

MINUTES OF THE House COMMITTEE ON Labor & Industry

The meeting was called to order by Representative Arthur Douville at
Chairperson

9:00 a.m./~~p.m.~~ on March 5, 1987 in room 526-S of the Capitol.

All members were present except:

Committee staff present:

Jerry Ann Donaldson, Research Department
Jim Wilson, Revisor of Statutes' Office
Juel Bennewitz, Secretary to the Committee

Conferees appearing before the committee:

Representative Anthony Hensley
Representative Joan Adam
Wayne Maichel, Executive Vice President, Kansas AFL-CIO
Steve Ingram, Kansas Department of Human Resources
Cecil Oldham, U.A.W. Resource Center, Kansas City
Rene Garcia, U.A.W. Resource Center, Kansas City
Ronald Gaches, Boeing Military Airplane Company, Wichita

Representative Hensley addressed the committee regarding minimum wage, attachments #1 and #2.

Representative Acheson asked if there were figures as to how many employees were in this category.

Representative Hensley responded that he did not have any figures and cited Mr. Powell's memo stating that he did not have any firm figures either.

Representative Acheson stated that most businesses involved would be those such as fast food establishments, covered by the I.C.C., and therefore federal minimum wage would be invoked. He asked if there might not be more unemployment as a result since many of the businesses involved were making marginal profits and might have to actually reduce their work force as a result. He also asked if the unemployed, many with no real skills, might be forced to accept welfare.

Representative Hensley responded that while he did not subscribe to that theory, it was possible. His point was there should be incentive for people to work and the current minimum wage in Kansas did not accomplish that aim.

Representative O'Neal asked whether establishments allowing gratuities would be covered.

Representative Hensley responded that, reading from the list, he assumed they would be covered.

Wayne Maichel was recognized and briefly stated that the AFL-CIO was in support of this proposal.

Chairman Douville asked if Mr. Maichel knew of any businesses that pay \$1.60 per hour.

The response was that he did not personally know of any. He answered, in reference to Representative O'Neal's question, a certain percentage of gratuities did apply toward wages and perhaps that was a good argument toward raising the minimum wage.

Regarding H.B. 2356, Representative Joan Adam was recognized and gave testimony, attachment #3.

Steve Ingram was recognized and testified, attachment #4.

Chairman Douville asked how Mr. Ingram saw his role in respect to "every employer shall cooperate", did it impose an additional burden on him and to what extent.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Labor and Industry,
room 526-S, Statehouse, at 9:00 a.m. ~~XXXX~~ on March 5, 1987.

Mr. Ingram responded that the basic program was already in place and gave as an example the K-PAC program. He stated that he had had involvement with some companies either at their request or, having heard about difficulties, contacted an employer and requested to be involved.

The chairman asked that, assuming this proposal were passed, would Mr. Ingram issue a set of regulations? The response was that there would be some sort of notice that certain regulations would be involved but Mr. Ingram did not perceive that they would be extensive. The hope was that in turn the company would indicate plans for the employees.

Chairman Douville asked if Mr. Ingram would anticipate any litigation on this issue, for example, refusing to discuss an item such as early retirement. The answer was, "absolutely not, that it was to be a cooperative venture between state government and the private sector". Mr. Ingram stated that the only litigation that he could perceive would be refusal on the part of the company to give prior notice and even then could be exempt if the company could demonstrate prior notice would be detrimental to the company.

Cecil Oldham was recognized and testified in support of the bill. He cited the Japanese lifetime employment guarantee and the employee loyalty engendered. He stated he was not advocating lifetime employment guarantees but asked the committee to put itself in the place of the worker and that it was not reasonable to not receive 90 day notice of layoff.

The chairman asked about the state being involved on a mandatory basis. The answer was that in the explanation of the bill and the route sought to work out problems, there should be no difficulty.

Rene Garcia was recognized and spoke in favor of prior notice based on experience from handling displaced workers.

Ron Gaches was recognized and testified, attachment #5.

Representative Whiteman asked if there would be a figure more appropriate than 15 employees, according to directors at firms represented by Mr. Gaches.

Mr. Gaches indicated that if he were able to give a figure that it would be large enough that it would not fit within the provisions of the bill and did not know if that was the intention of the sponsors. He stated they routinely lose 200 employees monthly due to retirement, relocation or other disposition.

Chairman Douville shared with the committee the contents of a phone call he had received from a person who had been laid off and felt the former employer had done a good job of helping employees find other jobs. The person now has his own business which depends on contracts and said that if one of those contracts were suddenly cancelled, he could not possibly give 90 days notice.

Representative Adam responded she recognized instances such as this and would support an amendment that provided a process for same or possibly giving 30 day notice or 14 days - some way to alleviate the burden for the employee.

There was considerably more discussion on this bill.

Also distributed to the committee were letters from Mrs. Pat Knoch, Executive Vice President of the Atchison Area Chamber of Commerce with letters from Atchison area businesses in opposition to the bill, attachments #6 through #12.

Attachment #13 is from the Kansas Industrial Developers Association in opposition to the bill.

The meeting adjourned at 9:57 a.m.

The next meeting will be March 6, 1987, at 9:00 a.m.

According to the Census Bureau, the national poverty level has increased from 11.75 in 1979 to 15% in 1982 and a continued growth in poverty is anticipated. Not only are those households already living below the poverty falling further behind, but also new persons are joining this group as a result of the increased unemployment rate experienced in recent years. Of the total State population, approximately 10.1% of all persons live in poverty. Of this number, approximately 31.5% are children and 22% are elderly.

For FY-86, the House Ways and Means Committee established a Kansas Minimal Need Level (MNL) for a family of three at \$655 per month. The Kansas MNL is 85% of the Federal Poverty Level established by the Department of Labor. Thus, the FY-86 level of need for an ADC family of three currently represents 72% of the Federal Poverty Level or 84% of the Kansas MNL Level. The attached tables reflect the 7.5% increase for both the public assistance and food stamp benefits.

The Ways and Means Committee reported that present eligibility standards are based upon financial considerations and incremental adjustments rather than any particular poverty index. The poverty indexes provided by the federal government were specially rejected as being unrealistically high. Therefore, a monthly index was established for a family of three at \$655 for the purpose of comparing items essential for livelihood to the existing benefits available through the assistance programs. The MNL includes:

\$200	- Rent
\$ 75	- Utilities
\$ 10	- Phone
\$270	- Food
\$ 50	- Transportation
\$ 20	- Clothing
\$ 30	- School Supplies, Toiletries, and Miscellaneous
<u>\$655</u>	= Minimum Need Level

The MNL established by the Committee has been used as a poverty index for the purpose of the attached tables and fiscal impact charts. (See Appendix A.)

The department supports the Committee's opinion that: "Kansas public policy should: (1) assure that only those truly in need are receiving benefits, and (2) strive to meet this minimal level of need for those who are in need." The department further concurs with the Committee's statement that: "Few could argue that the above items are above minimums necessary for existence."

Appendix B is a copy of Poverty in Kansas-1984 which was published by the Public Assistance Coalition. This document provides additional information concerning the plight of today's poor.

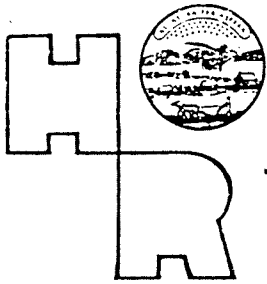
Attachment #1
House Labor and Industry
March 5, 1987

HISTORY OF ADC AND RELATED BENEFITS

Fiscal Year	HH Size	Monthly ADC Grant	Monthly WINTER LIEAP Benefit	Monthly Food Stamp Benefit	Total Monthly Benefit Levels	KANSAS MINIMUM NEED LEVELS	Total Benefits as a % of Minimum Need
1983	1	216	15	70	301	344	87%
	3	338	15	157	510	582	87%
	5	427	15	231	673	820	82%
1984	1	216	15	70	301	352	85%
	3	338	15	157	510	599	85%
	5	427	15	231	673	845	79%
1985	1	222	18	73	313	371	84%
	3	347	18	159	524	626	83%
	5	439	18	233	690	881	78%
1986	1	230	18	79	327	388	84%
	3	371	18	172	561	655	85%
	5	479	18	250	747	921	81%
1987	1	230	18	82	330	405	81%
	3	371	18	185	574	683	84%
	5	479	18	269	766	961	79%

NOTE:

- The monetary figures and the percentage figures in the table have been rounded down.
- Benefit figures are for persons residing in Group IV Shelter areas (Butler, Douglas, Jefferson, Leavenworth, Osage, Riley, Sedgwick, Shawnee and Wyandotte Counties).
- Monthly grant amounts are the maximum allowable at any time during the calendar year. The amounts are based on household size with no income and reflect nonshared living arrangements. The GA grant amounts reflect 80% of the ADC need standards.
- The LIEAP benefit was computed based on the average Winter Phase amount paid and divided by 12 months.
- Monthly food stamp benefits were figured for persons with no income other than their grant amount.
- The Kansas Minimum Need Level (MNL) was established by the House Ways and Means Committee for a 3 member family for FY-86. This amount represents 85% of the Federal Poverty Level. The MNL's for FY-83, 84, and 85 were determined by multiplying the annual poverty levels by 85%. The FY-87 MNL was determined by increasing the FY-86 MNL by the Kansas Concensus Estimating Groups's inflation factor of 4.4%.



Human Resources

LABOR-MANAGEMENT RELATIONS AND EMPLOYMENT STANDARDS

512 West 6th, Topeka, Kansas 66603-3178

913-296-3094

M E M O R A N D U M

TO: The Honorable Arthur W. Douville, Chairman
House Labor & Industry Committee

FROM: Jerry Powell, Employment Relations Administrator
Public Employee Relations Section

James H. Herd, Administrative Officer
Employment Standards Section

DATE: February 23, 1984

SUBJECT: Kansas Minimum Wage

In our attempt to recognize and delineate the business enterprises that would be effected by a rise in the Kansas minimum wage, we find ourselves handicapped in pinpointing the actual establishment and crafts concerned. No recording has been made that would locate a business that does pay \$1.60 per hour to its employees. The type of enterprise that need only pay the minimum would be an independent retail or service establishment that does not reach the Federal threshold of \$362,500 annual gross volume sales or is not controlled by interstate commerce. It may be computed from the threshold amount that only 11% of the Kansas civilian labor force could be effected. No one specific business classification or occupational type can be designated as being covered by the Kansas Minimum Wage Law. We may assume that the type of business concern that could be covered may be a neighborhood hardware store, grocery, liquor store, gas station, or repair shop; a residential landscaping firm; a local restaurant or cafe; or a small department store. The telling question is whether the business makes enough money or is controlled in such a way by interstate commerce, to be covered by the Federal law.

Our law seems to be a factor when an establishment is not specifically covered by the Fair Labor Standards Act, therefore, it will be helpful to understand who is obligated to follow the Federal law. The Federal Fair Labor Standards Act covers all employees of enterprises engaged in interstate commerce such as communications and transportation workers; employees who handle, ship, or receive goods moving in interstate commerce; clerical or other workers who regularly use the mails, telephone or telegraph for interstate communication or who keep records on interstate transactions; employees who regularly cross state lines in the course of their work; and employees of independent employers who perform clerical, custodial, maintenance, or other work for firms engaged in commerce or in the productions of goods for commerce.

Attachment #2
House Labor and Industry
March 5, 1987

Also, covered by the Federal Act are those persons who work for an enterprise of one or more retail or service establishments whose annual gross volume of sales or business done is not less than \$362,500. Any other type of enterprise having an annual gross volume of sales or business done of not less than \$250,000 must pay the Federal minimum wage.

Finally, the Federal Act covers all businesses engaged in laundering or cleaning of clothing or fabrics; or engaged in the business of construction or reconstruction; or engaged in the operation of a hospital; or institution primarily engaged in the care of the sick, the aged, the mentally ill or defective who reside on the premises; a school for mentally or physically handicapped or gifted children; a pre-school, an elementary or secondary school; or an institution of high education (regardless of whether or not such hospital, institution or school is public or private or operated for profit or not for profit).

A last aid in determining who would be covered by a rise in Kansas minimum wage would be to understand those specifically exempt from our law located in K.S.A. 44-1202 (e). Employees not considered to be covered by the Kansas minimum wage are those who are employed in agriculture; employed in domestic service in or about a private home; employed in a bona fide executive, administrative or professional capacity; employed in the capacity of an outside commission paid salesman; employed by the United States; anyone giving service gratuitously for a nonprofit organization; persons eighteen years of age or less or sixty years of age or older employed for any purpose on an occasional or part-time basis; any individual employed by a unified school district in an executive, administrative or professional capacity, if the individual is engaged in such capacity 50% or more of the hours during which the individual is so employed.

A specific question has been raised as to the inclusion of "sheltered workshops" under the Kansas Minimum Wage Law. It is our understanding that these particular work situations are controlled by the United States Department of Labor. A determination for a rate of wage payment will be made by them concerning the specific disabled persons ability as compared to the average worker at that task. The United States Department of Labor is the certifying agent for such a workshop.

We must reiterate that no specific delineation can be given to show the businesses that would be effected by an increase in the Kansas minimum wage. Our law serves as a "catch-all" for those business enterprises neither specifically included in the Fair Labor Standards Act nor excluded by the provisions of K.S.A. 44-1202. We may only surmise who may be concerned. In the year 1983, this office received no claim for violation of the Kansas minimum wage at its present level and we would not predict a great increase if the amount was raised.

sla

STATE OF KANSAS

JOAN ADAM
REPRESENTATIVE, FORTY-EIGHTH DISTRICT
305 NORTH TERRACE
ATCHISON, KANSAS 66002-2526



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: ASSESSMENT AND TAXATION
JUDICIARY
TRANSPORTATION
RANKING MINORITY MEMBER: LEGISLATIVE, JUDICIAL
AND CONGRESSIONAL APPOINTMENT

I. Problem

A. U.S. / Elsewhere

- * Because of mergers, sales, liquidations, employment situation has become increasingly volatile with large number of employees terminated often with only a few days notice
- * 13,000 plants closed between 1975 - 1981 in U.S. as a result of foreign competition alone
- * in Canada, Western Europe stringent requirements exist which encourage employers to notify and work with affected communities, local government and employees in order to ease the impact of a plant closing. This legislation includes a notice provision severance pay and often a payment to the affected community.

B. States' response

- * approximately 20 states have considered some type of plant closing legislation. At least 5 states have enacted such legislation. Runs gamut from very restrictive to a voluntary approach.

C. Kansas

- * increasing problem within last few years.
1985 - 62 closings; 5,496 employees affected
1986 - 141 closings; 10,880 employees affected

During the period 1-2-85 to 12-31-86, a 44% increase in plant closures and a 51% increase in the number of employees affected by permanent layoffs.

II. Way HB 2356 would address the problem.

- A. 90 notice provision
- B. only affects companies with 50 or more employees
- C. if union contract has provision regarding this, contract controls
- D. penalty - \$500
- E. cooperation with secretary in devising plan

Attachment #3
House Labor and Industry
March 5, 1987

III. Philosophy behind bill

- A. educational, incentive device
- B. ease the affect of plant closings on the community and individual employees
- C. encourage cooperation between employers and employeess

Plant closing is just like a messy divorce

By CHRIS SATULLO

It was a messy divorce, painful to behold.

As commonly happens, the party initiating the rupture expressed sorrow, but portrayed itself as caught up in an inexorable tide of circumstance.

The injured party responded with a yelp of pain and a cry of betrayal.

Neither side dwelled much on how its own failings might have weakened the once-vibrant partnership.

So it went recently near my hometown when Ingersoll-Rand Co. — a major maker of turbines, compressors, drills and other heavy equipment — gave the bad news to 550 employees at its plant in Phillipsburg, N.J., just across the Delaware River from where I live.

By the end of this year, I-R's Turbo Products Division, which is based in Phillipsburg and which, one short decade ago, was thriving, will be history. Most of those 550 will be out of a job. A few will be transferred to snowy Olean, N.Y., where the turbo division of Dresser-Rand Co. — a new company formed out of divisions of I-R and one of its major competitors, Dresser Industries — will be based.

After the news hit our town two weeks ago, several stunned I-R employees used metaphors of marriage and family to explain how strongly they felt about I-R, how wounded they felt about the closing. It was like a death in the family, they said, like having your wife suddenly leave you.



**Against
the grain**

Phillipsburg, like hundreds of towns in the industrial Northeast and Midwest, is a company town. You cannot live in Phillipsburg, a town of 15,000, without knowing personally someone whose livelihood depends on I-R.

With that kind of financial dependence comes psychological linkage. I-R for decades has been a prop to the shaky self-image of this working-class river town. I-R was sure to be part of the first paragraph of any town resident's response to the outsider's query: "So what's in Phillipsburg, anyway?"

What happens to a company town when the company leaves town?

(To be accurate, I-R has not abandoned Phillipsburg completely. Another division will remain for the time being, employing about 1,000, but that is a far cry from the nearly 4,000 who once worked for I-R in Phillipsburg.)

Phillipsburg is about to join the long roster of American towns victimized by American industry's inability to adjust and compete in a worldwide marketplace.

In the wake of the bad news, the town's mayor tried to strike an optimistic note, which others are sure to repeat and embellish in the coming months. I-R is dead, the mayor said, long live I-78.

I-78 is Interstate 78, a recently completed superhighway that puts Phillipsburg, which is on New Jersey's western border, within easy commuting time of New York City. I-78 is expected to open the door to a vast tidal wave of people, money and business hurtling westward from the clogged metropolitan area.

To those who believe this, the loss of I-R is a mere ripple in a larger demographic whirlpool. Throughout what has come to be known as the Rust Belt, aging factories are closing as blue-collar jobs flow to the nonunion Sun Belt or out of the country altogether. But some see no point in mourning the silencing of the factory whistle. They believe that into the vacuum unavoidably will flow a different kind of business — the high-tech and service sectors.

Evidence of this trend exists. As I-R packs its bags to move, earth is being moved for a major shopping mall less than a mile down the road. Plans for huge townhouse developments pop up around the area like wildflowers in a country field.

But the view that I-R was fated to be a Rust Belt victim, just as I-78 is fated to be a savior, is a bit too pat.

For one thing, the turbo division's work is not going to be taken over by

drawing southerners or maniacally disciplined Koreans. It's going to the good people of Olean, a city south of Buffalo, which is as Rust Belt as it gets.

That Dresser-Rand — a merger of competitors who each had the same type of plants — would seek to tighten its belt was probably inevitable. But was it inevitable that a complete shutdown of turbo in Phillipsburg would be part of the consolidation? Had that plant been more efficient over the last decade, would it still have a future with Dresser-Rand?

I can sympathize with the bitterness of union people who see I-R report 1986 earnings of \$94 million even as it lays them off without so much as a sympathetic pat on the back.

But it takes more than just high wages or outmoded equipment to make a plant as inefficient as Phillipsburg was reputed to be. It also takes a work force that claims too many sick days, works too casually, sees product quality as management's problem and views all management proposals with suspicion. Union workers at I-R helped write their own pink slips.

On the other hand, I-R management seemed to work overtime to justify old-fashioned, high-handed, from-the-top-down American management, which treats workers not as indispensable colleagues, but as pawns to be despised, tricked and controlled.

Success in industry is a team effort: so is failure.

Kansas House Labor and Industry Committee

Testimony on HB 2356

Room 526 So.

by

Steve G. Ingram,
Deputy Director
Dislocated Worker Programs/Labor Liaison
Kansas Department of Human Resources

March 5, 1987

Topeka, Kansas

Attachment #4
House Labor and Industry
March 5, 1987

with concurrence by
Richard Hernandez,
State JTPA Liaison

The purpose of the Title III dislocated worker program is to identify and serve displaced workers before they fall to the ranks of the welfare rolls and the economically disadvantaged. This type of early intervention results in welfare and unemployment insurance savings. More importantly, it preserves the dignity and self-sufficiency of Kansas workers who have a strong work ethic and a desire to provide for themselves. (For many of these workers, it is a first-time experience and it is devastating.)

House Bill 2356 would require employers with 50 or more employees to provide 90 days notice to the affected employees, the Secretary of Human Resources, the Union, and to either city or county governing body within which the worksite is located. The bill would only effect employers who were planning to reduce their workforce by 15 or more employees, or 15% of the total workforce, or to cease operations. Employers who do not comply with the statute would be fined \$500 payable to the Secretary of Human Resources for deposit with the State Treasurer.

The enactment of advance notice legislation would help the workers affected to plan strategy, prepare for seeking further employment, and let the Dislocated Worker Program manage available Title III funds more effectively. Currently, the Title III Unit does not often receive advance notice of impending layoffs or plant/facility closings. Experience has shown that without advance notice, it is very difficult to organize and communicate with groups of workers after they have been separated from their company. Title III funds have therefore been used on a first come, first serve basis.

Federal Title III monies allow the Dislocated Worker Unit to provide basic services ie., intake, eligibility determination, pre-layoff workshops, and early intervention by Kansas Pre-layoff Assistance Coordination Team (K-PACT). K-PACT is a coalition of State Government services including the Departments of Education, Commerce, Social and Rehabilitation Services, and Human Resources (Job Service, Job Insurance and Dislocated Worker Programs). The Department of Human Resources Dislocated Worker Programs Unit serves as the lead agency. They work with employers and workers before the actual layoff or closing occurs to assist workers in transitioning

into new employment as quickly as possible using Title III services. These services could continue without additional state funding.

From the most recent plant closing report, we find that large layoffs and plant closings almost doubled in 1986 (¹⁴¹~~119~~) over activity in 1985 (62). We have every indication that this trend will continue, and we will see more dislocated workers needing services.

Even though there would be an increase in our activity, it is anticipated that with advance notice and time to work with companies and employees before the layoffs or closings, that we would be able to react with more efficiency.

Clearly, all of the economic adjustment researchers and practitioners agree that the key to effectively assisting dislocated workers rests on the state or local governments ability to "get in early." In an effort to minimize confusion and hardship and intervene and assist dislocated workers as early as possible, a number of states have considered or passed laws that would require the advance notice of plant shutdowns. Wisconsin, Connecticut and Maine have all enacted plant closing legislation, while states such as Maryland and Massachusetts have relied upon voluntary efforts. This is not a new idea being considered today. Many European countries with a capitalistic economy have had such legislation for many years.

Canada has had twenty (20) years experience with their program which is called the Industrial Adjustment Service (IAS). As soon as the IAS receives word that a plant may close or layoff workers, the program offers to help establish a labor management adjustment committee within the plant to direct pre-layoff assistance. The Canadian organization also can assist employers with turnover problems, employment instability, labor shortages, expansion efforts and recruitment as well as with pre-layoff adjustment.

According to the report issued by the Task Force created by the Department of Labor on Economic Adjustment and Worker Dislocation which was presented in December 1986 after over a year of study, the following findings were indicated on page 22 of the report:

"The Task Force is in general agreement that advance notification to

employees and the community of plant closings and large scale permanent layoffs is good employer practice, when coupled with a comprehensive program of counseling, job search information, and training. Used in such a way, the notification period allows both individuals and the community to adjust to the process of change. The Task Force is in agreement with other studies that have concluded that advance notification is an essential component of a successful adjustment program. In a recent report, the Conference Board noted that 'both survey and interview participants noted that advance notice is beneficial to employees and is an essential element in a plant closure program,' because notice facilitates greater program participation and because a 'functioning plant is, perhaps the program's single most important resource.' The Office of Technology Assessment has recently reported that representatives of business, labor, communities, and public agencies broadly, although not unanimously, agree that advance notice is an important element in helping displaced workers find or train for new jobs."

For over two hundred years, America's ability to respond and confront change has propelled the evolution of this nation's economic, political and social systems. For most Americans, change up to this point, has been seen as a positive step. It was this nation's ability to accept, encourage, anticipate, and react to change that helped to improve the standard of living that is envied worldwide. However, America's ability to respond to change is changing. Public policy-makers will have to come to grips with how it will attempt to manage the future and how it will assist those citizens and communities that are being adversely affected by the massive transformation that is taking place in Kansas and in the United States today. Experts indicate that the internationalization of this nation's economy and the continuing increase of technological innovations will continue to displace workers through to the next decade. The problem is not going to go away. Displacement of workers is here to stay. We cannot close our eyes and hope for the problem to pass. We must face up to our responsibilities and do what we can to help people in their transition from one workplace to another. Employers must accept their corporate and civic responsibilities. They must have a human conscience to want to help those persons who have been an integral part of their company's existence.

When you look at this legislation, please don't dwell on the penalties or think of this as a punishment to companies. The concept is the issue to be considered. The specifics of how to make the concept work to the benefit of the company, workers, community and the State of Kansas can be worked out. We are talking about 3,040 companies who have 50 or more employees - this is approximately 4.7% of the 69,300 employers within the state.

If you don't want penalties, then offer incentives to employers who are willing to abide by a certain code of conduct, ie.:

1. Allow companies who comply with advance notification certain financial services to be available to them.
2. Allow more favorable tax treatment.
3. Rapid Response Team Service assistance.

The important thing is to recognize the problem and to do something to help the businesses and workers in our State who are in need.

PLANT/FACILITY CLOSINGS AND NUMBER AFFECTED BY SDA

FOR 1ST, 2ND, 3RD AND 4TH QUARTER 1986

	PLANT/FACILITY CLOSINGS 1ST QUARTER 1986	NUMBER AFFECTED	PLANT/FACILITY CLOSINGS 2ND QUARTER 1986	NUMBER AFFECTED	PLANT/FACILITY CLOSINGS 3RD QUARTER 1986	NUMBER AFFECTED	PLANT/FACILITY CLOSINGS 4TH QUARTER 1986	NUMBER AFFECTED	NUMBER OF CLOSINGS	NUMBER AFFECTED
SDA	6	136	20	547	9	29	12	409	47	1,121
I	6	331	0	0	2	100	5	628	13	1,059
III	6	202	16	3,006	6	856	4	505	32	4,569
IV	13	277	10	1,238	3	890	6	874	32	3,279
V	5	206	6	525	3	86	3	35	17	852
TOTALS	36	1,152	52	5,316	23	1,961	30	2,451	141	10,880

FOUR QUARTERS 1985

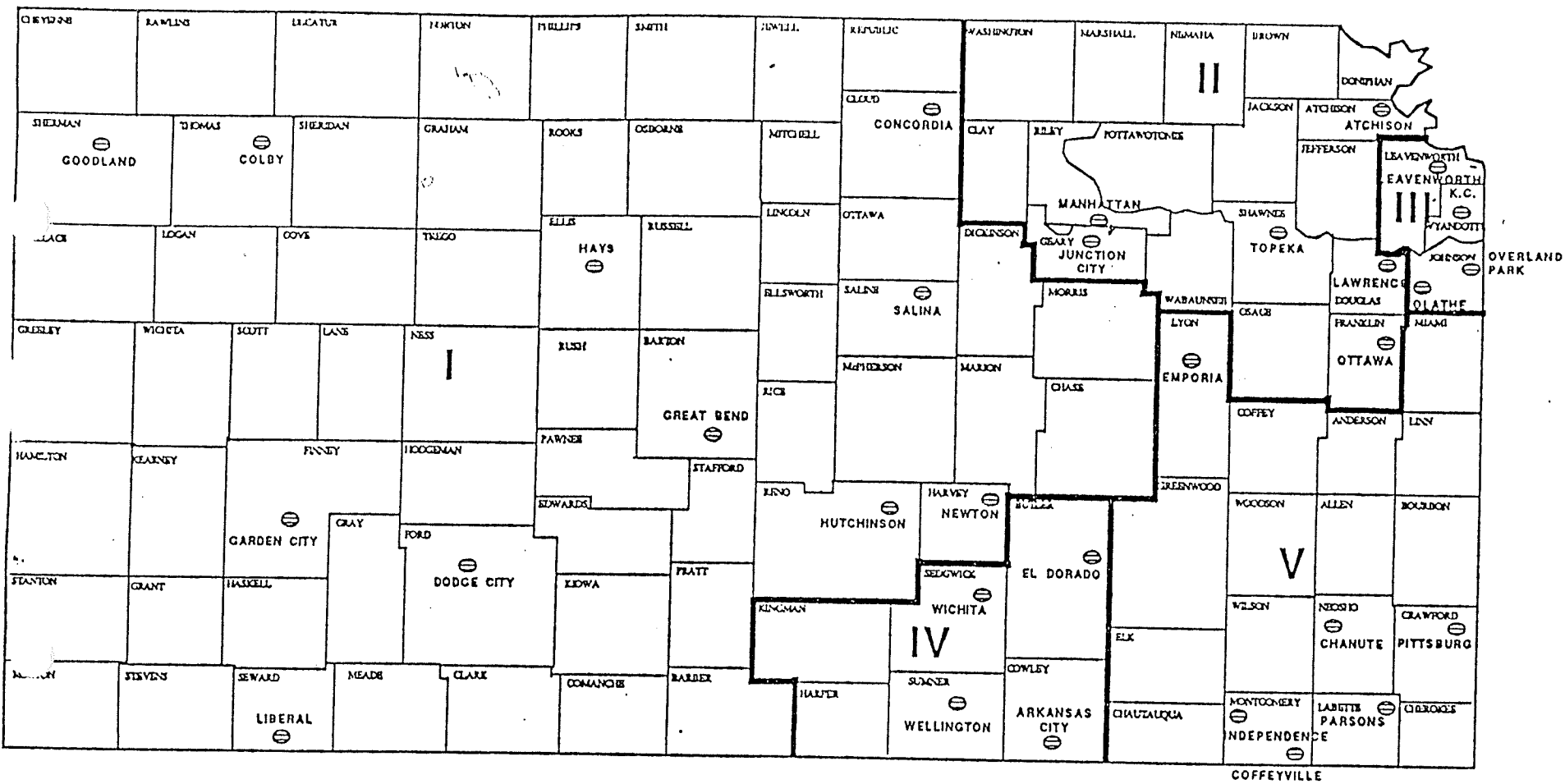
TOTAL CLOSINGS 62
TOTAL NUMBER AFFECTED 5,496

FOUR QUARTERS 1986

TOTAL CLOSINGS 141
TOTAL NUMBER AFFECTED 10,880

NOTE: From the period 1-2-85 to 12-31-86, Kansas experienced a 44 percent increase in Plant/Facility closures, and a 51 percent increase in the number of persons affected by permanent layoffs.

JTPA SERVICE DELIVERY AREAS



HOUSE LABOR AND INDUSTRY COMMITTEE

TESTIMONY OF
BOEING MILITARY AIRPLANE COMPANY

PRESENTED BY
RONALD N. GACHES

REFERENCE: H.B. 2356

Boeing Military Airplane Company (BMAC) believes this is well-intended legislation. However, the bill contains some provisions which are vague or otherwise would be difficult to comply with. As a result we oppose passage of H.B. 2356.

With an employment level of more than 21,000 in Sedgwick County, BMAC regularly and routinely relocates or otherwise disposes more than 15 employees. The proposal does not specify over what time period the 15 employee threshold must be met; in a day, over a week or a month.

Further, it's unclear what the phrase "resulting in a cessation of operations..." is intended to mean. At BMAC the completion of a contract or program occasionally displaces some workers, notwithstanding the fact our employment has grown by more than 16,000 since 1978. Every effort is made to relocate workers when a program is completed. Unfortunately, that can not always be done; union work rules are one of the restrictive factors.

Subsection (d) of the bill appears to exclude firms having collective bargaining agreements from having to comply with the Act. But this exclusion is only available if the agreements meet the requirements of the Act. But these requirements are uncertain, making application of the Act a subjective analysis.

Finally, the 90 day notice requirement is an impossibility in the real world. Many smaller firms struggle to stay afloat until the day they must make the difficult decision to let someone go. For BMAC, the 90 day requirement ignores the situations where business decisions concerning allocation of our most valuable resource, our employees, must be made on a daily and weekly basis.

We urge the legislature to not further regulate the business management practices of all firms to address the unfortunate circumstance of employee layoffs.

Attachment #5
House Labor and Industry
March 5, 1987

Atchison Area Chamber of Commerce

104 North Sixth Street
P.O. Box 126
Atchison, Kansas 66002
(913) 367-2427



March 4, 1987

Rep. Arthur Douville, Chairman
House Labor and Industry Committee
State House
Topeka, KS 66612

Dear Rep. Douville:

Attached are letters I've received from businesses in Atchison---either to myself or Rep. Joan Adam, one of the sponsors of HB 2356 concerning labor and employment.

Atchison is an old industrial town, population 12,000, with 27% of our workforce employed in manufacturing and processing. One of our oldest industries, Rockwell International, is over 100 years; Blish-Mize, 115 years; Blair Milling, 116 years; Atchison Leather, 80 years; Unit Rail Anchor, 11 years; Midwest Grain, over 45 years and one of our growth industries---and these are just a few who employ over 50 people.

Their letters and others attached say it far better and with experience and money invested to back it, than I, as a professional industrial developer could.

My one comment, as an ID person in the state the past 11 years, is "there is not one section that would benefit the employer, employee or consumer." Kansas is working hard to send positive signals to existing businesses and potential businesses.

Good business ethics and values can't be legislated...responsible employers are already doing these things and irresponsible employers would pay the \$500 and continue doing as they pleased.

Respectfully submitted,

(Mrs.) Pat Knoch
Executive Vice President
Atchison Area Chamber of Commerce

ss

Enclosure

Attachment #6
House Labor and Industry
March 5, 1987

Off-Highway Products & Driveline Division
Rockwell International Corporation
Metal Castings-Atchison Plant
Fourth and Park Streets
P.O. Box 188
Atchison, Kansas 66002



Rockwell
International

(913) 367-2121

March 3, 1987

Joan Adam
48th District Representative
Room 281-W
State Office Building
P.O. Box 49
Topeka, Kansas 66612

Dear Joan:

I have received a copy of House Bill No. 2356 which I understand you introduced recently.

My comments are as follows:

1. The only way the Kansas and Atchison economies are going to improve is by expanding our existing businesses and attracting new businesses. We finally seem to have a good understanding of this here and at the state level, and there are indications of the beginnings of a good effort to make Kansas more attractive to business and to more aggressively pursue economic development and the jobs which come with it. Your bill, of course, would discourage economic development in Kansas and Atchison and would be a clear signal that Kansas is not interested in competing for new business. How many states with whom we compete have similar restrictions? Should we conclude that you do not support economic development for Kansas?
2. While considerations of merger, liquidation, disposition or relocation would allow enough time for the 90 day notification, market fluctuations happen too quickly, at least in markets with which I am familiar, to allow for such notification for lay-offs.
3. In today's tough competitive environment, which includes developing nation, cheap labor competitors in the U.S. market, the expectation that any business can afford the cost of maintaining "financial security" for employees during periods of unemployment is simply not realistic. The unemployment benefits which are currently provided by Kansas laws are similar to those of other states in the area, are realistic, and provide significant protection.

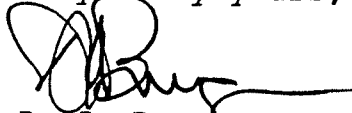
Attachment #7
House Labor and Industry
March 5, 1987

Joan Adam
March 3, 1987
Page -2-

4. The long list of other "financial security" benefits contained in your bill belong to the collective bargaining process and should not be imposed by legislation. Because of the high cost of these benefits, it is not likely that they will be achieved in collective bargaining. I certainly hope the chances of your legislation passing are just as slim.

Joan, I don't understand why you would introduce this bill. It is unrealistic in terms of cost to business, it is inappropriate in the tough competitive climate of 1987 and it is completely out of step with our state-wide commitment to economic development.

Very truly yours,



R. J. Bruggen
General Manager

/lrc

cc: Mrs. Pat Knoch

FEB 27 1987



February 26, 1987

Mrs. Pat Knoch
Executive Vice-President
Atchison Chamber of Commerce
104 North Sixth St.
P.O. Box 126
Atchison, KS 66002

Dear Pat,

Thank you for your note regarding Kansas House Bill No. 2356. It is good to know that there is an organization such as the Chamber that will draw attention to impending legislation which could have serious effects on Kansas businesses. Since I recently became the new owner of Atchison Leather Products, the issues addressed in this bill are of particular worry to me.

First, I believe the intent behind the bill is one of concern for employees who find themselves without a job because of the type of events mentioned: mergers, liquidations, relocations and layoffs. As an employer, who feels responsible for the welfare of my employees, I am also concerned. The competitive forces at work in the market place have no feelings for those persons who are displaced from their livelihood. However, sometimes difficult decisions must be made. These decisions may adversely affect some people in an effort to preserve the longer term prospects of survival for the company and, in reality, save those jobs that remain. I believe that the measures stated in Bill 2356 will put Kansas businesses at a competitive disadvantage to those companies not encumbered by such impractical and administratively difficult procedures.

Let me address some of the issues raised in the bill specifically. The seasonality of my company's manufacturing cycle makes the lay-off process a rather routine requirement during January and February. However, it is impossible to predict 90 days in advance who will be laid off and for how long. Lay-offs and rehiring are costly to my business but it is a necessity when orders fall during slack times. How can I give 90 day lay-off notification to specific employees? I may not know that such an action is necessary until one week prior to the event? Does this mean I must give all employees a 90 day severance? If so, how do I remain competitive with other companies, both domestic and foreign, while I carry this excessive overhead cost?

With regard to submitting plans and financially assisting displaced employees; do not the present unemployment laws provide some assistance

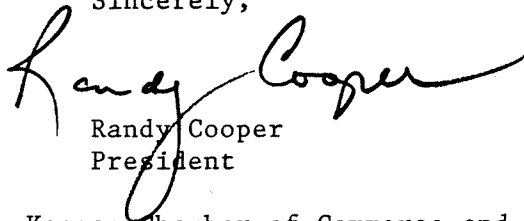
Attachment #8
House Labor and Industry
March 5, 1987
2nd & Main, Box 248, Atchison, KS 66002
913-367-6431 800-255-6023

to these persons? The Federal Government has already mandated health coverage benefits for terminated employees in the COBRA legislation. My concern with this law is that I may have to take benefits away from my active employees to help finance the higher insurance costs which may result from required coverage of previous employees and their dependents. If Bill 2356 were to become law, the provisions of paragraph (C), Section 1 would cause me to seriously consider starting a Human Resources consulting practice in Kansas. The administrative burden of caring for ex-employees would be unmanageable for most small to medium businesses in this state.

At the very least, the provisions in this bill would create greater overhead cost for the employer and place Kansas businesses at a competitive disadvantage in the world market place. The ultimate effect could be the loss of business in Kansas as companies leave for a more favorable legislative environment. I believe the best approach for the State of Kansas to take in solving the problem raised in this bill is to attract more business. A larger, more varied business base will reduce the risk of displaced employees in the workforce.

There is one other key element which I have not yet touched on but which certainly merits mentioning here. The primary responsibility for the welfare of the citizens of Kansas rests not with the employer or the state and federal governments, but on each individual person. The established welfare, unemployment and social security systems help provide a buffer to those who face trying circumstances. But, to the extent that these government programs have encourage a lack of individual accountability, they have nurtured attitudes that are extremely damaging to our social and economic systems. I fear that this bill could contribute further to this growing problem.

Sincerely,



Randy Cooper
President

cc: Edward Seaton - Chairman, Kansas Chamber of Commerce and Industry
Robert V. Talkington, Senate President
Joseph C. Harder, Senate Vice President
Paul "Bud" Burke, Senate Majority Leader
Michael Johnston, Senate Minority Leader
James "Jim" Braden, House Speaker
David J. Heinemann, House Speaker Pro Tem
Joe Knopp, House Majority Leader
Marvin Barkis, House Minority Leader
Francis Gordon - Dist. #1
Edward F. Reiley, Jr. - Dist. #3
Donald L. Montgomery - Dist. #21
Robin Dee Leach - Dist. #47
Joan Adam - Dist. #48
Donald Sallee - Dist. #49
Marvin E. Smith - Dist. #50
Richard E. Echert - Dist. #60
Bruce F. Larkin - Dist. #62
Elizabeth Baker - Dist. #82
Jessie M. Branson - Dist. #44
Diane A. Gjerstad - Dist. #98
Kenneth W. Green - Dist. #75
Delbert L. Gross - Dist. #111
Anthony Hensley - Dist. #58
Donald E. Mainey - Dist. #57
Keith Roe - Dist. #109
Fred W. Rosenau - Dist. #39
Jim Russell - Dist. #7
Darrel M. Webb - Dist. #97
Donna Whiteman - Dist. #102
Bill Wisdom - Dist. #31

Unit Rail Anchor Company

2604 Industrial St.
Atchison, Kansas 66002

913-367-7200



March 2, 1987

Representative Joan Adam
Room 281W
State Capital
Topeka, Kansas 66612

Re: Kansas House Bill 2356

Dear Joan:

House Bill 2356 has good intentions regarding merger, liquidation and general business cessation.

Including layoffs, however, of 18% of work force in an ongoing business is carrying things a bit too far. A seasonal business, such as Unit Rail Anchor, does not always know ninety days in advance of a layoff. In fact, we've never known ninety days in advance of a layoff in our thirteen year history.

If the bill is enacted our only recourse would be to send a monthly form letter to the Secretary of Human Resources, etc., during our slow season. This letter would state approximate number of layoffs etc. even though we wouldn't know for certain at that time. This is treating a system, not the disease.

Let's limit this bill only to those companies involved in mergers, liquidation, etc.

Thank you.

Sincerely

A handwritten signature in cursive script that reads 'Terry M. Demmon'.

Terry M. Demmon
Vice President/Operations

djg

cc: Atchison Area Chamber of Commerce
file

Attachment #9
House Labor and Industry
March 5, 1987

COPY

FEB 17 1987

Session of 1987

HOUSE BILL No. 2356

By Representatives Adam, Baker, Barkis, Branson, Gjerstad,
Green, Gross, Hensley, Mainey, Roe, Rosenau, Russell,
Webb, Whiteman and Wisdom

2-11

0019 AN ACT concerning labor and employment; relating to notice
0020 required of employer prior to cessation or decrease of opera-
0021 tions; prescribing certain penalties for violations thereof.

0022 *Be it enacted by the Legislature of the State of Kansas:*

0023 Section 1. (a) Every employer employing at least 50 persons
0024 in this state: (1) Who has decided upon a merger, liquidation,
0025 disposition or relocation within or without the state, resulting in
0026 a cessation of operations affecting at least 15 employees; or (2)
0027 who has decided upon a layoff within this state of at least 15% of
0028 such employer's work force, shall promptly give notice of such
0029 action as provided in this act. Notice of such action shall be given
0030 in writing no later than 90 days prior to the date that such merger,
0031 liquidation, disposition, relocation or layoff takes place. Such
0032 notice shall be given to the secretary of human resources, any
0033 affected employee, any collective bargaining representative of
0034 any affected employee and the governing body of any city or
0035 county in which the affected place of employment is located.

0036 (b) The secretary may require the employer to submit a plan
0037 setting forth the manner in which final payment in full shall be
0038 made to the affected employees.

0039 (c) Every employer required to give notice as provided in
0040 subsection (a) shall cooperate with the secretary of human re-
0041 sources in establishing a plan of action designed to assist the
0042 affected employees in maintaining financial security during any
0043 periods of unemployment and locating new employment. Such
0044 plan may include such financial assistance as severance pay,
0045 continuation of health and life insurance, early retirement op-

0046 tions, lump-sum payments and supplementary unemployment
0047 benefits; and such placement assistance as job search tech-
0048 niques, administrative support, personal, financial and career
0049 counseling, company transfers, time off for searching for new job
0050 possibilities, relocation assistance, assessment of employees to
0051 identify skills which can be transferred to other jobs, occupa-
0052 tional testing and identification of agencies and other resources
0053 which may benefit the employee.

0054 (d) If a collective bargaining agreement between the em-
0055 ployer and any affected employees contains provisions which
0056 meet the requirements of this act, the provisions of such collec-
0057 tive bargaining may be followed in lieu of this act.

0058 (e) Any employer violating any of the provisions of this act
0059 shall be liable to pay a civil penalty of \$500 to the secretary of
0060 human resources. The secretary shall remit all such moneys
0061 received for such civil penalties to the state treasurer. Upon
0062 receipt of each such remittance, the state treasurer shall deposit
0063 the entire amount thereof in the state treasury to the credit of the
0064 state general fund.

0065 (f) In any investigation or proceeding under this act, the
0066 secretary of human resources shall have, in addition to all other
0067 powers granted by law, the authority to examine books and
0068 records of any employer subject to the provisions of this act as
0069 provided in subsection (a).

0070 Sec. 2. This act shall take effect and be in force from and
0071 after its publication in the statute book.

MIDWEST GRAIN PRODUCTS, INC.

P. O. Box 130

ATCHISON, KANSAS 66002

LADD M. SEABERG
PRESIDENT

March 4, 1987

The Honorable Joan Adam
Representative 48th District
Room 281-W
State Capitol
Topeka, KS 66612

Dear Joan:

I read a copy of your proposed House Bill No. 2356 concerning a required notice to employees before layoffs, mergers, acquisitions, etc.

I find your bill totally unrealistic in today's competitive business world. When business environment changes, management has to make swift accurate changes in employment. In many cases, this is necessary for the survival of the business. Ninety days is an extra burden that only adds costs to production that someone has to pay for. That someone is usually the consumer who may choose to buy less costly imported goods. Rules such as this bill will just add to the list of reasons that Kansas business cannot compete in a world market.

Joan, please reconsider action on this bill. It is not a good law if it forces business to be noncompetitive and forces more employees out of work.

Sincerely,



Ladd M. Seaberg

LMS:nje

b/cc: ~~Pat Knoeh~~
Richard Dickason

Attachment #10
House Labor and Industry
March 5, 1987

FEB 27 1987



CONSOLIDATED INSURANCE SERVICES, INC.

Kansas State Senators
Room 281-W State Capitol
Topeka, Kansas 66612

Feb. 26, 1987

Rep. Joan Adams

Dear Representative Adams;

In reviewing the above proposed bill under Section 1 (a) it appears to me an undue burden is being placed on employers in the event of a temporary layoff.

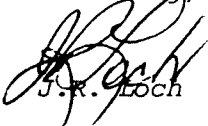
Various emergency situations could require an employer layoff all or part of the work force. Examples would be from a fire, tornado or even failure of a supplier to furnish necessary material. Sudden cancellation of an order by a purchaser could result in the employer having layoffs in less than 90 days through no fault of his own.

All employees who elects to resign or quit his or her job, customarily gives the employer 2 week notice. By requiring a 90 day notice by the employer to the employee it would appear to place an undue burden on the employer.

Our firm does not have near 50 employees so this would not be subject to the requirements of this proposed legislation.

The interest of the bill is to give job security to employees of larger employers. If the employer is required to add into his products cost to reserve for the required notice it could potentially price the product out of a competitive market which would result in more layoffs.

Sincerely,



J.R. Loch

Attachment #11
House Labor and Industry
March 5, 1987

cc: Pat Walker

Wm. A. Irons
314 Parallel
Atchison, KS 66002

Honorable Joan Adam
Room 281 W.
State Capitol
Topeka, KS 66612

Dear Joan:

At a time appropriate to concentration on the aquisition of new businesses into the state and community, we do not need legislation which will adversely affect these efforts. House Bill No. 2356 is particularly anti-business and would do much to discourage an out of state business from relocating in Kansas.

A Kansas business which suddenly finds itself in financial difficulty and must reduce its work force to remain solvent may not be able to wait 90 days before taking the needed steps to salvage the business. The \$500.00 fine could be, "The straw that broke the camel's back," so good-bye to all of the jobs provided by that business.

Come now Joan, let's be thinking in terms of bringing more jobs to Kansas, through increased business, rather than driving existing businesses out.

This is neither a time to be adding fringe costs to existing businesses, which in turn could make them non-competitive with like out-state businesses, thereby contributing to their untimely demise.

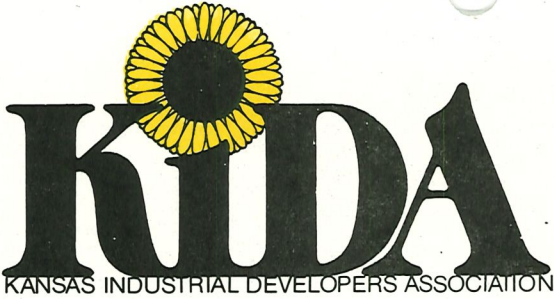
House Bill No. 2356 is counter productive in all aspects and should be withdrawn from consideration or, in the unlikely event it gets to the floor, it should be soundly defeated.

There currently is a movement throughout the world to remove government from industry and to sell off governemnt operated or controlled businesses. This also is not the time for governments to get into the realm of collective bargaining. In short: "Get out of state operated businesses and get out and stay out of collective bargaining."

Respectfully,


Wm. A. Irons

Attachment #12
House Labor and Industry
March 5, 1987



March 5, 1987

Labor and Industry Committee
Kansas House of Representatives
State Capitol
Topeka, KS 66612

Dear Rep. Douville and Committee Members:

The Kansas Legislature is to be commended for their actions last year which provided many tools that can enhance economic development in Kansas. We took several positive steps forward and hopefully can soon benefit from them.

It has come to our attention, however, that a piece of legislation has been recently introduced which would take us several steps backward in our efforts of recruiting new business while encouraging the expansion of our existing businesses. Because of this, we would ask you to oppose HB 2356, a bill which would require prior notice of plant layoffs.

Many of the businesses that are looking at possible relocation to Kansas would be moving from states that have laws such as HB 2356 on their books and in many cases, this is a major reason for relocation. Laws such as these usually cause permanent business closings, bankruptcies, or relocations more than they curb temporary layoffs.

We are truly interested in building the economic base of Kansas and can assure you that this bill will hinder us.

Thank you for your support.

Sincerely,

GARY TOEBBEN
President

Attachment #13
House Labor and Industry
March 5, 1987

njd