

Approved Tuesday, February 16, 1988
Date

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 ~~am~~/p.m. on February 09, 1988 in room 527-S of the Capitol.

All members were present except:

Senator Norma Daniels, excused
Senator Jack Steineger, excused
Senator Eric Yost, excused
Committee staff present:

Marion Anzek, Committee Secretary
Jerry Ann Donaldson, Research Department
Gordon Self, Revisor's Office

Conferees appearing before the committee:

Dennis Taylor, Secretary - Department of Human Resources
Ray Siehndel, Director of Administration, - Dept. of Human Resources
John Rathmel, Director of Workers Compensation - Dept. of Human Resources

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

Senator Ehrlich made a motion to approve the minutes of February 02, 1988, seconded by Senator Gordon. Motion carried.

Chairman Thiessen called upon Dennis Taylor, Secretary of Department of Human Resources to bring the committee members up to date, in different areas of the Workers Compensation funds, and Unemployment Compensation funds.

Dennis Taylor said there were several staff members from the Department of Human Resources, at the meeting today and he would be calling on different staff members to help bring the committee up to date, but he would start with the current financial position of Kansas Unemployment Insurance Benefit Trust Fund. (SEE ATTACHMENT 1) Highlights of the briefing: Kansas employment has increased 5% from 1980 to 1987. From 1980 to 1987, paid out benefits exceeded contributions by \$110.7M. Current trust fund balance is approximately \$355.M. The current reserve fund is at a healthy range 2.04% and high cost multiple at 1.1 are below recommended levels of 3% and 2.0-3.0%. Last year we paid out \$1.71M in unemployments benefits. Secretary Taylor pointed out the graph, and claims and payments activities from 1980 to 1987 on pages 4 and 5 of attachment 1.

Senator Morris asked Mr. Taylor if the department was making any recommendations to bring about conformity needs?

Ray Siehndel, Director of Administration, Department of Human Resources. Mr. Siehndel said there is a bill in the House regarding tax contributions.

Senator Kerr said a couple of the most important pieces of legislation the last couple of years that went through this committee were regarding voluntary quits, and breach of duty, and we tried to conform that whole area. Do you know if this is working?

Dennis Taylor said, I believe there is a little problem on interpretations, as some seem to be a little inconsistent with appeals decisions (See Appeal Decisions-Attachment 1) and, I am not sure if that is a problem for me, the Director to solve or if it is a legislative problem as it seems some of these appeal cases should have not been appealed, and benefits started right away.

John Rathmel, Director of Workers' Compensation said he basically wanted to give the committee members some numbers on legislation passed through this committee last year. (See Attachment 2) Number of accidents reported in Fiscal year 1987 increased slightly from fiscal year 1986, being the fourth consecutive year in which the number of accidents reported increased from the previous year. Litigation activity continues to increase adding further to

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY AND SMALL BUSINESS,
room 527-S, Statehouse, at 1:30 ~~xxx~~ p.m. on Tuesday, February 09, 1988

the already unmanageable workload. The Administrative Law Judges produced 874 awards in fiscal year 1987 compared to 738 in fiscal year 1986. Administrative Law Judges are working harder producing more awards than they ever have and are still losing ground in their efforts to provide quality, timely services, and their workload, continues to increase.

Last year the Senate introduced a bill calling for an additional Administrative Law Judge, and this is currently in the House in amended form calling for 3 Administrative Law Judges. Hopefully, this legislation can be passed this year.

My term with workers compensation will end on July 1, 1988, so I will not be back to follow up. The time lag between appeal and decision, is taking between 4 to 6 months, and I feel this time would be cut to about half the time if we had the additional 3 Administrative Law Judges.

Senator Werts asked Mr. Rathmel, would it help to process claims and get compensation to claimants faster, if half of the award was paid weekly pending the decision of the appeal?

Mr. Rathmel said it could be a workable agreement, but as Director, would cause him some concern in making the decision, and he would rather see a weekly basis at the time the Administrative Law Judge hears the case.

We have one other area of concern with emphasis on vocational rehabilitation which should probably be addressed by the legislature. At the time of preliminary award, if we make a mistake with regards to temporary benefits being paid or temporary medical compensation being given, then it comes from the workers compensation fund. Right now, we can address vocational rehabilitation at the time of the preliminary hearing, and we can order evaluation take place in the Rehabilitation Administration to start. The problem is by statute, we don't have the safety net of workers compensation fund. The cost is vocational rehabilitation and I think that somehow we should get that benefit into these words in a temporary hearing and have all the facts in front of us, if we can afford vocational rehabilitation at that time.

Senator Gordon asked Mr. Rathmel is there availability for Administrative Law Judges?

Mr. Rathmel said not too many. We are having difficulty finding people who have backgrounds in workers compensation who want to be administrative law judges, because you have to have the same qualifications that a district court judge does, and they get paid a lot less, and have a lot more work than most district judge's do, but still like the security of the civil service protection, and still like the job of being a judge. The salary level is somewhere around \$34,000 and goes to a maximum of around \$44,000.

Chairman Thiessen said we would continue these hearings at a later time, and any conferees who had written statements, could turn them in to the secretary, and we would hold them for a future hearing.

The meeting adjourned at 2:30 p.m.

CURRENT FINANCIAL POSITION OF
KANSAS UNEMPLOYMENT INSURANCE
BENEFIT TRUST FUND

. . . . prepared for

SENATE LABOR, INDUSTRY, AND SMALL BUSINESS COMMITTEE

Hearing of February 9, 1988

KANSAS DEPARTMENT OF HUMAN RESOURCES
DIVISION OF POLICY AND MANAGEMENT ANALYSIS
RESEARCH AND ANALYSIS SECTION
FEBRUARY 1988

Attachment 1
Senate Labor, Industry and
Small Business 2-09-1988
Dennis Taylor-Dept. of Human
Resources

TABLE OF CONTENTS

	<u>Page</u>
Highlights	1
Review of Kansas Employment 1980-1987	2
Claims and Payment Activities	5
Contributions Information	7
Adequacy of the Trust Fund	7
Recommendations	8
Appendix	
December 1987 Unemployment Rates (Map)	9
Average Tax Rates and Range of Rates by State	10
Reserve Fund Ratio	11

HIGHLIGHTS

- * Kansas employment has increased five per cent from 1980 to 1987.
- * Employment has shifted from goods producing industries to services producing industries.
- * During 1980 to 1987 total unemployment ranged from a high of 6.3 per cent in 1982; to a low of 4.2, in 1981. Insured unemployment ranged from a high of 4.1 per cent in 1982; to a low of 2.1, in 1984.
- * From 1980 to 1987 benefits exceeded contributions by \$110.7 million.
- * Fund balance fell to \$93 million in midst of the 1982-1983 recession.
- * Surcharge on employer contributions was enacted for CY 1983 and maximum weekly benefit amount for claimants was frozen for FY 1984-1986.
- * Current trust fund balance is approximately \$355 million.
- * Current reserve fund ratios at 2.04 per cent and high cost multiple at 1.1 are below recommended levels (3.00 per cent and 2.0-3.0).
- * Fund balance can deplete rapidly during recessionary times with payout per week at \$6,000,000 or more.
 - ** More claimants due to expanded labor force.
 - ** Higher average wba due to increase in total wages.
- * Little if any growth in fund balance would be experienced without interest earned.

A Review of Kansas Employment 1980-1987

From 1980 to 1987, the Kansas Civilian Labor Force and total employment both grew approximately five per cent. During these years, industry employment covered under the Kansas Unemployment Security Act increased approximately six per cent. Although total employment grew, it was tempered by two recessionary periods early in the 1980's. In addition, growth was not uniform.

Goods producing industries--manufacturing, mining, and construction--comprised nearly 27 per cent of all industry employment in 1980. Manufacturing and construction employment, strong in the 1970's, had peaked in 1979. From 1979 through 1983, manufacturing jobs alone dropped by 34,200. In 1984, employment in this sector rose slightly over 10,000 workers and has remained stable. The construction industry followed a similar trend, with total employment less than one-third that of manufacturing as shown on Table 1. The mining industry experienced a gradual loss of workers with the sharpest decline in 1986. In 1987, employment in Goods Producing Industries represented approximately 23 per cent of all industry employment.

Real overall growth during 1980 to 1987 occurred in the services producing industries. This group includes transportation and public utilities; wholesale and retail trade; finance, insurance and real estate; services; and government. The services sector had the largest increase of 34,000 jobs. Much of this expansion is attributed to the fast-growing business service segment, which includes establishments providing a variety of services to other businesses. The service sector and the finance, insurance and real estate sector each grew by 20 per cent during the last seven years. Wholesale and retail trade, the largest industry in service producing industries, grew by 11 per cent, or 25,000 jobs. Government employment was five per cent greater in 1987, compared to 1980. The only industry which had less employment in 1987, compared to 1980, was transportation and public utilities. Service producing industries increased from 73 per cent of all industry employment in 1980 to 77 per cent in 1987.

Table 1
 Kansas Labor Market Summary
 Average Annual Employment
 Calendar Years 1980 - 1987

	<u>CY 80</u>	<u>CY 81</u>	<u>CY 82</u>	<u>CY 83</u>	<u>CY 84</u>	<u>CY 85</u>	<u>CY 86</u>	<u>CY 87</u>
Civilian Labor Force--Place of Residence Data								
Civilian Labor Force	1,184,000	1,190,000	1,185,000	1,186,000	1,196,000	1,235,000	1,224,000	1,248,000
Employment.....	1,131,000	1,140,000	1,111,000	1,114,000	1,133,000	1,174,000	1,158,000	1,186,000
Unemployment.....	53,000	50,000	74,000	72,000	63,000	62,000	67,000	62,000
Unemployment Rate.	4.5	4.2	6.3	6.1	5.2	5.0	5.4	5.0
Nonfarm Wage and Salary Employment--Place of Work Data (In thousands)								
All Industries.....	944.7	949.7	921.4	921.6	960.7	967.9	984.8	999.6
Goods Producing Industries								
Manufacturing.....	190.5	188.6	168.8	164.7	176.4	174.4	175.7	175.9
Mining.....	16.1	19.8	18.8	17.2	17.9	16.7	12.2	11.5
Construction.....	46.5	42.7	39.0	39.7	43.6	42.3	43.9	44.5
Services Producing Industries								
Transp & Pub Util.	63.7	62.7	61.4	62.2	64.1	63.9	62.7	61.4
Whlse & Ret Trade.	226.4	228.6	227.9	229.0	239.4	243.3	247.8	251.4
Fin, Ins & R E....	47.2	48.2	48.9	50.0	51.3	52.8	54.7	56.4
Services.....	166.8	173.2	172.8	175.9	182.8	185.8	193.7	200.8
Government.....	187.4	185.9	183.8	182.9	185.2	188.7	194.1	197.8

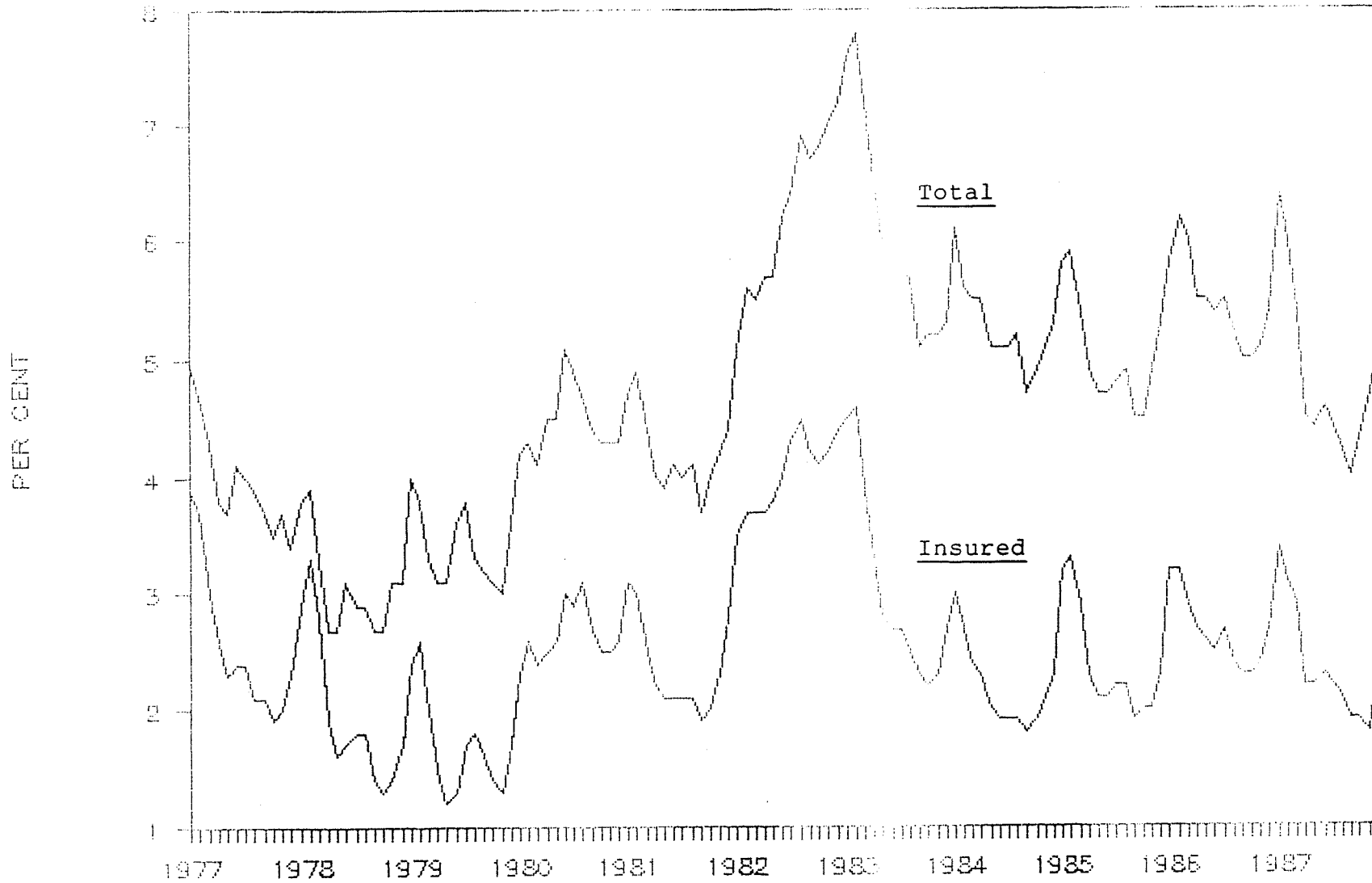
a/ Preliminary figures.

February 1988, Kansas Department of Human Resources, Research and Analysis Section, Phone (913) 296-5058
 Developed in cooperation with the U.S. Bureau of Labor Statistics

GRAPH 1

UNEMPLOYMENT RATES—INSURED AND TOTAL

JAN 1977—DEC 1987 BY MONTH



4

Claims and Payment Activities

Claims activities in Kansas during the 1980's were at moderate levels for the first two years. Claims reached a peak during the recessionary year of 1982, fell off as the recession ended during mid-1983, and were at approximately pre-recession levels from 1984-1987.

Claims Information

<u>Calendar Year</u>	<u>Initial Claims</u> <u>1/</u>	<u>Continued Claims</u> <u>2/</u>
1980.....	175,805	1,255,039
1981.....	144,600	1,120,643
1982.....	266,944	1,878,606
1983.....	196,154	1,433,483
1984.....	154,662	1,011,577
1985.....	176,520	1,182,123
1986.....	184,017	1,279,264
1987.....	161,211	1,170,859

1/ Initial Claim--Any notice of unemployment filed to request a determination of entitlement to and eligibility for compensation or to begin subsequent unemployment periods within a period of eligibility.

2/ Continued Claim--A claim filed by mail or in person for waiting period credit or payment for one or more weeks of unemployment.

The amount of benefits paid to Kansas claimants has varied during the 1980's in the same direction as claims. Percentage declines in 1983 and 1984 for total payments were more substantial than for claims. "Freezing" the maximum weekly benefit amount during fiscal year 1984 at \$163.00 compared to a calculated \$174.00, and during fiscal year 1985 at \$175.00 compared to a calculated \$181.00, were principal factors contributing to these decreases.

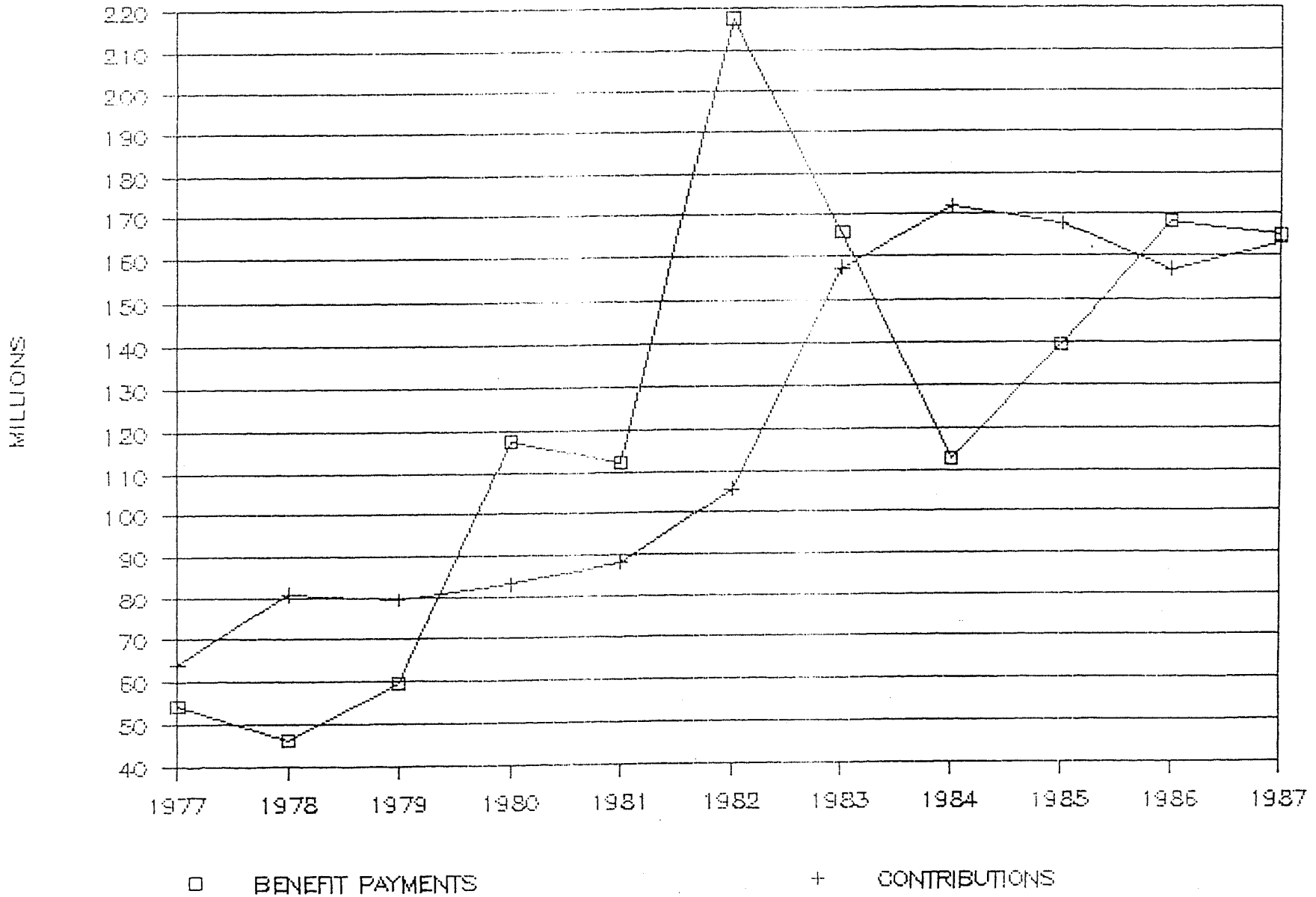
Benefit Payment Activity

<u>Calendar Year</u>	<u>Benefits Paid</u>	<u>Weekly Benefit Amounts</u>		
		<u>Average</u>	<u>Maximum</u>	<u>Minimum</u>
1980.....	\$117,679,850	\$104.31	\$123.00	\$30.00
1981.....	112,339,532	111.24	136.00	34.00
1982.....	217,803,266	126.09	149.00	37.00
1983.....	165,894,893	128.65	163.00	40.00
1984.....	112,824,942	127.02	163.00	40.00
1985.....	139,744,391	136.45	175.00	43.00
1986.....	168,446,515	147.42	190.00	47.00
1987.....	166,061,153	156.26	197.00	49.00

GRAPH 2

BENEFIT PAYMENTS AND CONTRIBUTIONS

1977 - 1987



Contributions Information

Tax rate schedules have been amended several times during the 1980's. The maximum allowable rate was 3.60% in 1980; 3.80%, 1981; 4.30%, 1982; and 5.40% from 1983 hence. A 20 per cent temporary surcharge was imposed by the legislature on 1983 rates to curtail decreases in the fund balance. This resulted in a maximum rate for 1983 of 6.48 per cent. During the 1980's, contributions exceeded benefits only in 1984 and 1985. This was necessary to recover losses during the first years of the decade. With benefits exceeding contributions by approximately \$110 million during the eight years, growth of the fund has come about only as a result of approximately \$187 million in interest received. During the 1980's, interest income was at a level equivalent to an annual average of 15.9 per cent of total benefits paid each year.

Contributions Information

<u>Calendar Year</u>	<u>Contributions Received</u>	<u>Interest Received</u>	<u>Maximum Tax Rate</u>	<u>Minimum Tax Rate</u>
1980.....	\$83,265,697	\$19,267,729	3.60	.05
1981.....	\$88,240,527	\$21,263,746	3.80	.05
1982.....	\$105,685,487	\$23,127,289	4.30	.06
1983.....	\$157,509,385	\$14,734,645	6.48	.08
1984.....	\$172,155,286	\$18,413,530	5.13	.06
1985.....	\$167,886,642	\$27,090,126	4.80	.06
1986.....	\$157,037,506	\$30,948,000	4.40	.06
1987.....	\$158,349,744	\$31,527,292	4.42	.06
1988.....	---	---	4.40	.05

Adequacy of the Trust Fund

Analysts familiar with unemployment insurance commonly use two measures to determine trust fund adequacy; the reserve fund ratio and the high cost multiple. The reserve fund ratio is the percentage derived by dividing the reserve fund balance at a given time by the total wages paid by covered employers during the preceding 12 months. The ideal reserve fund ratio is 3.00 per cent or higher. Since 1980, the reserve fund ratio has been less than 2.00 per cent. Currently, the ratio is nearing the levels of 10 years ago, as shown on the following table. The high cost multiple is a statistical parameter derived from the reserve fund ratio and the highest benefit cost rate (BCR) for a four quarter period. The BCR is obtained by dividing benefits by total wages. The highest BCR in the last 15 years was 1.794 per cent for the four quarters ending March 31, 1983. Previously, it had been 1.55 per cent for the 12-month period ending June 30, 1971. Using these values, the high cost multiple has not reached the minimum safe level of 1.5 since the last quarter of 1979. Currently it stands at 1.1. It did peak in the last quarter of 1974 at 1.9.

Using these measures, the current fund balance cannot be considered excessive. Even though numerically more than \$200 million greater than 10 years ago in 1977, the 1987 balance does not yield sound actuarial statistics.

Selected Measures of Trust Fund Adequacy
1977 - 1987

<u>Calendar Year</u>	<u>Total Wages (000,000's)</u>	<u>Reserve Fund Balance (000,000's)</u>	<u>Reserve Fund Ratio</u>	<u>High Cost Multiple</u>
1977.....	\$ 6,861.0	\$152.6	2.22%	1.5
1978.....	9,086.8	197.0	2.17	1.4
1979.....	10,400.6	234.2	2.25	1.5
1980.....	11,507.7	218.7	1.90	1.2
1981.....	12,706.3	220.8	1.74	1.1
1982.....	13,214.9	135.1	1.02	0.6
1983.....	13,751.1	152.5	1.11	0.6
1984.....	15,009.4	234.7	1.56	0.9
1985.....	15,770.7	295.7	1.87	1.1
1986.....	16,552.8	322.7	1.95	1.1
1987.....	17,300.0(est.)	355.0	2.04(est.)	1.1(est.)

Recommendations

The 1980's has thus far been characterized by periods of relatively low and high unemployment. The rate of 4.2 per cent during 1981 was sharply reversed by the 1982 and 1983 recessionary rates of 6.3 and 6.1 per cent, respectively.

Benefit payments have exceeded contributions during six of the past eight years, yet the trust fund has grown and interest earned upon that fund has risen to a level where it is approximately equivalent to 20 per cent of total annual payout. While the fund has increased, the potential for payout, measured in terms of total wages and covered employment has also risen dramatically (total wages, 50 per cent and covered employment, eight per cent). Measured by key actuarial terms recommended by the U.S. Department of Labor, the adequacy level of the current trust fund is somewhat less than that of the late 1970's. It is our recommendation that the current funding mechanism be left intact and allowed to be fully operative.

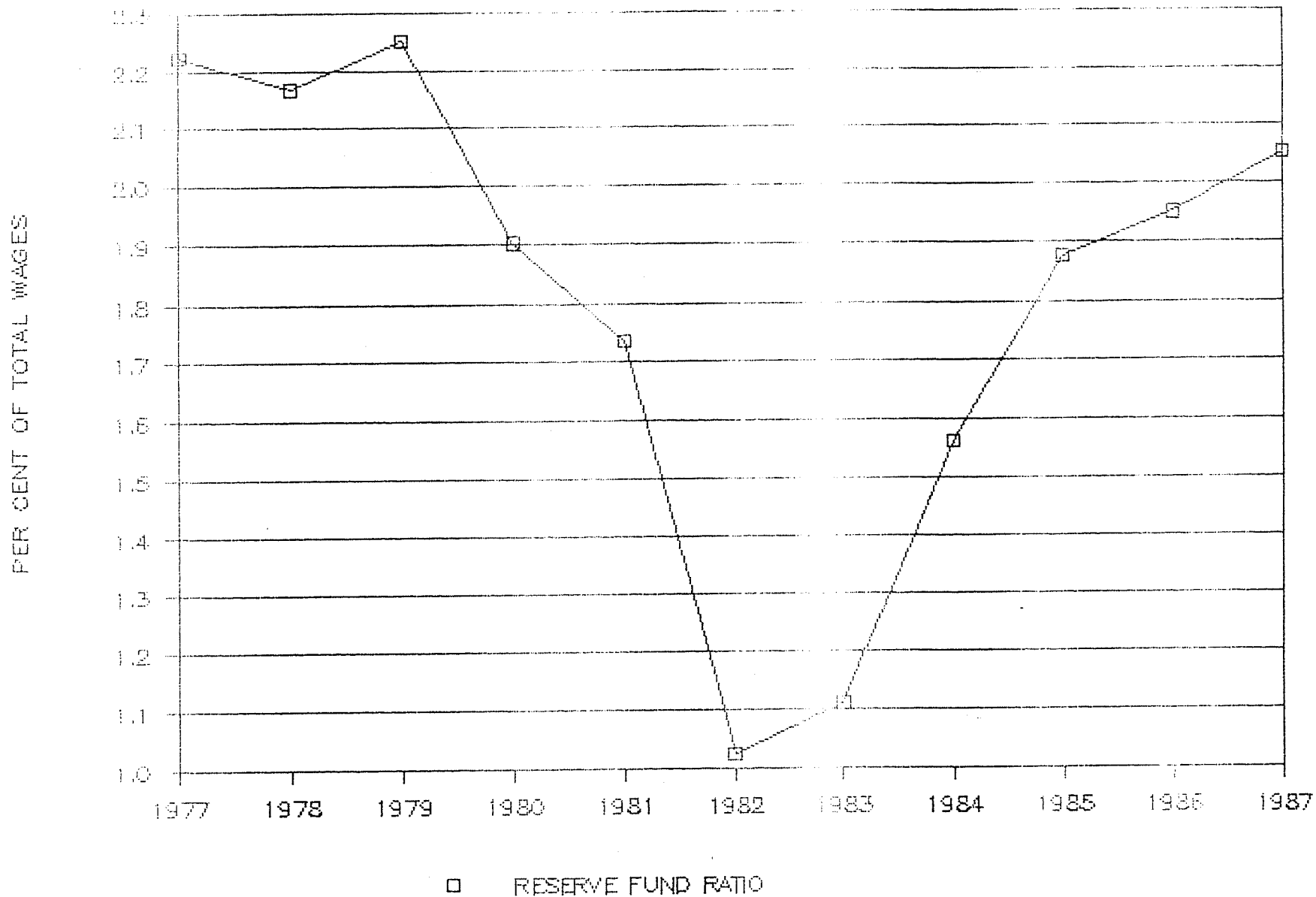
A P P E N D I X

Average Tax Rates and Range of Rates by State
Calendar Year 1987

STATE	AVERAGE TAX RATES		CURRENT TAX RATES	
	TOTAL	TAXABLE	MAXIMUM	MINIMUM
ALABAMA (8000)	0.80	1.70	5.40	0.50
ALASKA (21500)	2.40	3.50	5.40	1.15
ARIZONA	0.50	1.40	5.40	0.10
ARKANSAS (7500)	1.20	2.80	6.50	0.60
CALIF.	0.90	2.50	5.40	0.50
COLORADO (9000)	0.90	2.20	5.40	0.30
CONN. (7100)	0.70	2.00	6.30	1.40
DELAWARE (8500)	1.10	3.00	9.50	1.60
FLORIDA	0.40	1.00	5.40	0.10
GEORGIA (7500)	0.60	1.60	8.64	0.06
HAWAII (16500)	1.20	1.70	5.40	0.20
IDAHO (16200)	2.10	3.00	6.40	2.50
ILLINOIS (8500)	1.50	4.00	7.30	0.80
INDIANA	0.60	1.50	5.40	0.30
IOWA (12300)	1.60	2.90	9.00	0.00
KANSAS (8000)	1.10	2.50	6.40	0.06
KENTUCKY (8000)	1.00	2.80	9.75	0.60
LOUISIANA	1.70	4.20	8.34	0.42
MAINE	1.10	2.50	6.00	1.90
MARYLAND	0.50	1.70	5.40	0.10
MASS.	0.80	2.00	5.40	1.20
MICHIGAN (9500)	2.00	5.20	10.00	1.00
MINNESOTA (11200)	1.20	2.50	7.50	1.00
MISS.	0.60	1.50	5.40	0.10
MISSOURI (7500)	0.60	1.60	6.00	0.00
MONTANA (13400)	1.10	3.00	6.50	1.20
NEBRASKA	0.70	1.70	5.40	0.10
NEVADA (11700)	0.90	1.60	5.40	0.30
N. H.	0.30	0.80	6.50	0.01
N. J. (11300)	1.10	2.50	6.40	0.60
N. M. (10700)	1.00	2.00	5.40	0.90
NEW YORK	0.90	3.10	6.40	1.10
N. CAR (9600)	0.50	0.90	6.27	0.11
N. DAK (10800)	2.30	4.00	10.70	1.10
OHIO (8000)	1.30	3.50	7.00	1.80
OKLAHOMA (9100)	1.10	2.60	9.20	0.30
OREGON (14000)	1.90	3.10	5.40	2.20
PENN. (8000)	1.70	4.40	9.70	2.00
R. I. (11400)	2.10	3.80	8.40	2.30
S. C.	0.91	2.00	5.40	1.30
S. DAKOTA	0.70	1.40	9.00	0.10
TENNESSEE	0.60	1.40	10.00	0.15
TEXAS	0.90	2.40	8.44	0.44
UTAH (12900)	1.00	1.70	8.00	0.50
VERMONT (8000)	1.80	4.10	9.40	1.30
VIRGINIA	0.80	1.90	6.20	0.10
WASH. (13200)	2.30	4.00	5.40	2.48
W. V. (8000)	1.90	4.50	9.50	2.50
WISCONSIN (10500)	2.00	4.10	10.00	0.40
WYOMING (10300)	1.60	3.20	9.25	1.25

RESERVE FUND RATIO

1977-1987



Unemployment Rates

The Kansas Department of Human Resources publishes data basically relating to two types of unemployment rates. The total rate is the percentage of all unemployed individuals actively seeking work divided by the total civilian labor force. The insured rate is the percentage of weeks claimed filed to receive unemployment insurance benefits divided by the number of workers covered by the Kansas Employment Security Law. Individuals included in the civilian labor force but not covered by the Law include unemployed new entrants and re-entrants, self-employed and unpaid family workers, most farm and/or domestic help, railroad employees, and federal government workers. The new entrants and re-entrants, laid off temporary help, and individuals who have exhausted their rights to unemployment insurance compose most of the difference between the total unemployed and the insured unemployed. The growing number of these individuals has caused a wider gap between the total unemployment rate and the insured unemployment rate in recent years. Also, the rising incidence of part-time workers has contributed to the increasing difference between total unemployment and insured unemployment.

APPEALS DECISIONS
FY 1985 - FY 1987

July-June FY Year	Higher		Lower	
	Number	Per Cent Reversed	Number	Per Cent Reversed
1985.....	1,738	16.1	11,372	38.8
1986.....	1,892	10.4	12,971	39.5
1987.....	2,135	7.4	13,667	36.1

LABOR FORCE DEFINITIONS

CIVILIAN LABOR FORCE - The sum of all employed and unemployed persons 16 years of age or older but not in the Armed Forces.

EMPLOYMENT - An estimate of those individuals, 16 years of age or older, who worked at least one hour for pay or profit or worked at least 15 unpaid hours in a family business during the reference week. Individuals are also counted as employed if they had a job but did not work because they were: Ill, on vacation, in a labor dispute, prevented from working because of bad weather, or taking time off for personal reasons.

UNEMPLOYMENT - An estimate of those individuals 16 years of age or older, who do not have a job but are available for work and actively seeking work during the reference week (the week including the 12th of the month). The only exceptions to these criteria are individuals who are waiting to be recalled from a layoff and individuals waiting to report to a new job within 30 days--these, too, are considered unemployed.

UNEMPLOYMENT RATE - Unemployment expressed as a percentage of the civilian labor force.

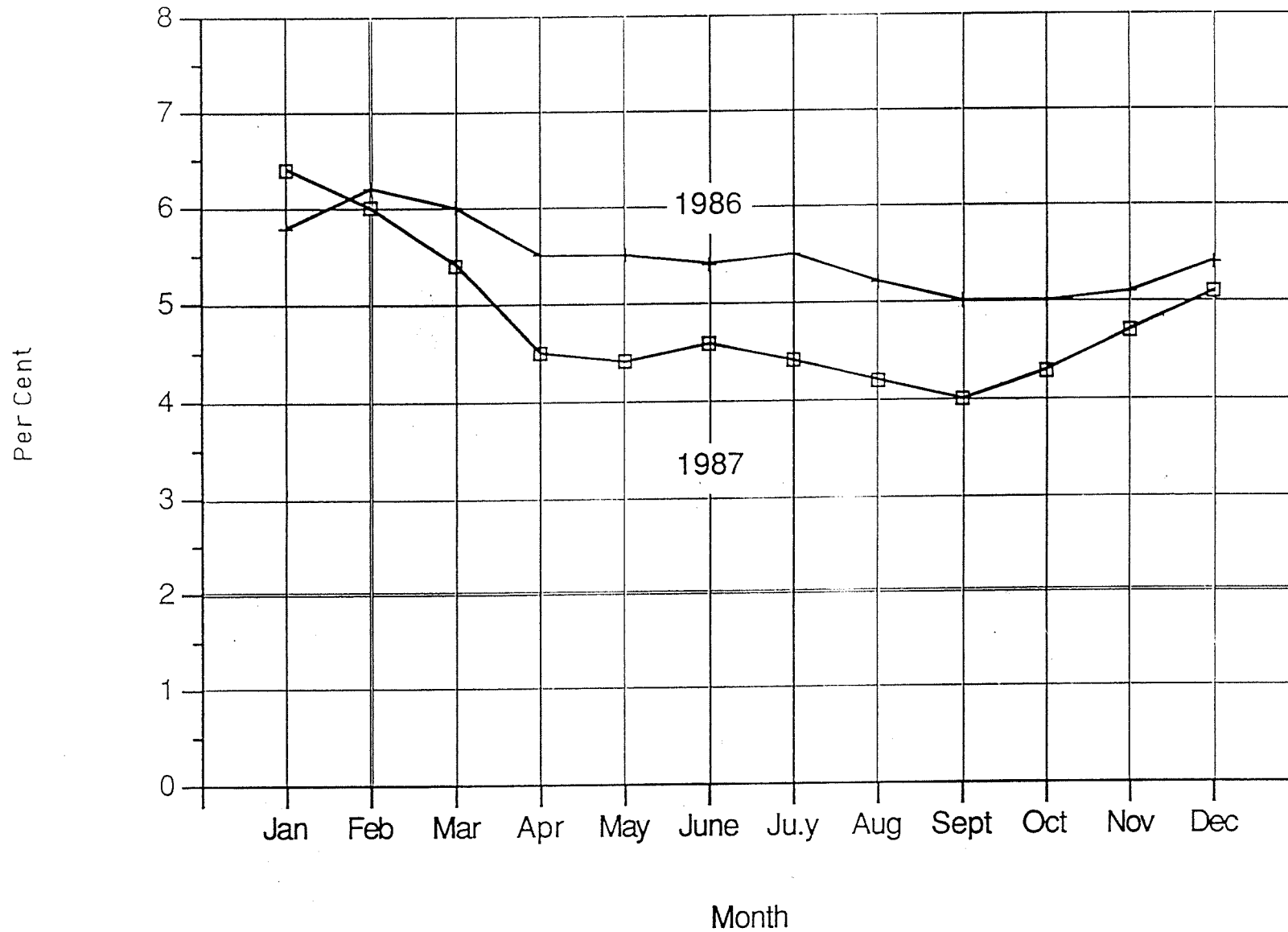
JTPA FUNDING ALLOCATION
TITLE IIA

Of the amount allocated

1. 33 1/3 per cent shall be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in the state;
2. 33 1/3 per cent shall be allocated on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the state;
where "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 per cent of the civilian labor force in the service delivery area or the number which represents the number of unemployed individuals in excess of 4.5 per cent of the civilian labor force in areas of substantial unemployment in such service delivery area;
3. 33 1/3 per cent shall be allocated on the basis of the relative number of economically disadvantaged individuals within each service delivery area compared to the total number of economically disadvantaged individuals in the state.

Kansas Unemployment Jan 1986--Dec 1987

Per Cent of the Civilian Labor Force



FEBRUARY 1, 1988



KANSAS DEPARTMENT OF HUMAN RESOURCES

The information gathered during the last fiscal year once again indicates an increase in the level of activity of all services provided by the Division of Workers Compensation. The number of accidents reported in FY 87 increased slightly from 66,767 in FY 86 to 67,386 in FY 87. This is the fourth consecutive year in which the number of accidents reported increased from the previous year.

Litigation activity continues to increase adding further to the already unmanageable workload. In FY 87, 4,282 Applications for Hearing were filed, a 3% increase from the previous record-breaking year. Pending claims at the close of the fiscal year increased 8% in FY 87 to 5,669 claims. The Administrative Law Judges produced 874 awards in FY 87 compared to 738 in FY 86, an increase of 18%. In my judgment, the statistics indicate the Administrative Law Judges are working harder producing more awards than they ever have and are still losing ground in their efforts to provide quality, timely services. For their efforts in producing more awards than ever before, they now face a significantly greater workload at the beginning of FY 88 than they did at the beginning of FY 87.

The following chart compares the workload and production of the average Administrative Law Judge in FY 75 and FY 87. An observer could call the increase dramatic; an Administrative Law Judge would call it oppressive.

WORKLOAD AND PRODUCTION OF THE AVERAGE
ADMINISTRATIVE LAW JUDGE

	<u>FY</u> <u>1975</u>	<u>FY</u> <u>1987</u>	<u>Percentage</u> <u>Increase</u>
Pending Cases	233	810	(263%)
Applications for Hearing	287	612	(113%)
Applications for Preliminary Hearing	45	176	(291%)
Preliminary Orders	22	126	(573%)
Awards	75	123	(64%)
Motions to Implead	26	151	(481%)

Legislation introduced by the Senate in 1987 calling for an additional Administrative Law Judge was amended in the House of Representatives to an increase of three Administrative Law Judges. The legislation is currently in conference committee and, hopefully, agreement can be reached and the legislation passed in some form.

Attachment 2
Senate Labor, Industry and
Small Business 2 09 1988
(John Rathmel) Dept. of Human Resources