

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY AND SMALL BUSINESS

The meeting was called to order by Senator Dan Thiessen at
Chairperson

1:30 ~~xxx~~ p.m. on Tuesday, January 22, 1985 in room 529-S of the Capitol.

All members were present except:

Senator Jack Steineger (excused)

Committee staff present:

Jerry Ann Donaldson, Research Department
Gordon Self, Revisor
Marion Anzek, Secretary

Conferees appearing before the committee:

Larry E. Wolgast, Secretary of Human Resources

The Chairman introduced the Committee Staff members, Jerry Ann Donaldson with the Research Department, Gordon Self with the Revisor's Department, and Marion Anzek, Secretary.

The Chairman told the Committee members there was a recorder being used, and would be used at all the meetings for this legislative session.

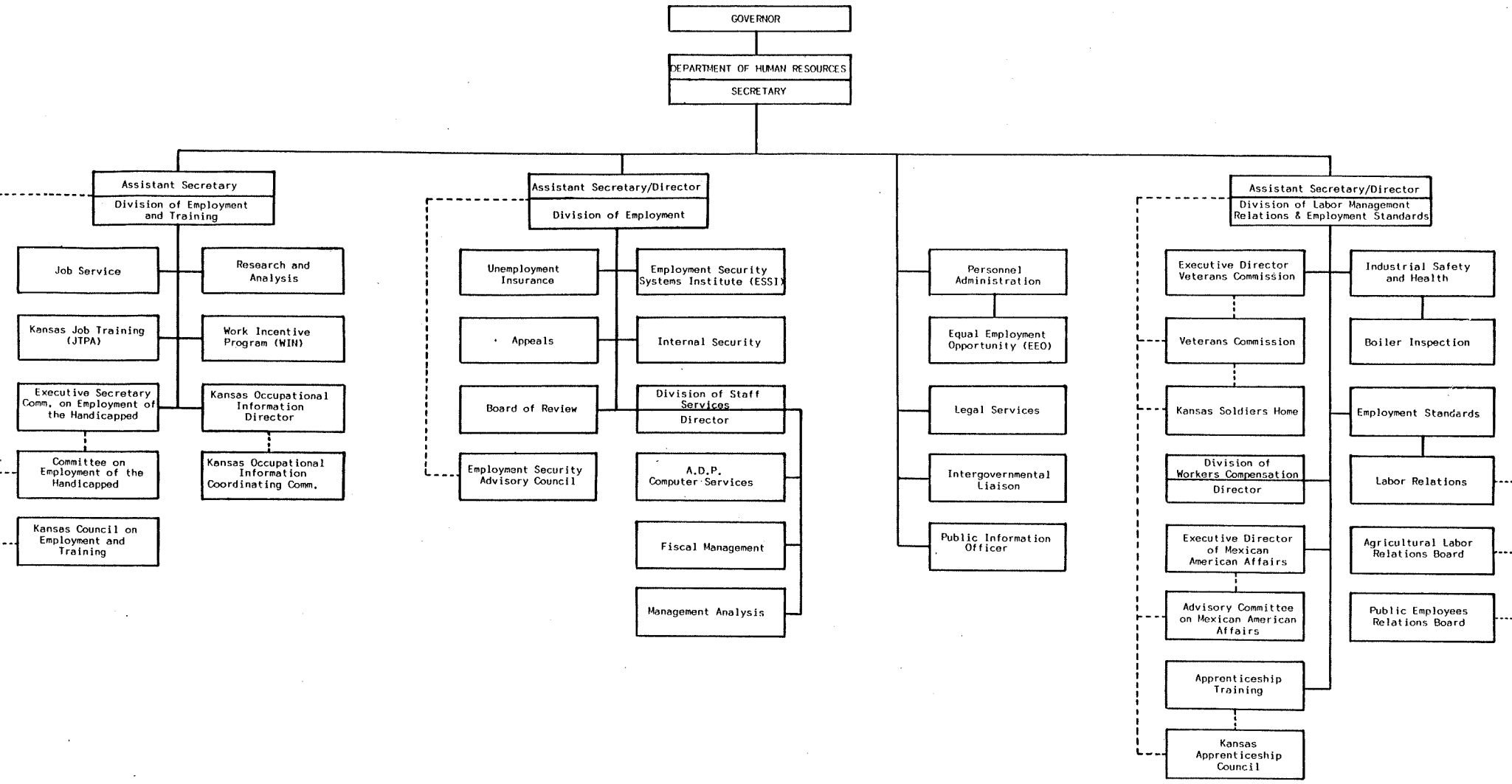
Mr. Wolgast introduced Mr. A. J. Kotich, Assistant Secretary of the Division of Employment and Security, and said he also would be working with the Committee this session.

Mr. Wolgast gave an overview of the divisional functions, of the Department of Human Resources, which included the Division of Employment and Training, Division of Employment, and Division of Labor Management Relations and Employment Standards.

Mr. Wolgast stated there are four areas of concern: #1. Plant closings in the State. #2. The number of and length of time on claims for unemployment. #3. The new direction toward Federalism, specifically with Job Service, and the Job Training Program. #4. How the Federal Government looks at dealing with the large deficit, and it is certainly going to have an affect on our State, because we are primarily Federally funded. These are the four issues, confronting our Agency. (See Attachment A).

Meeting was adjourned at 2:30 p.m. by the Chairman.

ORGANIZATIONAL CHART
 Kansas Department of Human Resources



APPROVED BY: Larry E. Wologast

JANUARY, 1985

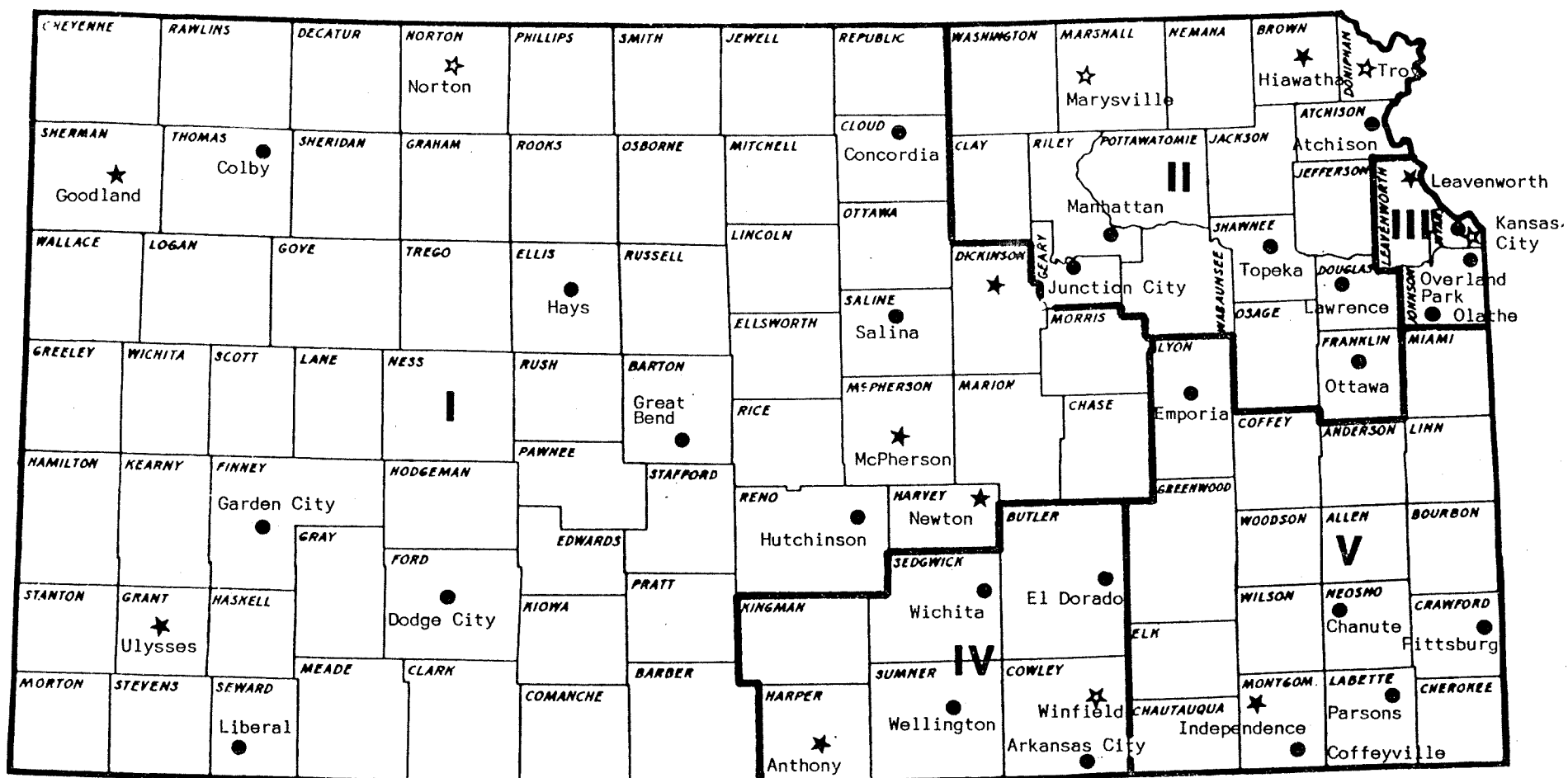
Department of Human Resources Budget
State Fiscal Year 1985 Estimate

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
 Atchison
 Chanute
 Colby
 Concordia
 Coffeyville
 Dodge City
 El Dorado
 Emporia
 Garden City

Great Bend
 Hays
 Hutchinson
 Junction City
 Kansas City (552 State)
 Kansas City (Parallel)
 Lawrence
 Liberal
 Manhattan
 Olathe

Ottawa
 Overland Park
 Parsons
 Pittsburg
 Salina
 Topeka
 Wellington
 Wichita

Unemployment Insurance Statistics
Fiscal Years 1984 and 1983

Item	Fiscal Year		Per Cent Change
	1984	1983	
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

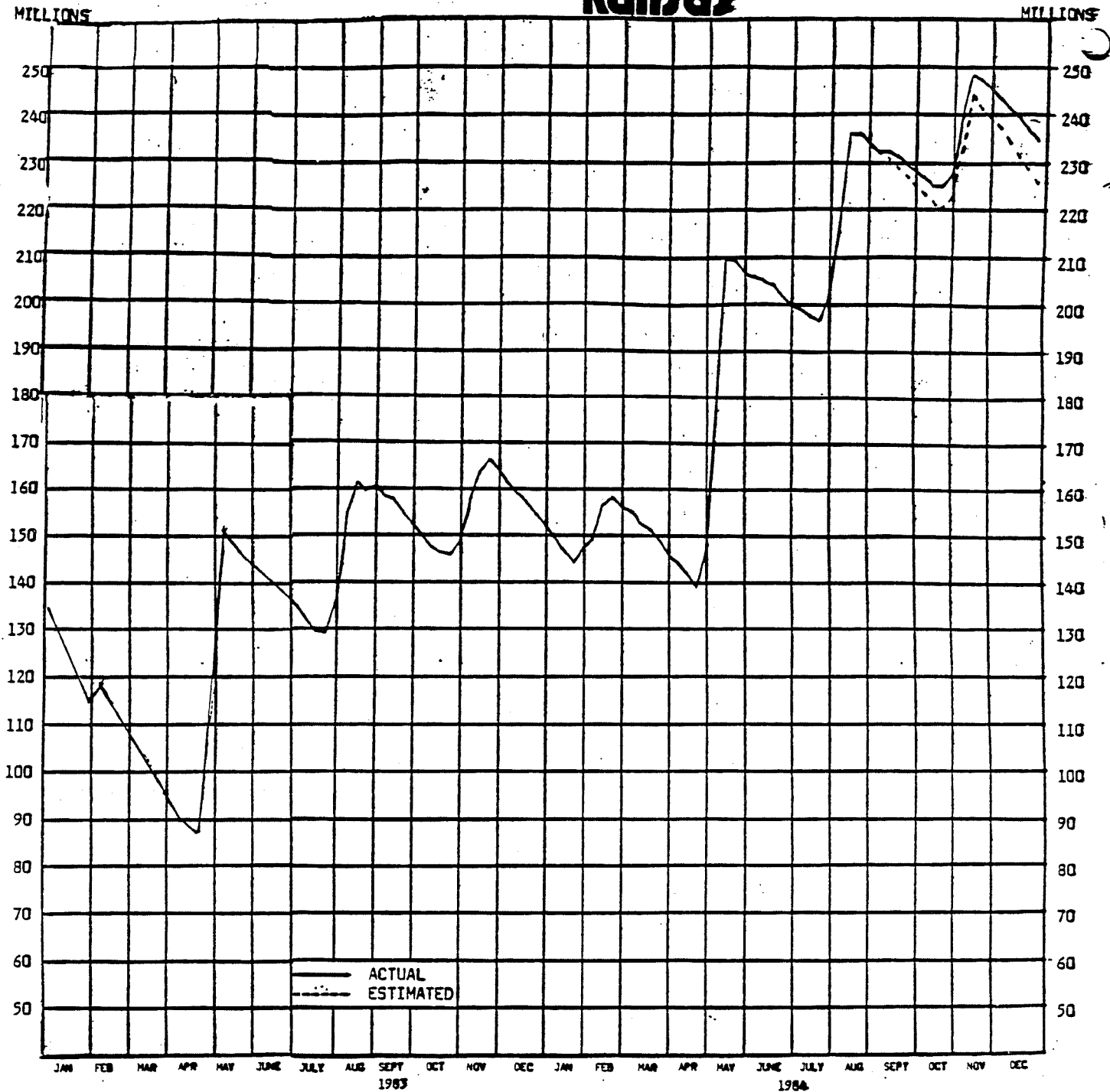
	Change		Amount	Per Cent
	January 5, 1985	January 7, 1984		
Fund Balance, Week Ended.....	\$232.3 million	\$149.7 million	+\$82.6	+ 55

	Change		Amount	Per Cent
	January 12, 1985	January 14, 1984		
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)

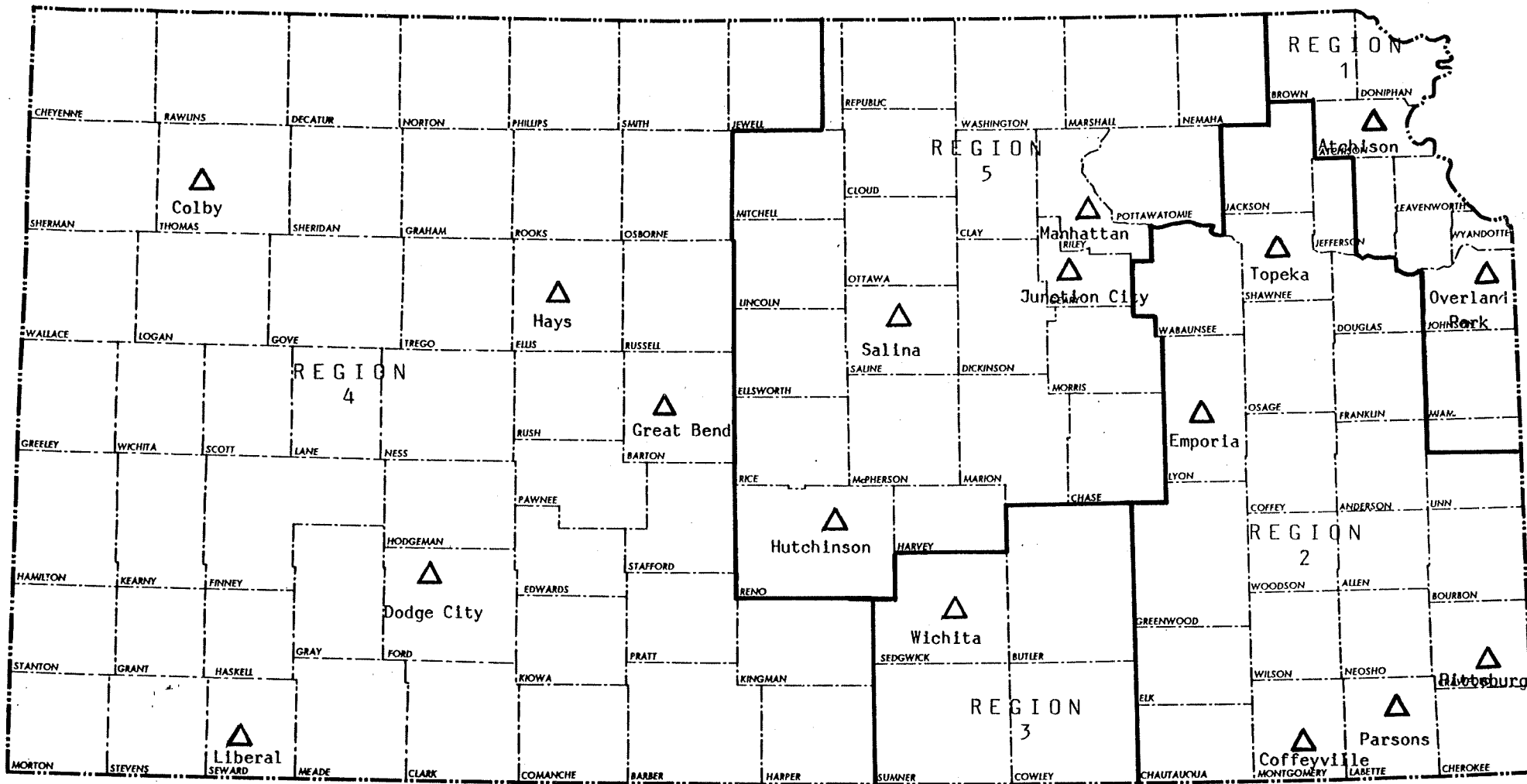
<u>Rate Group</u>	<u>1985</u>	<u>1984</u>
1	.06%	.06%
2	.24	.26
3	.48	.51
4	.72	.77
5	.96	1.03
6	1.20	1.28
7	1.44	1.54
8	1.68	1.80
9	1.92	2.05
10	2.16	2.31
11	2.40	2.57
12	2.64	2.82
13	2.88	3.08
14	3.12	3.34
15	3.36	3.59
16	3.60	3.85
17	3.84	4.11
18	4.08	4.36
19	4.32	4.62
20	4.56	4.88
21	4.80	5.13

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