and medical care, supportive services, and capital improvements. These services allow the agency to accommodate a maximum of 400 residents.

The Soldiers Home offers three levels of care to its members. Cottage level care allows an eligible applicant and spouse to rent a cottage provided they are capable of daily chores associated with independent living. The dormitory level allows residents, either single or married, to rent a room when incapable of living without assistance, yet need only minimal assistance. The nursing care level allows qualified applicants to rent a room when in need of complete care. Patients requiring hospitalization are transferred to either Dodge City Regional Hospital or the Veterans Administration Hospital in Wichita, depending on their eligibility. All levels receive medicines, nursing care, and physician care as required. Residents are also provided religious and recreational activities including counseling, crafts, field trips, and social events.

The Kansas Soldiers Home is financed by state general funds and fee funds. Two sources of revenue contribute to the agency's fee fund. Residents of the home are required to pay for their care based upon their ability to pay, and reimbursements are received quarterly from the Veterans Administration on a per diem basis.

The Workers Compensation section administers the Workers' Compensation Act. It is divided into four units: administration; claimant advisory; rehabilitation, and judicial. Funds are derived from fees assessed to insurance carriers and self-insured employers. Workers' compensation benefits are paid by the employer's insurance company or through a self-insured program.

The Administrative Unit processes all incoming documents and provides information on programs or individual cases. Information is recorded on injured workers, employers, insurance carriers, self-insured individuals and attorneys. The section handles all accident reports and publishes annual statistical reports.

The Claimant Unit provides information to injured workers on the Workers' Compensation Law. It investigates the circumstances of a worker injury as soon as possible, usually within 48 hours. Injured workers are also assisted with problems they may have with their claims when they are not represented by an attorney.

The Rehabilitation Unit coordinates the vocational and physical rehabilitation needs of injured workers. This requires communication with injured workers, insurance carriers, self-insurers and the Department of Social and Rehabilitation Services. The section evaluates all referrals to assure each case is satisfactorially handled either by returning the worker to a new job or by providing training for a different occupation.

The Judicial Unit is composed of administrative law judges who hear cases on request by an injured worker, employer, or insurance company. Preliminary hearings are generally held within two weeks of application and, if necessary, a regular hearing is held within 30 days. The judges issue a written finding of fact and law, usually within 30 days of submission. Awards by the judges can be appealed to the programs's director.

The Kansas Advisory Committee on Mexican-American Affairs (KACMAA) identifies Hispanic community issues that are presented to the Governor, the Legislature, and other policymakers for consideration. KACMAA conducts research and provides information on private sector employment opportunities and other economic development assistance available to the Hispanic community. The KACMAA also collects, analyzes, and disseminates statistical data related to the Hispanic population.

The Apprenticeship Training section develops and oversees a voluntary system of apprenticeship in the state. The Apprenticeship Council has eight members representing labor and management and approves all apprenticeship programs, registers apprentices, and monitors each program.

New Programs

Although the Department programs have been long established, new directions for delivery of services to better serve the citizenry are being undertaken. Since there have been 19 plant closings affecting 1629 workers officially announced since late November, it is apparent that Kansas may just now be realizing the impact of the recession. There are many employees and employers who have had limited relations with DHR and are not fully aware of all resources available to them. For this reason, the Department has initiated a campaign to make Kansans aware of the work assessment, job counseling, training, placement capabilities, and other program linkages available to them through our offices and outreach efforts. Efforts are planned to further consolidate services to produce even more cost effectiveness, uniformity, and accessibility.

Under the Job Training Partnership Act, a new project has been undertaken for dislocated workers. It consists of three modes of operation. The Kansas Pre-layoff Assistance Coordination Team, K-PACT, has been organized to work with plants before a major layoff or closing so that affected workers can make smoother transitions to new jobs and occupations. K-PACT is a coalition of service providers including State and local representatives from JTPA, Job Service, Unemployment Insurance, Education, Economic Development, and Social and Rehabilitation Services. It is set up to respond rapidly, in some cases, overnight, to serve the workers while they are still on the job and can be served more effectively and efficiently. Encouraging employers to give us and their employees early notification of layoffs and closings will help to minimize the number having to file for unemployment and having to endure the accompanying emotional and financial stresses.

After layoffs, Joint Project Development operations between the State and Service Delivery Areas will serve workers who have been dislocated for up to two years. In addition, there is also the option of proposals from outside the Department to serve workers who have been laid off. The Job Service Centers have identified at least 6,846 individuals who fall into this "dislocated worker" category who can be served by the "after layoff" operations.

Another new direction underway is to ask for volunteers in Job Service who would be willing to take training in processing Unemployment Insurance claims, qualifying them in dual functions. This policy would help to reduce the number of intermittent and temporary employees required, which will greatly reduce training costs and enhance departmental programming continuity.

The Department of Human Resources holds the responsibility for administering and implementing a number of federal and state laws which have been enacted to serve the work force, business and industry. Employment, Employment

and Training, and Labor Management Relations and Employment Standards are all services essential to a stable and expanding economy. The Department of Human Resources provides necessary services and I request that all components of the Department should be continued.