

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 Monday, March 18, 1985 in room 529-S of the Capitol.

All members were present except:

Senator Roy Ehrlich (excused)
Senator Jack Steineger (excused)

Committee staff present:

Jerry Ann Donaldson, Legislative Research Department
Gordon Self, Office of the Revisor of Statutes
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Larry Wolgast, Secretary Department of Human Resources
Rob Hodges, Kansas Chamber of Commerce and Industry KCCI
Bob Wooten, Staff member of Governor Carlin
Bill Abbott, Public Affairs Manager, Boeing Military Airplane Company
H. J. Kotich, Kansas Department of Human Resources

The Chairman: called the meeting to order at 1:35 p.m.

HB 2254-An Act concerning the employment security law; relating to maximum benefit amount and disqualification for benefits.

Larry Wolgast: I would like to review the voluntary quits issue, that has been around for a number of years and last year Governor Carlin and the legislative leadership asked that the Employment Security Advisory Council come up with some type of requisition or compromise. The Council met, starting last summer and finalized in January, at which time they came out with a compromise. I want to emphasize the rule of the Advisory Council, they are comprised of 12 individuals, 4 from the employer group, 4 from the employee group, and 4 from the public sector members. I think it is very important that we realize the role that councils, like this play. They met and spent a lot of hours receiving testimony and background on the issues, and because of this we have what I feel is a good bill, and of course it has had hearings and has been through the House, and the Council unanimously agreed to make four suggestions for change. 1. The penalty for voluntary quitting; 2. The test for what constitutes a voluntary quit; 3. The requalifications for benefits after disqualification; and 4. The amount of the maximum weekly benefit amount for the final year of the statutorily frozen weekly benefit amount.

It is my opinion that passage of this bill would address the major issues of voluntary quits. I, therefore encourage you to report favorably on HB 2254. (See Attachment A). Also, I have a list of the advisory council members. (See Attachment B).

Jerry Ann Donaldson: I would like to clarify just one point, at the end of fiscal year 1986, the weekly benefit amount would go back to capped amount?

Larry Wolgast: The cap would go off at the end of 1986 fiscal year, and it is estimated that when it goes off, it would go to \$195.00 and we are asking in the bill to freeze at \$190.00

Rob Hodges: I don't really think there is anything left to be said as I think the Secretary has said it all. On behalf of the Kansas Chamber we do support this bill, and we feel it is a very significant step.

Senator Yost: Section 8, page 6, of the bill line 0219, the individual left work to accept better work, would that be a problem with them.

Rob Hodges: I believe, if a person leaves a job in good faith and says I am going to go to work for, say, Mr. Jones, because he is going to pay me

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY AND SMALL BUSINESS,
room 529-S, Statehouse, at 1:30 ~~xxx~~/p.m. on Monday, March 18, 1985

more per hour, and Mr. Jones had to turn around and lay that individual off, the employee didn't do anything wrong, and neither did his employer.

Senator Yost: Would the employee be eligible for workers' compensation benefits. Would the subsequent employer have workers' compensation?

Rob Hodges: Yes, he would draw benefits, because in good faith when you go to another job, you would still draw benefits even though your earnings from that new employer would not have been significant.

Bob Wooten: My primary reason for being here, is to deliver a message from Governor Carlin, to the committee. I am a member of the Governor's staff, and he asked me to relay to the committee his pleasure in the agreement that has been reached, at a time when there were those among all of us, including the legislature, who believed there might never be agreements on this issue concerning HB 2254. The Governor feels this is a good compromise and the bill in its present form, is a bill which the Governor will sign. (See Attachment C)

Bill Abbott: I appear today in support of HB 2254 that amends the employment security law. In our opinion HB 2254 addresses a problem in the current law, concerning voluntary quits. This bill has been before this legislature for several years and I urge this committee to recommend HB 2254 for passage. (See Attachment D)

Senator Kerr: Didn't the House minutes say something about tracking? The people that qualify for benefits, despite voluntary quits.

Mr. A. J. Kotich: Yes Sir. We have been instructed to keep track of the various categories within this bill, and report back next year.

Senator Kerr: Of each category, and not just the last 3, or something like that?

Mr. A. J. Kotich: It is my understanding each, especially number 1.

Chairman Thiessen: Would that be only 1 year, or do you plan to keep reporting on that?

Mr. A. J. Kotich: Whatever the committee says.

Senator Morris: I am not sure whether Senator Kerr is planning to amend the bill or not?

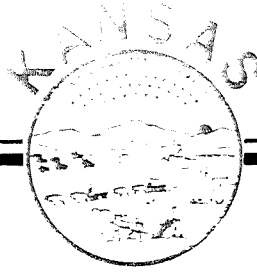
Senator Kerr: I guess not, if the department feels that it has adequate mandate for such a continued report, maybe we should put it in our minutes that we would like for it to be each year, if you feel you have significant motivation with that, then I see no reason to amend the bill.

Mr. A. J. Kotich: Yes sir. I feel no reason to amend the bill.

A motion was made by Senator Morris to request the department to keep tracking on the usage of the new law, seconded by Senator Werts. Motion carried.

A motion was made by Senator Feleciano to pass HB 2254 favorably, seconded by Senator Werts. Motion carried.

Meeting was adjourned at 2:03 p.m.



DEPARTMENT OF HUMAN RESOURCES

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Testimony before the Senate Committee on Labor and Industry
House Bill No. 2254

Today, I would like to present some background concerning House Bill No. 2254. This bill performs two basic functions: one, it amends K.S.A. 44-704 to modify the cap on the maximum weekly benefit amount; and two, it amends K.S.A. 44-706 to change the disqualification for individuals voluntarily quitting their employment.

Since the late 1970's the Kansas unemployment compensation law has permitted individuals who voluntarily leave their jobs to draw benefits after serving a disqualification period. In Fiscal Year 1984, \$8.5 million was paid to such individuals after disqualification.

At the request of Governor Carlin and legislative leadership, the Employment Security Advisory Council undertook a study of voluntary quits following last year's session. On January 25, 1985, the Council unanimously agreed to make four suggestions for change. The suggestions would change (1) the penalty for voluntary quitting; (2) the test for what constitutes a voluntary quit; (3) the requalifications for benefits after

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Attachment A

disqualification; and (4) the amount of the maximum weekly benefit amount for the final year of the statutorily frozen weekly benefit amount.

Present law provides that an individual who voluntarily quits his/her job without good cause shall be disqualified for the week in which application for benefits is made and 10 consecutive weeks. The total benefit amount would be reduced by an amount equal to 10 times the individuals weekly benefit amount. The proposed bill will totally disqualify the individual from drawing benefits until he or she again becomes employed in insured employment, and earns three times his/her weekly benefit amount. The requalification provision ensures that individuals drawing benefits are truly attached to the labor market.

If enacted by the legislature, the Council recommendations would specify a number of circumstances under which an individual could leave and not be denied benefits.

As part of the discussions, the Council also agreed to look into the "cap" on the maximum weekly benefit amount (WBA) enacted during the 1984 Legislative Session. Had the cap not been enacted, the current maximum weekly benefit amount would be \$181 instead of \$175. The WBA, uncapped, is estimated to be \$195 effective July 1, 1985, instead of the capped amount. The Council unanimously agreed to change the cap for the final year of the freeze to \$190 as part of their recommendations.

It is my opinion that passage of this bill would address the major issues of voluntary quits. I, therefore, encourage you to report favorably on House Bill No. 2254.

December 18, 1984

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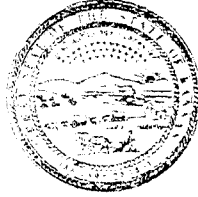
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John Carlin *Governor*

Testimony to
Senate Committee on Labor and Industry and Small Business
Regarding House Bill No. 2254
by Bob Wootton
on March 18, 1985

Thank you, Mr. Chairman and ladies and gentlemen of the Committee.

Governor Carlin has asked me to express his support for HB 2254. He also expresses his appreciation to the people who represent workers and to those who represent employers for their arduous work in coming to this agreement.

The issues embraced by this bill have been the basis for contention for some years. Voluntary quits and benefit caps, along with the test for what constitutes a voluntary quits have all been the subjects of bills in previous Sessions of the Kansas Legislature. Other bills regarding these sections of the law dealing with unemployment benefits have stirred emotions to a high pitch in previous years.

Now is an appropriate time to lay this controversy to rest.

While there are features in the bill which may be less than desirable from the labor or management point of view, this agreement provides a welcome solution which will be good for everyone.

The Governor will sign the bill which you have before you with relief and appreciation for the work of the Committee and for the parties who brought this difficult problem to a mutually-acceptable conclusion.

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Attachment C

TESTIMONY OF WILLIAM T. ABBOTT
PUBLIC AFFAIRS MANAGER
BOEING MILITARY AIRPLANE COMPANY

H.B. 2254

SENATE LABOR, INDUSTRY AND
SMALL BUSINESS COMMITTEE

MARCH 18, 1985

I appear today in support of H.B. 2254 that amends the employment security law.

The Boeing Company has supported the basic concept of our Kansas unemployment compensation statute over the years and have recommended changes that would find tune the statute.

H.B. 2254 in our opinion addresses a problem in the current law. That problem is voluntary quits, those people who voluntarily leave work without good cause attributable to the work or the employer.

Mr. Chairman, this issue has been before this legislature for several years, I would urge the Committee to recommend H.B. 2254 for passage and hopefully put this issue to rest.

Respectfully submitted.

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Attachment D