

Approved February 4, 1987

Date

MINUTES OF THE Senate COMMITTEE ON Ways and Means

The meeting was called to order by Senator August "Gus" Bogina at  
Chairperson

11:00 a.m./~~p.m.~~ on January 29, 1987 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Robin Hunn, Ron Schweer  
Revisor's Office: Norman Furse  
Committee Office: Judy Bromich, Pam Parker

Conferees appearing before the committee:

Gary Adkins, Department of Human Resources

House Bill 2064 - An act concerning the secretary of the department of human resources; relating to the powers and duties thereof; authorizing certain contracts.

The Chairman explained there was some urgency accompanying HB 2064 and if, after testimony, this bill is reported favorably out of Committee it would be heard in the Senate same date.

Mr. Adkins presented testimony regarding HB 2064. (Attachment 1) In response to a question from Senator Bogina, Mr. Adkins stated that there is only one Employment Security Systems Institute (ESSI) center in the country and that is in Topeka. The 14,000 personnel trained in the ESSI center are from all over the country. They train through two methods, one in which people are actually brought into Topeka, and two, through contract with individual states on a fee basis.

Mr. Adkins stated, in answer to questions from Senators Werts and Gannon, the state of Kansas holds title to the building where ESSI is currently housed and they have received a letter from the federal government stating that the building can still be used by ESSI even though the funding is coming from the Interstate Conference of Employment Security Agencies, Inc. After FY 1987 they anticipate negotiating two year leases for the building.

The Chairman stated that the correct title is the Secretary of Human Resources, however HB 2064 refers to the Secretary of the Department of Human Resources. This is a technical change which must be made. A motion was offered by Senator Feleciano to report HB 2064 favorably with the concurrence of the Committee to have the above mentioned technical change in the bill made on the Senate floor. Senator Johnston seconded the motion. The motion passed by a roll call vote.

The meeting was adjourned by the Chairman at 11:35 a.m.



1  
87

**Testimony before the Senate Committee on Ways and Means  
Regarding House Bill No. 2064**

Good Morning. My name is Gary Adkins. I am the Special Projects Consultant with the Kansas Department of Human Resources. Thank you for the opportunity to discuss House Bill No. 2064. This morning, I would like to give you a briefing on what the Employment Security Systems Institute, or ESSI, is and the purpose of this legislation. I have brought with me Mr. Rex Cornett, Acting Director of ESSI, and Mr. Gerald Schneider, Chief of Fiscal Management. Following the briefing, we will be happy to entertain any questions you may have.

The employment security system, nation-wide, was established through passage of the Social Security Act and the Federal Unemployment Tax Act. The statutes provide for a federal/state partnership in the administration of the system's unemployment insurance, employment service and labor market information functions.

Generally, the Federal government is responsible for collection of Federal unemployment taxes, funding of State operations through taxes collected and for overall administration of the program. State jurisdictions, known as State Employment Security Agencies (SESAs) are responsible for actual administration of the functions on a State and local basis. This is accomplished through individual State Employment Security laws which, while conforming to broad Federal guidelines, recognize the individual differences in the States.

In the late 1960's, automation within the SESAs was in its infancy. Studies conducted at that time found that automation ranged from competent, well-designed systems at one end to total absence of automated systems at the other end. It became apparent that coordination and training were the keys to creating successful Employment Security automation and

standardization.

The Manpower Administration, now the Employment and Training Administration, of the United States Department of Labor issued a call for proposals among the States to provide competence, on a national basis, in training Employment Security data processing professionals. Kansas was selected from among several competitors to provide this service.

In January, 1970, the Manpower Administration Systems Institute (now the Employment Security Systems Institute or ESSI) officially opened its doors in Topeka, KS. Since that time over 14,000 Employment Security personnel have been trained.

The mission of ESSI, because of its record of proven success in providing data processing competence, was expanded in 1971 to include design and development of national data systems. These systems included employment statistics, cost accounting and unemployment insurance reporting. ESSI had thus evolved into a full service data processing training, systems support and operations center. By 1986, the budget for ESSI systems and programming operations stood at \$1.86 million with 47 employees. The training function had a budget of \$240,000 and six employees.

Beginning in 1980, the Employment and Training Administration began decentralizing its functions. Federal funding of the training function was terminated in the early 1980's. Since that time ESSI training has subsisted on the basis of individual State grants either for payment of individual student tuition or by contracts for training at the SESA-selected training site.

In late 1986, the Kansas Department of Human Resources was notified by the Employment and Training Administration that Federal support of ESSI would cease effective December 31, 1986. Despite concerted efforts by

department personnel, ETA could not be shaken in their conviction to decentralize the funding and operation of ESSI.

In recognition of the continued need for national SESA data systems support and training, the Department of Human Resources approached the Interstate Conference of Employment Security Agencies, Inc. (ICESA), in an effort to secure continued funding of ESSI. The Board of Directors of ICESA requested that ESSI survey the individual SESAs to determine the State's ability to continue funding for ESSI. The results of the survey overwhelmingly indicated the SESAs supported the continuation of ESSI as a national systems support and training center. The Board of Directors then requested that ESSI prepare cost estimates for individual services in order to ascertain the extent of individual SESA financial support.

A total of 45 states indicated that financial support would be forthcoming to fund ESSI systems support operations through the auspices of ICESA at a level of approximately \$914,000 for the period of January 1, 1987, through September 30, 1987. Furthermore, there is an indication of support for ESSI training of approximately \$260,000 and five employees. Due to the interest displayed by the 45 States, the ICESA Board of Directors voted, in December, 1986, to enter into a contract providing for continued funding of ESSI.

ICESA has prepared the contract to outline the funding framework for the transfer of funds for ESSI to the Department of Human Resources. However, present Kansas statutes do not allow such contracts, thus the Department is seeking passage of this legislation. Funds for FY 1987 have already been appropriated. This bill will allow substitute funding from ESSI from other sources. The ESSI budget for subsequent years will continue to be a part of the normal appropriations process.

If this bill is not acted on quickly, the State of Kansas will be unable to meet

the February ESSI payroll. Without passage of this bill, the Department will have no alternative but to close ESSI with ICESA looking to another State to perform ESSI's functions. The net effect will be the loss of \$1.2 million annually in the Topeka area and the lay-off of 28-33 individuals.

Thank you for your attention. We will be happy to address any questions you may have.