

Approved February 22, 1989
Date

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

The meeting was called to order by Senator Alicia Salisbury at
Chairperson

1:40 ~~xxx~~/p.m. on February 15, 1989 in room 527-S of the Capitol.

All members were present except:

Senator Dan Thiessen - Excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes Office
Mary Allen, Committee Secretary

Conferees appearing before the committee:

Dr. Dennis Baker, Kansas Department of Social and Rehabilitation Services
Linda Clanton, Kansas Department of Human Resources
Bill Clawson, Kansas Department of Human Resources

The meeting was called to order by the Chairman, Senator Alicia Salisbury.

Bill Clawson, Kansas Department of Human Resources, appeared before the Committee to request that a bill be introduced which incorporates suggestions for legislation made by the Employment Security Advisory Council. (Attachment I) Mr. Clawson said that the proposed bill primarily concerns the tempering of current law dealing with disqualification as it relates to spousal transfer of voluntary quit.

Senator Oleen moved that bill draft 9 RS 1012 be introduced as a Committee bill.
Senator Petty seconded the motion. The motion carried.

As requested at a previous meeting, information sheets from Winston Barton, Secretary of the Department of Social and Rehabilitation Services, were provided to the Committee concerning KanWork program activities in Barton, Finney, Sedgwick and Shawnee Counties. (Attachment II)

Jerry Ann Donaldson, Legislative Research Department, briefed the Committee on job training programs in Kansas and presented a Memorandum entitled "Investments in Human Capital - - How to Make Our Work Force More Productive". (Attachemnt III) In addition, she provided copies of an article entitled "Meeting the Human Capital Challenge in Kansas". (Attachment IV)

Linda Clanton, Director of Interagency Programs for the Kansas Department of Human Resources, and Dr. Dennis Baker, Director of the KanWork Program for the Department of Social and Rehabilitation Services, discussed the co-ordination of KanWork programs by KDHR and SRS and answered questions from the Committee.

The meeting was adjourned at 2:30 p.m. by Chairman Salisbury.

GUEST LIST

<u>NAME</u>	<u>REPRESENTING</u>
Bill Clawson	Dept Human Res.
Gerald Schneider	" " "
Karen Guelkow	" " "
Linda Clanton	" " "
Shelly Lopham	
Dennis R Baker	SRS - Kanwork
AG Weber	<u>DNR</u>
Marge Zakosa Vaughan	PIC SDA IV
Hubert Fumion	SRS - Rehabilitation Services

BILL NO. _____

1 AN ACT concerning the employment security law; relating to the
 2 definition of employer; acquired experience ratings;
 3 extended benefits; wages from back pay awards; certain
 4 disqualifications for benefits; amending K.S.A. 1988 Supp.
 5 44-703, 44-704a, 44-706, 44-710 and 44-710a and repealing
 6 the existing sections.

7 Be it enacted by the Legislature of the State of Kansas:

8 Section 1. On July 1, 1989, K.S.A. 1988 Supp. 44-703 is
 9 hereby amended to read as follows: 44-703. As used in this act,
 10 unless the context clearly requires otherwise: (a) (1) "Annual
 11 payroll" means the total amount of wages paid or payable by an
 12 employer during the calendar year.

13 (2) "Average annual payroll" means the average of the annual
 14 payrolls of any employer for the last three calendar years
 15 immediately preceding the computation date as hereinafter defined
 16 if the employer has been continuously subject to contributions
 17 during those three calendar years and has paid some wages for
 18 employment during each of such years. In determining contribution
 19 rates for the calendar year, if an employer has not been
 20 continuously subject to contribution for the three calendar years
 21 immediately preceding the computation date but has paid wages
 22 subject to contributions during only the two calendar years
 23 immediately preceding the computation date, such employer's
 24 "average annual payroll" shall be the average of the payrolls for
 25 those two calendar years.

26 (b) "Base period" means the first four of the last five
 27 completed calendar quarters immediately preceding the first day
 28 of an individual's benefit year, except that the base period in
 29 respect to combined wage claims means the base period as defined
 30 in the law of the paying state.

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 Attachment I 1-1

1 (c) (1) "Benefits" means the money payments payable to an
2 individual, as provided in this act, with respect to such
3 individual's unemployment.

4 (2) "Regular benefits" means benefits payable to an
5 individual under this act or under any other state law, including
6 benefits payable to federal civilian employees and to
7 exservicemen pursuant to 5 U.S.C. chapter 85, other than
8 extended benefits.

9 (d) "Benefit year" with respect to any individual, means the
10 period beginning with the first day of the first week for which
11 such individual files a valid claim for benefits, and such
12 benefit year shall continue for one full year. In the case of a
13 combined wage claim, the benefit year shall be the benefit year
14 of the paying state. Following the termination of a benefit year,
15 a subsequent benefit year shall commence on the first day of the
16 first week with respect to which an individual next files a claim
17 for benefits. When such filing occurs with respect to a week
18 which overlaps the preceding benefit year, the subsequent benefit
19 year shall commence on the first day immediately following the
20 expiration date of the preceding benefit year. Any claim for
21 benefits made in accordance with subsection (a) of K.S.A. 44-709
22 and amendments thereto shall be deemed to be a "valid claim" for
23 the purposes of this subsection if the individual has been paid
24 wages for insured work as required under subsection (e) of K.S.A.
25 44-705 and amendments thereto. Whenever a week of unemployment
26 overlaps two benefit years, such week shall, for the purpose of
27 granting waiting-period credit or benefit payment with respect
28 thereto, be deemed to be a week of unemployment within that
29 benefit year in which the greater part of such week occurs.

30 (e) "Commissioner" or "secretary" means the secretary of
31 human resources.

32 (f) (1) "Contributions" means the money payments to the
33 state employment security fund which are required to be made by
34 employers on account of employment under K.S.A. 44-710 and
35 amendments thereto, and voluntary payments made by employers
36 pursuant to such statute.

1 (2) "Payments in lieu of contributions" means the money
2 payments to the state employment security fund from employers
3 which are required to make or which elect to make such payments
4 under subsection (e) of K.S.A. 44-710 and amendments thereto.

5 (g) "Employing unit" means any individual or type of
6 organization, including any partnership, association, agency or
7 department of the state of Kansas and political subdivisions
8 thereof, trust, estate, joint-stock company, insurance company or
9 corporation, whether domestic or foreign including nonprofit
10 corporations, or the receiver, trustee in bankruptcy, trustee or
11 successor thereof, or the legal representatives of a deceased
12 person, which has in its employ one or more individuals
13 performing services for it within this state. All individuals
14 performing services within this state for any employing unit
15 which maintains two or more separate establishments within this
16 state shall be deemed to be employed by a single employing unit
17 for all the purposes of this act. Each individual employed to
18 perform or to assist in performing the work of any agent or
19 employee of an employing unit shall be deemed to be employed by
20 such employing unit for all the purposes of this act, whether
21 such individual was hired or paid directly by such employing unit
22 or by such agent or employee, provided the employing unit had
23 actual or constructive knowledge of the employment.

24 (h) "Employer" means:

25 (1) (A) Any employing unit for which agricultural labor as
26 defined in subsection (w) of this section is performed and which
27 during any calendar quarter in either the current or preceding
28 calendar year paid remuneration in cash of \$20,000 or more to
29 individuals employed in agricultural labor or for some portion of
30 a day in each of 20 different calendar weeks, whether or not such
31 weeks were consecutive, in either the current or the preceding
32 calendar year, employed in agricultural labor 10 or more
33 individuals, regardless of whether they were employed at the same
34 moment of time.

35 (B) For the purpose of this subsection (h)(1), any
36 individual who is a member of a crew furnished by a crew leader

1 to perform service in agricultural labor for any other person
2 shall be treated as an employee of such crew leader if:

3 (i) Such crew leader holds a valid certificate of
4 registration under the federal migrant and seasonal agricultural
5 workers protection act or substantially all the members of such
6 crew operate or maintain tractors, mechanized harvesting or
7 cropdusting equipment or any other mechanized equipment, which is
8 provided by such crew leader; and

9 (ii) such individual is not in the employment of such other
10 person within the meaning of subsection (i) of this section.

11 (C) For the purpose of this subsection (h)(1), in the case
12 of any individual who is furnished by a crew leader to perform
13 service in agricultural labor for any other person and who is not
14 treated as an employee of such crew leader:

15 (i) Such other person and not the crew leader shall be
16 treated as the employer of such individual; and

17 (ii) such other person shall be treated as having paid cash
18 remuneration to such individual in an amount equal to the amount
19 of cash remuneration paid to such individual by the crew leader,
20 either on the crew leader's own behalf or on behalf of such other
21 person, for the service in agricultural labor performed for such
22 other person.

23 (D) For the purposes of this subsection (h)(1) "crew leader"
24 means an individual who:

25 (i) Furnishes individuals to perform service in agricultural
26 labor for any other person;

27 (ii) pays, either on such individual's own behalf or on
28 behalf of such other person, the individuals so furnished by such
29 individual for the service in agricultural labor performed by
30 them; and

31 (iii) has not entered into a written agreement with such
32 other person under which such individual is designated as an
33 employee of such other person.

34 (2) (A) Any employing unit which: (i) In any calendar
35 quarter in either the current or preceding calendar year paid for
36 service in employment wages of \$1,500 or more, or (ii) for some

1 portion of a day in each of 20 different calendar weeks, whether
2 or not such weeks were consecutive, in either the current or
3 preceding calendar year, had in employment at least one
4 individual, whether or not the same individual was in employment
5 in each such day.

6 (B) Employment of individuals to perform domestic service or
7 agricultural labor and wages paid for such service or labor shall
8 not be considered in determining whether an employing unit meets
9 the criteria of this subsection (h)(2).

10 (3) Any employing unit for which service is employment as
11 defined in subsection (i)(3)(E) of this section.

12 (4) (A) Any employing unit, whether or not it is an
13 employing unit under subsection (g) of this section, which
14 acquires or in any manner succeeds to ~~(A)~~ (i) substantially all
15 of the employing enterprises, organization, trade or business, or
16 ~~(B)~~ (ii) substantially all the assets, of another employing unit
17 which at the time of such acquisition was an employer subject to
18 this act;

19 (B) any employing unit which is controlled substantially,
20 either directly or indirectly or by legally enforceable means or
21 otherwise, by the same interest or interests, whether or not such
22 interest or interests are an employing unit under subsection (g)
23 of this section, which acquires or in any manner succeeds to a
24 portion of an employer's annual payroll, which is less than 100%
25 of such employer's annual payroll, and which intends to continue
26 the acquired portion as a going business.

27 (5) Any employing unit which paid cash remuneration of
28 \$1,000 or more in any calendar quarter in the current or
29 preceding calendar year to individuals employed in domestic
30 service as defined in subsection (aa) of this section.

31 (6) Any employing unit which having become an employer under
32 this subsection (h) has not, under subsection (b) of K.S.A.
33 44-711 and amendments thereto, ceased to be an employer subject
34 to this act.

35 (7) Any employing unit which has elected to become fully
36 subject to this act in accordance with subsection (c) of K.S.A.

1 44-711 and amendments thereto.

2 (8) Any employing unit not an employer by reason of any
3 other paragraph of this subsection (h), for which within either
4 the current or preceding calendar year services in employment are
5 or were performed with respect to which such employing unit is
6 liable for any federal tax against which credit may be taken for
7 contributions required to be paid into a state unemployment
8 compensation fund; or which, as a condition for approval of this
9 act for full tax credit against the tax imposed by the federal
10 unemployment tax act, is required, pursuant to such act, to be an
11 "employer" under this act.

12 (9) Any employing unit described in section 501(c)(3) of the
13 federal internal revenue code of 1986 which is exempt from income
14 tax under section 501(a) of the code that had four or more
15 individuals in employment for some portion of a day in each of 20
16 different weeks, whether or not such weeks were consecutive,
17 within either the current or preceding calendar year, regardless
18 of whether they were employed at the same moment of time.

19 (i) "Employment" means:

20 (1) Subject to the other provisions of this subsection,
21 service, including service in interstate commerce, performed by

22 (A) Any active officer of a corporation; or

23 (B) any individual who, under the usual common law rules
24 applicable in determining the employer-employee relationship, has
25 the status of an employee; or

26 (C) any individual other than an individual who is an
27 employee under subsection (i)(1)(A) or subsection (i)(1)(B) above
28 who performs services for remuneration for any person:

29 (i) As an agent-driver or commission-driver engaged in
30 distributing meat products, vegetable products, fruit products,
31 bakery products, beverages (other than milk), or laundry or
32 dry-cleaning services, for such individual's principal; or

33 (ii) as a traveling or city salesman, other than as an
34 agent-driver or commission-driver, engaged upon a full-time basis
35 in the solicitation on behalf of, and the transmission to, a
36 principal (except for side-line sales activities on behalf of

1 some other person) of orders from wholesalers, retailers,
2 contractors, or operators of hotels, restaurants, or other
3 similar establishments for merchandise for resale or supplies for
4 use in their business operations.

5 For purposes of subsection (i)(1)(C), the term "employment"
6 shall include services described in paragraphs (i) and (ii) above
7 only if:

8 (a) The contract of service contemplates that substantially
9 all of the services are to be performed personally by such
10 individual;

11 (b) the individual does not have a substantial investment in
12 facilities used in connection with the performance of the
13 services (other than in facilities for transportation); and

14 (c) the services are not in the nature of a single
15 transaction that is not part of a continuing relationship with
16 the person for whom the services are performed.

17 (2) The term "employment" shall include an individual's
18 entire service within the United States, even though performed
19 entirely outside this state if,

20 (A) The service is not localized in any state, and

21 (B) the individual is one of a class of employees who are
22 required to travel outside this state in performance of their
23 duties, and

24 (C) the individual's base of operations is in this state, or
25 if there is no base of operations, then the place from which
26 service is directed or controlled is in this state.

27 (3) The term "employment" shall also include:

28 (A) Services performed within this state but not covered by
29 the provisions of subsection (i)(1) or subsection (i)(2) shall be
30 deemed to be employment subject to this act if contributions are
31 not required and paid with respect to such services under an
32 unemployment compensation law of any other state or of the
33 federal government.

34 (B) Services performed entirely without this state, with
35 respect to no part of which contributions are required and paid
36 under an unemployment compensation law of any other state or of

1 the federal government, shall be deemed to be employment subject
2 to this act only if the individual performing such services is a
3 resident of this state and the secretary approved the election of
4 the employing unit for whom such services are performed that the
5 entire service of such individual shall be deemed to be
6 employment subject to this act.

7 (C) Services covered by an arrangement pursuant to
8 subsection (1) of K.S.A. 44-714 and amendments thereto between
9 the secretary and the agency charged with the administration of
10 any other state or federal unemployment compensation law,
11 pursuant to which all services performed by an individual for an
12 employing unit are deemed to be performed entirely within this
13 state, shall be deemed to be employment if the secretary has
14 approved an election of the employing unit for whom such services
15 are performed, pursuant to which the entire service of such
16 individual during the period covered by such election is deemed
17 to be insured work.

18 (D) Services performed by an individual for wages or under
19 any contract of hire shall be deemed to be employment subject to
20 this act unless and until it is shown to the satisfaction of the
21 secretary that: (i) Such individual has been and will continue to
22 be free from control or direction over the performance of such
23 services, both under the individual's contract of hire and in
24 fact; and (ii) such service is either outside the usual course of
25 the business for which such service is performed or that such
26 service is performed outside of all the places of business of the
27 enterprise for which such service is performed.

28 (E) Service performed by an individual in the employ of this
29 state or any instrumentality thereof, any political subdivision
30 of this state or any instrumentality thereof, any instrumentality
31 of more than one of the foregoing or any instrumentality which is
32 jointly owned by this state, or a political subdivision thereof
33 and one or more other states or political subdivisions of this or
34 other states, provided that such service is excluded from
35 "employment" as defined in the federal unemployment tax act by
36 reason of section 3306(c)(7) of that act and is not excluded from

1 "employment" under subsection (i)(4)(A) of this section.

2 (F) Service performed by an individual in the employ of a
3 religious, charitable, educational or other organization which is
4 excluded from the term "employment" as defined in the federal
5 unemployment tax act solely by reason of section 3306(c)(8) of
6 that act, and is not excluded from employment under paragraphs
7 (I) through (M) of subsection (i)(4).

8 (G) The term "employment" shall include the service of an
9 individual who is a citizen of the United States, performed
10 outside the United States except in Canada, in the employ of an
11 American employer (other than service which is deemed
12 "employment" under the provisions of subsection (i)(2) or
13 subsection (i)(3) or the parallel provisions of another state's
14 law), if:

15 (i) The employer's principal place of business in the United
16 States is located in this state; or

17 (ii) the employer has no place of business in the United
18 States, but

19 (A) The employer is an individual who is a resident of this
20 state; or

21 (B) the employer is a corporation which is organized under
22 the laws of this state; or

23 (C) the employer is a partnership or a trust and the number
24 of the partners or trustees who are residents of this state is
25 greater than the number who are residents of any other state; or

26 (iii) none of the criteria of paragraphs (i) and (ii) above
27 of this subsection (i)(3)(G) are met but the employer has elected
28 coverage in this state or, the employer having failed to elect
29 coverage in any state, the individual has filed a claim for
30 benefits, based on such service, under the law of this state.

31 (H) An "American employer," for purposes of subsection
32 (i)(3)(G), means a person who is:

33 (i) An individual who is a resident of the United States; or

34 (ii) a partnership if 2/3 or more of the partners are
35 residents of the United States; or

36 (iii) a trust, if all of the trustees are residents of the

1 United States; or

2 (iv) a corporation organized under the laws of the United
3 States or of any state.

4 (I) Notwithstanding subsection (i)(2) of this section, all
5 service performed by an officer or member of the crew of an
6 American vessel or American aircraft on or in connection with
7 such vessel or aircraft, if the operating office, from which the
8 operations of such vessel or aircraft operating within, or within
9 and without, the United States are ordinarily and regularly
10 supervised, managed, directed and controlled is within this
11 state.

12 (J) Notwithstanding any other provisions of this subsection
13 (i), service with respect to which a tax is required to be paid
14 under any federal law imposing a tax against which credit may be
15 taken for contributions required to be paid into a state
16 unemployment compensation fund or which as a condition for full
17 tax credit against the tax imposed by the federal unemployment
18 tax act is required to be covered under this act.

19 (K) Domestic service in a private home, local college club
20 or local chapter of a college fraternity or sorority performed
21 for a person who paid cash remuneration of \$1,000 or more in any
22 calendar quarter in the current calendar year or the preceding
23 calendar year to individuals employed in such domestic service.

24 (4) The term "employment" shall not include: (A) Service
25 performed in the employ of an employer specified in subsection
26 (h)(3) of this section if such service is performed by an
27 individual in the exercise of duties:

28 (i) As an elected official;

29 (ii) as a member of a legislative body, or a member of the
30 judiciary, of a state or political subdivision;

31 (iii) as a member of the state national guard or air
32 national guard;

33 (iv) as an employee serving on a temporary basis in case of
34 fire, storm, snow, earthquake, flood or similar emergency;

35 (v) in a position which, under or pursuant to the laws of
36 this state, is designated as a major nontenured policymaking or

1 advisory position or as a policymaking or advisory position the
2 performance of the duties of which ordinarily does not require
3 more than eight hours per week;

4 (B) service with respect to which unemployment compensation
5 is payable under an unemployment compensation system established
6 by an act of congress;

7 (C) service performed by an individual in the employ of such
8 individual's son, daughter or spouse, and service performed by a
9 child under the age of 21 years in the employ of such
10 individual's father or mother;

11 (D) service performed in the employ of the United States
12 government or an instrumentality of the United States exempt
13 under the constitution of the United States from the
14 contributions imposed by this act, except that to the extent that
15 the congress of the United States shall permit states to require
16 any instrumentality of the United States to make payments into an
17 unemployment fund under a state unemployment compensation law,
18 all of the provisions of this act shall be applicable to such
19 instrumentalities, and to services performed for such
20 instrumentalities, in the same manner, to the same extent and on
21 the same terms as to all other employers, employing units,
22 individuals and services. If this state shall not be certified
23 for any year by the federal security agency under section 3304(c)
24 of the federal internal revenue code of 1986, the payments
25 required of such instrumentalities with respect to such year
26 shall be refunded by the secretary from the fund in the same
27 manner and within the same period as is provided in subsection
28 (f) of K.S.A. 44-717 and amendments thereto with respect to
29 contributions erroneously collected;

30 (E) service covered by an arrangement between the secretary
31 and the agency charged with the administration of any other state
32 or federal unemployment compensation law pursuant to which all
33 services performed by an individual for an employing unit during
34 the period covered by such employing unit's duly approved
35 election, are deemed to be performed entirely within the
36 jurisdiction of such other state or federal agency;

1 (F) service performed by an individual under the age of 18
2 in the delivery or distribution of newspapers or shopping news,
3 not including delivery or distribution to any point for
4 subsequent delivery or distribution;

5 (G) service performed by an individual for an employing unit
6 as an insurance agent or as an insurance solicitor, if all such
7 service performed by such individual for such employing unit is
8 performed for remuneration solely by way of commission;

9 (H) service performed in any calendar quarter in the employ
10 of any organization exempt from income tax under section 501(a)
11 of the federal internal revenue code of 1986 (other than an
12 organization described in section 401(a) or under section 521 of
13 such code) if the remuneration for such service is less than \$50.
14 In construing the application of the term "employment," if
15 services performed during 1/2 or more of any pay period by an
16 individual for the person employing such individual constitute
17 employment, all the services of such individual for such period
18 shall be deemed to be employment; but if the services performed
19 during more than 1/2 of any such pay period by an individual for
20 the person employing such individual do not constitute
21 employment, then none of the services of such individual for such
22 period shall be deemed to be employment. As used in this
23 subsection (i)(4)(H) the term "pay period" means a period (of not
24 more than 31 consecutive days) for which a payment of
25 remuneration is ordinarily made to the individual by the person
26 employing such individual. This subsection (i)(4)(H) shall not be
27 applicable with respect to services with respect to which
28 unemployment compensation is payable under an unemployment
29 compensation system established by an act of congress;

30 (I) services performed in the employ of a church or
31 convention or association of churches, or an organization which
32 is operated primarily for religious purposes and which is
33 operated, supervised, controlled, or principally supported by a
34 church or convention or association of churches;

35 (J) service performed by a duly ordained, commissioned, or
36 licensed minister of a church in the exercise of such

1 individual's ministry or by a member of a religious order in the
2 exercise of duties required by such order;

3 (K) service performed in a facility conducted for the
4 purpose of carrying out a program of:

5 (i) Rehabilitation for individuals whose earning capacity is
6 impaired by age or physical or mental deficiency or injury, or

7 (ii) providing remunerative work for individuals who because
8 of their impaired physical or mental capacity cannot be readily
9 absorbed in the competitive labor market, by an individual
10 receiving such rehabilitation or remunerative work;

11 (L) service performed as part of an employment work-relief
12 or work-training program assisted or financed in whole or in part
13 by any federal agency or an agency of a state or political
14 subdivision thereof, by an individual receiving such work relief
15 or work training;

16 (M) service performed by an inmate of a custodial or
17 correctional institution, unless such service is performed for a
18 private, for-profit employer;

19 (N) service performed, in the employ of a school, college,
20 or university, if such service is performed by a student who is
21 enrolled and is regularly attending classes at such school,
22 college or university;

23 (O) service performed by an individual who is enrolled at a
24 nonprofit or public educational institution which normally
25 maintains a regular faculty and curriculum and normally has a
26 regularly organized body of students in attendance at the place
27 where its educational activities are carried on as a student in a
28 full-time program, taken for credit at such institution, which
29 combines academic instruction with work experience, if such
30 service is an integral part of such program, and such institution
31 has so certified to the employer, except that this subsection
32 (i)(4)(O) shall not apply to service performed in a program
33 established for or on behalf of an employer or group of
34 employers;

35 (P) service performed in the employ of a hospital licensed,
36 certified or approved by the secretary of health and environment,

1 if such service is performed by a patient of the hospital;

2 (Q) services performed as a qualified real estate agent. As
3 used in this subsection (i)(4)(Q) the term "qualified real estate
4 agent" means any individual who is licensed by the Kansas real
5 estate commission as a salesperson under the real estate brokers'
6 and salespersons' license act and for whom:

7 (i) Substantially all of the remuneration, whether or not
8 paid in cash, for the services performed by such individual as a
9 real estate salesperson is directly related to sales or other
10 output, including the performance of services, rather than to the
11 number of hours worked; and

12 (ii) the services performed by the individual are performed
13 pursuant to a written contract between such individual and the
14 person for whom the services are performed and such contract
15 provides that the individual will not be treated as an employee
16 with respect to such services for state tax purposes; and

17 (iii) such individual is not an active officer of a
18 corporate real estate firm for which the services are performed;

19 (R) services performed for an employer by an extra in
20 connection with any phase of motion picture or television
21 production or television commercials for less than 14 days during
22 any calendar year. As used in this subsection, the term "extra"
23 means an individual who pantomimes in the background, adds
24 atmosphere to the set and performs such actions without speaking
25 and "employer" shall not include any employer which is a
26 governmental entity or any employer described in section
27 501(c)(3) of the federal internal revenue code of 1986 which is
28 exempt from income under section 501(a) of the code;

29 (S) services performed by an oil and gas contract pumper.
30 As used in this subsection (i)(4)(S), "oil and gas contract
31 pumper" means a person performing pumping and other services on
32 one or more oil or gas leases, or on both oil and gas leases,
33 relating to the operation and maintenance of such oil and gas
34 leases, on a contractual basis for the operators of such oil and
35 gas leases and "services" shall not include services performed
36 for a governmental entity or any organization described in

1 section 501 (c)(3) of the federal internal revenue code of 1986
2 which is exempt from income taxation under section 501(a) of the
3 code.

4 (j) "Employment office" means any office operated by this
5 state and maintained by the secretary of human resources for the
6 purpose of assisting persons to become employed.

7 (k) "Fund" means the employment security fund established by
8 this act, to which all contributions and reimbursement payments
9 required and from which all benefits provided under this act
10 shall be paid and including all money received from the federal
11 government as reimbursements pursuant to section 204 of the
12 federal-state extended compensation act of 1970, and amendments
13 thereto.

14 (l) "State" includes, in addition to the states of the
15 United States of America, any dependency of the United States,
16 the Commonwealth of Puerto Rico, the District of Columbia and the
17 Virgin Islands.

18 (m) "Unemployment." An individual shall be deemed
19 "unemployed" with respect to any week during which such
20 individual performs no services and with respect to which no
21 wages are payable to such individual, or with respect to any week
22 of less than full-time work if the wages payable to such
23 individual with respect to such week are less than such
24 individual's weekly benefit amount.

25 (n) "Employment security administration fund" means the fund
26 established by this act, from which administrative expenses under
27 this act shall be paid.

28 (o) "Wages" means all compensation for services, including
29 commissions and, bonuses, back pay and the cash value of all
30 remuneration, including benefits, paid in any medium other than
31 cash. The reasonable cash value of remuneration in any medium
32 other than cash, shall be estimated and determined in accordance
33 with rules and regulations prescribed by the secretary.
34 Compensation payable to an individual which has not been actually
35 received by that individual within 21 days after the end of the
36 pay period in which the compensation was earned shall be

1 considered to have been paid on the 21st day after the end of
2 that pay period. Effective January 1, 1986, gratuities, including
3 tips received from persons other than the employing unit, shall
4 be considered wages when reported in writing to the employer by
5 the employee. Employees must furnish a written statement to the
6 employer, reporting all tips received if they total \$20 or more
7 for a calendar month whether the tips are received directly from
8 a person other than the employer or are paid over to the employee
9 by the employer. This includes amounts designated as tips by a
10 customer who uses a credit card to pay the bill. Notwithstanding
11 the other provisions of this subsection (o), wages paid in back
12 pay awards or settlements shall be allocated to the week or weeks
13 and reported in the manner as specified in the award or
14 agreement, or, in the absence of such specificity in the award or
15 agreement, such wages shall be allocated to the week or weeks in
16 which such wages, in the judgment of the secretary, would have
17 been paid. The term "wages" shall not include:

18 (1) That part of the remuneration which has been paid in a
19 calendar year to an individual by an employer or such employer's
20 predecessor in excess of \$3,000 for all calendar years prior to
21 1972, \$4,200 for the calendar years 1972 to 1977, inclusive,
22 \$6,000 for calendar years 1978 to 1982, inclusive, \$7,000 for the
23 calendar year 1983, and \$8,000 with respect to employment during
24 any calendar year following 1983, except that if the definition
25 of the term "wages" as contained in the federal unemployment tax
26 act is amended to include remuneration in excess of \$8,000 paid
27 to an individual by an employer under the federal act during any
28 calendar year, wages shall include remuneration paid in a
29 calendar year to an individual by an employer subject to this act
30 or such employer's predecessor with respect to employment during
31 any calendar year up to an amount equal to the dollar limitation
32 specified in the federal unemployment tax act. For the purposes
33 of this subsection (o)(1), the term "employment" shall include
34 service constituting employment under any employment security law
35 of another state or of the federal government;

36 (2) the amount of any payment (including any amount paid by

1 an employing unit for insurance or annuities, or into a fund, to
2 provide for any such payment) made to, or on behalf of, an
3 employee or any of such employee's dependents under a plan or
4 system established by an employer which makes provisions for
5 employees generally, for a class or classes of employees or for
6 such employees or a class or classes of employees and their
7 dependents, on account of (A) sickness or accident disability,
8 except in the case of any payment made to an employee or such
9 employee's dependents, this subparagraph shall exclude from the
10 term "wages" only payments which are received under a workmen's
11 compensation law. Any third party which makes a payment included
12 as wages by reason of this subparagraph (2)(A) shall be treated
13 as the employer with respect to such wages, or (B) medical and
14 hospitalization expenses in connection with sickness or accident
15 disability, or (C) death;

16 (3) any payment on account of sickness or accident
17 disability, or medical or hospitalization expenses in connection
18 with sickness or accident disability, made by an employer to, or
19 on behalf of, an employee after the expiration of six calendar
20 months following the last calendar month in which the employee
21 worked for such employer;

22 (4) any payment made to, or on behalf of, an employee or
23 such employee's beneficiary:

24 (A) From or to a trust described in section 401(a) of the
25 federal internal revenue code of 1986 which is exempt from tax
26 under section 501(a) of the federal internal revenue code of 1986
27 at the time of such payment unless such payment is made to an
28 employee of the trust as remuneration for services rendered as
29 such employee and not as a beneficiary of the trust;

30 (B) under or to an annuity plan which, at the time of such
31 payment, is a plan described in section 403(a) of the federal
32 internal revenue code of 1986;

33 (C) under a simplified employee pension as defined in
34 section 408(k)(1) of the federal internal revenue code of 1986,
35 other than any contribution described in section 408(k)(6) of the
36 federal internal revenue code of 1986;

1 (D) under or to an annuity contract described in section
2 403(b) of the federal internal revenue code of 1986, other than a
3 payment for the purchase of such contract which was made by
4 reason of a salary reduction agreement whether evidenced by a
5 written instrument or otherwise;

6 (E) under or to an exempt governmental deferred compensation
7 plan as defined in section 3121(v)(3) of the federal internal
8 revenue code of 1986;

9 (F) to supplement pension benefits under a plan or trust
10 described in any of the foregoing provisions of this subparagraph
11 to take into account some portion or all of the increase in the
12 cost of living, as determined by the secretary of labor, since
13 retirement but only if such supplemental payments are under a
14 plan which is treated as a welfare plan under section 3(2)(B)(ii)
15 of the federal employee retirement income security act of 1974;
16 or

17 (G) under a cafeteria plan within the meaning of section 125
18 of the federal internal revenue code of 1986;

19 (5) the payment by an employing unit (without deduction from
20 the remuneration of the employee) of the tax imposed upon an
21 employee under section 3101 of the federal internal revenue code
22 of 1986 with respect to remuneration paid to an employee for
23 domestic service in a private home of the employer or for
24 agricultural labor;

25 (6) remuneration paid in any medium other than cash to an
26 employee for service not in the course of the employer's trade or
27 business;

28 (7) remuneration paid to or on behalf of an employee if and
29 to the extent that at the time of the payment of such
30 remuneration it is reasonable to believe that a corresponding
31 deduction is allowable under section 217 of the federal internal
32 revenue code of 1986 relating to moving expenses;

33 (8) any payment or series of payments by an employer to an
34 employee or any of such employee's dependents which is paid: (A)
35 Upon or after the termination of an employee's employment
36 relationship because of (i) death or (ii) retirement for

1 disability; and

2 (B) under a plan established by the employer which makes
3 provisions for employees generally, a class or classes of
4 employees or for such employees or a class or classes of
5 employees and their dependents, other than any such payment or
6 series of payments which would have been paid if the employee's
7 employment relationship had not been so terminated;

8 (9) remuneration for agricultural labor paid in any medium
9 other than cash;

10 (10) any payment made, or benefit furnished, to or for the
11 benefit of an employee if at the time of such payment or such
12 furnishing it is reasonable to believe that the employee will be
13 able to exclude such payment or benefit from income under section
14 129 of the federal internal revenue code of 1986 which relates to
15 dependent care assistance programs;

16 (11) the value of any meals or lodging furnished by or on
17 behalf of the employer if at the time of such furnishing it is
18 reasonable to believe that the employee will be able to exclude
19 such items from income under section 119 of the federal internal
20 revenue code of 1986;

21 (12) any payment made by an employer to a survivor or the
22 estate of a former employee after the calendar year in which such
23 employee died;

24 (13) any benefit provided to or on behalf of an employee if
25 at the time such benefit is provided it is reasonable to believe
26 that the employee will be able to exclude such benefit from
27 income under section 74(c), 117 or 132 of the federal internal
28 revenue code of 1986;

29 (14) notwithstanding the foregoing provisions of this
30 subsection (o), "total wages" means the gross amount paid by an
31 employer to such employer's employees with respect to a week,
32 month, year or other period as required by subsection (e)(2) of
33 K.S.A. 44-710 and amendments thereto.

34 Nothing in any paragraph of subsection (o), other than
35 paragraph (1), shall exclude from the term "wages": (1) Any
36 employer contribution under a qualified cash or deferred

1 arrangement, as defined in section 401(k) of the federal internal
2 revenue code of 1986, to the extent that such contribution is not
3 included in gross income by reason of section 402(a)(8) of the
4 federal internal revenue code of 1986; or (2) any amount treated
5 as an employer contribution under section 414(h)(2) of the
6 federal internal revenue code of 1986.

7 Any amount deferred under a nonqualified deferred
8 compensation plan shall be taken into account for purposes of
9 this section as of the later of when the services are performed
10 or when there is no substantial risk of forfeiture of the rights
11 to such amount. Any amount taken into account as wages by reason
12 of this paragraph, and the income attributable thereto, shall not
13 thereafter be treated as wages for purposes of this section. For
14 purposes of this paragraph, the term "nonqualified deferred
15 compensation plan" means any plan or other arrangement for
16 deferral of compensation other than a plan described in
17 subsection (o)(4).

18 (p) "Week" means such period or periods of seven consecutive
19 calendar days, as the secretary may by rules and regulations
20 prescribe.

21 (q) "Calendar quarter" means the period of three consecutive
22 calendar months ending March 31, June 30, September 30 or
23 December 31, or the equivalent thereof as the secretary may by
24 rules and regulations prescribe.

25 (r) "Insured work" means employment for employers.

26 (s) "Approved training" means any vocational training course
27 or course in basic education skills approved by the secretary or
28 a person or persons designated by the secretary.

29 (t) "American vessel" or "American aircraft" means any
30 vessel or aircraft documented or numbered or otherwise registered
31 under the laws of the United States; and any vessel or aircraft
32 which is neither documented or numbered or otherwise registered
33 under the laws of the United States nor documented under the laws
34 of any foreign country, if its crew performs service solely for
35 one or more citizens or residents of the United States or
36 corporations organized under the laws of the United States or of

1 any state.

2 (u) "Institution of higher education," for the purposes of
3 this section, means an educational institution which:

4 (1) Admits as regular students only individuals having a
5 certificate of graduation from a high school, or the recognized
6 equivalent of such a certificate;

7 (2) is legally authorized in this state to provide a program
8 of education beyond high school;

9 (3) provides an educational program for which it awards a
10 bachelor's or higher degree, or provides a program which is
11 acceptable for full credit toward such a degree, a program of
12 postgraduate or postdoctoral studies, or a program of training to
13 prepare students for gainful employment in a recognized
14 occupation; and

15 (4) is a public or other nonprofit institution.

16 Notwithstanding any of the foregoing provisions of this
17 subsection (u), all colleges and universities in this state are
18 institutions of higher education for purposes of this section,
19 except that no college, university, junior college or other
20 postsecondary school or institution which is operated by the
21 federal government or any agency thereof shall be an institution
22 of higher education for purposes of the employment security law.

23 (v) "Educational institution" means any institution of
24 higher education, as defined in subsection (u) of this section,
25 or any institution, except private for profit institutions, in
26 which participants, trainees or students are offered an organized
27 course of study or training designed to transfer to them
28 knowledge, skills, information, doctrines, attitudes or abilities
29 from, by or under the guidance of an instructor or teacher and
30 which is approved, licensed or issued a permit to operate as a
31 school by the state department of education or other government
32 agency that is authorized within the state to approve, license or
33 issue a permit for the operation of a school. The courses of
34 study or training which an educational institution offers may be
35 academic, technical, trade or preparation for gainful employment
36 in a recognized occupation.

1 (w) (1) "Agricultural labor" means any remunerated service:

2 (A) On a farm, in the employ of any person, in connection
3 with cultivating the soil, or in connection with raising or
4 harvesting any agricultural or horticultural commodity, including
5 the raising, shearing, feeding, caring for, training, and
6 management of livestock, bees, poultry, and fur-bearing animals
7 and wildlife.

8 (B) In the employ of the owner or tenant or other operator
9 of a farm, in connection with the operating, management,
10 conservation, improvement, or maintenance of such farm and its
11 tools and equipment, or in salvaging timber or clearing land of
12 brush and other debris left by a hurricane, if the major part of
13 such service is performed on a farm.

14 (C) In connection with the production or harvesting of any
15 commodity defined as an agricultural commodity in section (15)(g)
16 of the agricultural marketing act, as amended (46 Stat. 1500,
17 sec. 3; 12 U.S.C. 1141j) or in connection with the ginning of
18 cotton, or in connection with the operation or maintenance of
19 ditches, canals, reservoirs or waterways, not owned or operated
20 for profit, used exclusively for supplying and storing water for
21 farming purposes.

22 (D) (i) In the employ of the operator of a farm in handling,
23 planting, drying, packing, packaging, processing, freezing,
24 grading, storing, or delivering to storage or to market or to a
25 carrier for transportation to market, in its unmanufactured
26 state, any agricultural or horticultural commodity; but only if
27 such operator produced more than 1/2 of the commodity with
28 respect to which such service is performed;

29 (ii) in the employ of a group of operators of farms (or a
30 cooperative organization of which such operators are members) in
31 the performance of service described in paragraph (i) above of
32 this subsection (w)(1)(D), but only if such operators produced
33 more than 1/2 of the commodity with respect to which such service
34 is performed;

35 (iii) the provisions of paragraphs (i) and (ii) above of
36 this subsection (w)(1)(D) shall not be deemed to be applicable

1 with respect to service performed in connection with commercial
2 canning or commercial freezing or in connection with any
3 agricultural or horticultural commodity after its delivery to a
4 terminal market for distribution for consumption.

5 (E) On a farm operated for profit if such service is not in
6 the course of the employer's trade or business.

7 (2) "Agricultural labor" does not include service performed
8 prior to January 1, 1980, by an individual who is an alien
9 admitted to the United States to perform service in agricultural
10 labor pursuant to sections 214(c) and 101(a)(15)(H) of the
11 federal immigration and nationality act.

12 (3) As used in this subsection (w), the term "farm" includes
13 stock, dairy, poultry, fruit, fur-bearing animal, and truck
14 farms, plantations, ranches, nurseries, ranges, greenhouses, or
15 other similar structures used primarily for the raising of
16 agricultural or horticultural commodities, and orchards.

17 (x) "Reimbursing employer" means any employer who makes
18 payments in lieu of contributions to the employment security fund
19 as provided in subsection (e) of K.S.A. 44-710 and amendments
20 thereto.

21 (y) "Contributing employer" means any employer other than a
22 reimbursing employer or rated governmental employer.

23 (z) "Wage combining plan" means a uniform national
24 arrangement approved by the United States secretary of labor in
25 consultation with the state unemployment compensation agencies
26 and in which this state shall participate, whereby wages earned
27 in one or more states are transferred to another state, called
28 the "paying state," and combined with wages in the paying state,
29 if any, for the payment of benefits under the laws of the paying
30 state and as provided by an arrangement so approved by the United
31 States secretary of labor.

32 (aa) "Domestic service" means any service for a person in
33 the operation and maintenance of a private household, local
34 college club or local chapter of a college fraternity or
35 sorority, as distinguished from service as an employee in the
36 pursuit of an employer's trade, occupation, profession,

1. enterprise or vocation.

2. (bb) "Rated governmental employer" means any governmental
3. entity which elects to make payments as provided by K.S.A.
4. 44-710d and amendments thereto.

5. (cc) "Benefit cost payments" means payments made to the
6. employment security fund by a governmental entity electing to
7. become a rated governmental employer.

8. (dd) "Successor employer" means any employer, as described
9. in subsection (h) of this section, which acquires or in any
10. manner succeeds to (1) substantially all of the employing
11. enterprises, organization, trade or business of another employer
12. or (2) substantially all the assets of another employer.

13. (ee) "Predecessor employer" means an employer, as described
14. in subsection (h) of this section, who has previously operated a
15. business or portion of a business with employment to which
16. another employer has succeeded.

17. Sec. 2. On July 1, 1989, K.S.A. 1988 Supp. 44-704a is hereby
18. amended to read as follows: 44-704a. (a) Definitions. As used in
19. this section, unless the context clearly requires otherwise:

20. (1) "Extended benefit period" means a period which:

21. (A) Begins with the third week after a week for which there
22. is an "on" indicator; and

23. (B) ends with either of the following weeks, whichever
24. occurs later: (i) The third week after the first week for which
25. there is an "off" indicator; or (ii) the 13th consecutive week of
26. such period, except that no extended benefit period may begin by
27. reason of an "on" indicator before the 14th week following the
28. end of a prior extended benefit period which was in effect with
29. respect to this state.

30. (2) For the purposes of this section:

31. (A) There is an "on indicator" for this state for a week if
32. the secretary of human resources determines, in accordance with
33. the regulations of the U.S. secretary of labor, that, for the
34. period consisting of such week and the immediately preceding 12
35. weeks, the rate of insured unemployment (not seasonally adjusted)
36. under this act: (i) Equaled or exceeded 5% and equaled or

1 exceeded 120% of the average of such rates for the corresponding
2 thirteen-week period ending in each of the preceding two calendar
3 years; or (ii) equaled or exceeded 6%.

4 (B) There is an "off indicator" for this state for a week if
5 the secretary of human resources determines, in accordance with
6 the regulations of the U.S. secretary of labor, that for the
7 period consisting of such week and the immediately preceding 12
8 weeks, the rate of insured unemployment (not seasonally adjusted)
9 under this act: (i) Was less than 5% or less than 120% of the
10 average of such rates for the corresponding thirteen-week period
11 ending in each of the preceding two calendar years; and (ii) was
12 less than 5%.

13 (3) "Rate of insured unemployment," for purposes of
14 paragraphs (2)(A) and (2)(B) of this subsection, means the
15 percentage derived by dividing:

16 (A) The average weekly number of individuals filing claims
17 for regular benefits in this state for weeks of unemployment with
18 respect to the most recent thirteen-consecutive-week period, as
19 determined by the secretary of human resources on the basis of
20 reports to the U.S. secretary of labor; by

21 (B) the average monthly employment covered under this act
22 for the first four of the most recent six completed calendar
23 quarters ending before the end of such thirteen-week period.

24 (4) "Extended entitlement period" of an individual means the
25 period consisting of the weeks of the individual's benefit year
26 which begin in an extended benefit period and, if the
27 individual's benefit year ends within such extended benefit
28 period, any weeks thereafter which begin in such period.

29 (5) "Extended benefits" means benefits (including benefits
30 payable to federal civilian employees and to ex-service personnel
31 pursuant to 5 U.S.C.A. chapter 85) payable to an individual under
32 the provisions of the act for weeks of unemployment in the
33 individual's extended entitlement period.

34 (6) "Exhaustee" means an individual who, with respect to any
35 week of unemployment in the individual's extended entitlement
36 period:

1 (A) Has received, prior to such week, all of the regular
2 benefits that were available to the individual under this act or
3 any other state law (including dependents' allowances and
4 benefits payable to federal civilian employees and ex-service
5 personnel under 5 U.S.C.A. chapter 85) in the individual's
6 current benefit year that includes such week, provided that, for
7 the purposes of this subparagraph paragraph (6)(A), an individual
8 shall be deemed to have received all of the regular benefits that
9 were available to the individual although the individual may
10 subsequently be determined to be entitled to added regular
11 benefits as a result of a pending appeal with respect to wages
12 that were not considered in the original monetary determination
13 of the individual's benefit year; or

14 (B) the individual's benefit year having expired prior to
15 such week, has no, or insufficient, wages on the basis of which
16 the individual could establish a new benefit year that would
17 include such week; and

18 (C) (i) has no right to unemployment benefits or allowances,
19 as the case may be, under the federal railroad unemployment
20 insurance act and such other federal laws as are specified in
21 regulations issued by the U.S. secretary of labor; and (ii) has
22 not received and is not seeking unemployment benefits under the
23 unemployment compensation law of Canada; but if the individual is
24 seeking such benefits and the appropriate agency finally
25 determines that the individual is not entitled to benefits under
26 such law the individual is considered an exhaustee:

27 (7) "State law" means the unemployment compensation law of
28 any state, approved by the U.S. secretary of labor under section
29 3304 of the federal internal revenue code of 1954 1986.

30 (b) Payment of extended benefits. Extended benefits shall be
31 payable to eligible individuals with respect to weeks of
32 unemployment in their extended entitlement periods. The extended
33 benefits provided herein by this section and K.S.A. 44-704b and
34 amendments thereto shall be payable from the fund. All extended
35 benefits shall be paid through the employment offices, in
36 accordance with such rules and regulations as the secretary of

1 human resources may ~~prescribe~~ adopt.

2 (c) Beginning and termination of extended benefit period.

3 (1) Whenever an extended benefit period is to become effective in
4 this state as a result of an "on" indicator, or an extended
5 benefit period is to be terminated in this state as a result of
6 an "off" indicator, the secretary of human resources shall make
7 an appropriate public announcement.

8 (2) Computations required by the provisions of subsection
9 (a)(3) of this section shall be made by the secretary of human
10 resources, in accordance with regulations prescribed by the U.S.
11 secretary of labor.

12 (d) Weekly extended benefit amount. The weekly extended
13 benefit amount payable to an individual for a week of total
14 unemployment in the individual's extended entitlement period
15 shall be an amount equal to the regular weekly benefit amount
16 payable to the individual during the individual's applicable
17 benefit year, except that for any week during a period in which
18 federal payments to states under section 204 of the federal-state
19 extended unemployment compensation act of 1970 are reduced
20 pursuant to an order issued under section 252 of the federal
21 balanced budget and emergency deficit control act of 1985, the
22 weekly extended benefit amount payable to an individual for a
23 week of total unemployment in the individual's eligibility period
24 shall be reduced by a percentage amount which is equivalent to
25 the reduction in the federal payment. If such reduced weekly
26 extended benefit amount is not a multiple of \$1, it shall be
27 reduced to the next lower multiple of \$1.

28 (e) Duration of extended benefits. (1) Except as otherwise
29 provided in subsection (e)(2) of this section, the total extended
30 benefit amount payable to any eligible individual with respect to
31 the individual's applicable benefit year shall be the least of
32 the following amounts:

33 (1) (A) Fifty percent of the total amount of regular
34 benefits which were payable to the individual under this act in
35 the individual's applicable benefit year; or

36 (2) (B) thirteen times the individual's weekly benefit

1 amount which was payable to the individual under this act for a
2 week of total unemployment in the applicable year.

3 (2) During any fiscal year in which federal payments to
4 states under section 204 of the federal-state extended
5 unemployment compensation act of 1970 are reduced pursuant to an
6 order issued under section 252 of the federal balanced budget and
7 emergency deficit control act of 1985, the total extended benefit
8 amount payable to an individual with respect to the individual's
9 applicable benefit year shall be reduced by an amount equal to
10 the total of all of the reductions under subsection (d) of this
11 section in the weekly extended benefit amounts paid to the
12 individual.

13 (f) Eligibility requirements for extended benefits. An
14 individual shall be eligible to receive extended benefits with
15 respect to any week of unemployment in the individual's extended
16 entitlement period only if the secretary of human resources, or a
17 person or persons designated by the secretary, finds that with
18 respect to such week:

19 (1) The individual is an "exhaustee" as defined in
20 subsection (a)(6) of this section;

21 (2) the individual is qualified and eligible for extended
22 benefits pursuant to K.S.A. 44-704b and amendments thereto;

23 (3) the individual is entitled to benefits pursuant to the
24 provisions of this act which apply to claims for, or the payment
25 of regular benefits which are not inconsistent with the
26 provisions of K.S.A. 44-704b and amendments thereto; and

27 (4) the individual, during the base period, was paid wages
28 for insured work equal to or greater than 1 1/2 times the amount
29 of total wages paid for the quarter in which such wages were
30 highest during the individual's base period.

31 (g) Limitation on amount of combined regular, extended and
32 trade readjustment act benefits received. Notwithstanding any
33 other provisions of this section or K.S.A. 44-704b and amendments
34 thereto, if the benefit year of any individual ends within an
35 extended entitlement period, the remaining balance of extended
36 benefits that the individual would, but for this section, be

1 entitled to receive in that extended entitlement period, with
2 respect to weeks of unemployment beginning after the end of the
3 benefit year, shall be reduced (but not below zero) by the
4 product of the number of weeks for which the individual received
5 any amounts as trade readjustment allowances within that benefit
6 year, multiplied by the individual's weekly benefit amount for
7 extended benefits.

8 Sec. 3. K.S.A. 1988 Supp. 44-706 is hereby amended to read
9 as follows: 44-706. An individual shall be disqualified for
10 benefits:

11 (a) If the individual left work voluntarily without good
12 cause attributable to the work or the employer, subject to the
13 other provisions of this subsection (a). The disqualification
14 shall begin the day following the separation and shall continue
15 until after the individual has become reemployed and has had
16 earnings from insured work of at least three times the
17 individual's weekly benefit amount. An individual shall not be
18 disqualified under this subsection (a) if:

19 (1) The individual was forced to leave work because of
20 illness or injury upon the advice of a licensed and practicing
21 physician and, upon learning of the necessity for absence,
22 immediately notified the employer thereof, or the employer
23 consented to the absence, and after recovery from the illness or
24 injury, when recovery was certified by a practicing physician,
25 the individual returned to the employer and offered to perform
26 services and the individual's regular work or comparable and
27 suitable work was not available; as used in this paragraph (1)
28 "physician" means any person licensed by the proper licensing
29 authority of any state to engage in the practice of medicine and
30 surgery, osteopathy, chiropractic, dentistry, optometry, podiatry
31 or psychology;

32 (2) the individual left temporary work to return to the
33 regular employer;

34 (3) the individual left work to enlist in the armed forces
35 of the United States, but was rejected or delayed from entry;

36 (4) the individual left work because of the voluntary or

1 involuntary transfer of the individual's spouse from one place-of
2 work job to another place-of-work job, which is for the same
3 employer or for a different employer, at a geographic location
4 which makes it unreasonable for the individual to continue work
5 at the individual's place-of-work job;

6 (5) the individual left work because of hazardous working
7 conditions; in determining whether or not working conditions are
8 hazardous for an individual, the degree of risk involved to the
9 individual's health, safety and morals, the individual's physical
10 fitness and prior training and the working conditions of workers
11 engaged in the same or similar work for the same and other
12 employers in the locality shall be considered; as used in this
13 paragraph (5), "hazardous working conditions" means working
14 conditions that could result in a danger to the physical or
15 mental well-being of the individual; each determination as to
16 whether hazardous working conditions exist shall include, but
17 shall not be limited to, a consideration of (A) the safety
18 measures used or the lack thereof, and (B) the condition of
19 equipment or lack of proper equipment; no work shall be
20 considered hazardous if the working conditions surrounding the
21 individual's work are the same or substantially the same as the
22 working conditions generally prevailing among individuals
23 performing the same or similar work for other employers engaged
24 in the same or similar type of activity;

25 (6) the individual left work to enter training approved
26 under section 236(a)(1) of the federal trade act of 1974,
27 provided the work left is not of a substantially equal or higher
28 skill level than the individual's past adversely affected
29 employment (as defined for purposes of the federal trade act of
30 1974), and wages for such work are not less than 80% of the
31 individual's average weekly wage as determined for the purposes
32 of the federal trade act of 1974;

33 (7) the individual left work because of unwelcome harassment
34 of the individual by the employer or another employee of which
35 the employing unit had knowledge;

36 (8) the individual left work to accept better work; each

1 determination as to whether or not the work accepted is better
2 work shall include, but shall not be limited to, consideration of
3 (A) the rate of pay, the hours of work and the probable
4 permanency of the work left as compared to the work accepted, (B)
5 the cost to the individual of getting to the work left in
6 comparison to the cost of getting to the work accepted, and (C)
7 the distance from the individual's place of residence to the work
8 accepted in comparison to the distance from the individual's
9 residence to the work left;

10 (9) the individual left work as a result of being instructed
11 or requested by the employer, a supervisor or a fellow employee
12 to perform a service or commit an act in the scope of official
13 job duties which is in violation of an ordinance or statute;

14 (10) the individual left work because of a violation of the
15 work agreement by the employing unit and, before the individual
16 left, the individual had exhausted all remedies provided in such
17 agreement for the settlement of disputes before terminating; or

18 (11) after making reasonable efforts to preserve the work,
19 the individual left work due to a personal emergency of such
20 nature and compelling urgency that it would be contrary to good
21 conscience to impose a disqualification.

22 (b) If the individual has been discharged for misconduct
23 connected with the individual's work. The disqualification shall
24 begin the day following the separation and shall continue until
25 after the individual becomes reemployed and has had earnings from
26 insured work of at least three times the individual's determined
27 weekly benefit amount, except that if an individual is discharged
28 for gross misconduct connected with the individual's work, such
29 individual shall be disqualified for benefits until such
30 individual again becomes employed and has had earnings from
31 insured work of at least eight times such individual's determined
32 weekly benefit amount. In addition, all wage credits attributable
33 to the employment from which the individual was discharged for
34 gross misconduct connected with the individual's work shall be
35 canceled. No such cancellation of wage credits shall affect prior
36 payments made as a result of a prior separation.

1 (1) For the purposes of this subsection (b), "misconduct" is
2 defined as a violation of a duty or obligation reasonably owed
3 the employer as a condition of employment. In order to sustain a
4 finding that such a duty or obligation has been violated, the
5 facts must show: (A) Willful and intentional action which is
6 substantially adverse to the employer's interests, or (B)
7 carelessness or negligence of such degree or recurrence as to
8 show wrongful intent or evil design. The term "gross misconduct"
9 as used in this subsection (b) shall be construed to mean conduct
10 evincing extreme, willful or wanton misconduct as defined by this
11 subsection (b).

12 (2) An individual shall not be disqualified under this
13 subsection (b) if the individual is discharged under the
14 following circumstances:

15 (A) The employer discharged the individual after learning
16 the individual was seeking other work or when the individual gave
17 notice of future intent to quit;

18 (B) the individual was making a good-faith effort to do the
19 assigned work but was discharged due to: (i) Inefficiency, (ii)
20 unsatisfactory performance due to inability, incapacity or lack
21 of training or experience, (iii) isolated instances of ordinary
22 negligence or inadvertence, (iv) good-faith errors in judgment or
23 discretion, or (v) unsatisfactory work or conduct due to
24 circumstances beyond the individual's control; or

25 (C) the individual's refusal to perform work in excess of
26 the contract of hire.

27 (c) If the individual has failed, without good cause, to
28 either apply for suitable work when so directed by the employment
29 office of the secretary of human resources, or to accept suitable
30 work when offered to the individual by the employment office, the
31 secretary of human resources, or an employer, such
32 disqualification shall begin with the week in which such failure
33 occurred and shall continue until the individual becomes
34 reemployed and has had earnings from insured work of at least
35 three times such individual's determined weekly benefit amount.
36 In determining whether or not any work is suitable for an

1 individual, the secretary of human resources, or a person or
2 persons designated by the secretary, shall consider the degree of
3 risk involved to health, safety and morals, physical fitness and
4 prior training, experience and prior earnings, length of
5 unemployment and prospects for securing local work in the
6 individual's customary occupation or work for which the
7 individual is reasonably fitted by training or experience, and
8 the distance of the available work from the individual's
9 residence. Notwithstanding any other provisions of this act, an
10 otherwise eligible individual shall not be disqualified for
11 refusing an offer of suitable employment, or failing to apply for
12 suitable employment when notified by an employment office, or for
13 leaving the individual's most recent work accepted during
14 approved training, including training approved under section
15 236(a)(1) of the trade act of 1974, if the acceptance of or
16 applying for suitable employment or continuing such work would
17 require the individual to terminate approved training and no work
18 shall be deemed suitable and benefits shall not be denied under
19 this act to any otherwise eligible individual for refusing to
20 accept new work under any of the following conditions: (1) If the
21 position offered is vacant due directly to a strike, lockout or
22 other labor dispute; (2) if the remuneration, hours or other
23 conditions of the work offered are substantially less favorable
24 to the individual than those prevailing for similar work in the
25 locality; (3) if as a condition of being employed, the individual
26 would be required to join or to resign from or refrain from
27 joining any labor organization.

28 (d) For any week with respect to which the secretary of
29 human resources, or a person or persons designated by the
30 secretary, finds that the individual's unemployment is due to a
31 stoppage of work which exists because of a labor dispute or there
32 would have been a work stoppage had normal operations not been
33 maintained with other personnel previously and currently employed
34 by the same employer at the factory, establishment or other
35 premises at which the individual is or was last employed, except
36 that this subsection (d) shall not apply if it is shown to the

1 satisfaction of the secretary of human resources, or a person or
2 persons designated by the secretary, that: (1) The individual is
3 not participating in or financing or directly interested in the
4 labor dispute which caused the stoppage of work; and (2) the
5 individual does not belong to a grade or class of workers of
6 which, immediately before the commencement of the stoppage, there
7 were members employed at the premises at which the stoppage
8 occurs any of whom are participating in or financing or directly
9 interested in the dispute. If in any case separate branches of
10 work which are commonly conducted as separate businesses in
11 separate premises are conducted in separate departments of the
12 same premises, each such department shall, for the purpose of
13 this subsection (d), be deemed to be a separate factory,
14 establishment or other premises. For the purposes of this
15 subsection (d), failure or refusal to cross a picket line or
16 refusal for any reason during the continuance of such labor
17 dispute to accept the individual's available and customary work
18 at the factory, establishment or other premises where the
19 individual is or was last employed shall be considered as
20 participation and interest in the labor dispute.

21 (e) For any week with respect to which or a part of which
22 the individual has received or is seeking unemployment benefits
23 under the unemployment compensation law of any other state or of
24 the United States, except that if the appropriate agency of such
25 other state or the United States finally determines that the
26 individual is not entitled to such unemployment benefits, this
27 disqualification shall not apply.

28 (f) For any week with respect to which the individual is
29 entitled to receive any unemployment allowance or compensation
30 granted by the United States under an act of congress to
31 ex-service men and women in recognition of former service with
32 the military or naval services of the United States.

33 (g) For the period of one year beginning with the first day
34 following the last week of unemployment for which the individual
35 received benefits, or for one year from the date the act was
36 committed, whichever is the later, if the individual, or another

1 in such individual's behalf with the knowledge of the individual,
2 has knowingly made a false statement or representation, or has
3 knowingly failed to disclose a material fact to obtain or
4 increase benefits under this act or any other unemployment
5 compensation law administered by the secretary of human
6 resources.

7 (h) For any week with respect to which the individual is
8 receiving compensation for temporary total disability or
9 permanent total disability under the workmen's compensation law
10 of any state or under a similar law of the United States.

11 (i) For any week of unemployment on the basis of service in
12 an instructional, research or principal administrative capacity
13 for an educational institution as defined in subsection (v) of
14 K.S.A. 44-703 and amendments thereto, if such week begins during
15 the period between two successive academic years or terms or,
16 when an agreement provides instead for a similar period between
17 two regular but not successive terms during such period or during
18 a period of paid sabbatical leave provided for in the
19 individual's contract, if the individual performs such services
20 in the first of such academic years or terms and there is a
21 contract or a reasonable assurance that such individual will
22 perform services in any such capacity for any educational
23 institution in the second of such academic years or terms.

24 (j) For any week of unemployment on the basis of service in
25 any capacity other than service in an instructional, research, or
26 administrative capacity in an educational institution, as defined
27 in subsection (v) of K.S.A. 44-703 and amendments thereto, if
28 such week begins during the period between two successive
29 academic years or terms if the individual performs such services
30 in the first of such academic years or terms and there is a
31 reasonable assurance that the individual will perform such
32 services in the second of such academic years or terms, except
33 that if benefits are denied to the individual under this
34 subsection (j) and the individual was not offered an opportunity
35 to perform such services for the educational institution for the
36 second of such academic years or terms, such individual shall be

1 entitled to a retroactive payment of benefits for each week for
2 which the individual filed a timely claim for benefits and for
3 which benefits were denied solely by reason of this subsection
4 (j).

5 (k) For any week of unemployment on the basis of service in
6 any capacity for an educational institution as defined in
7 subsection (v) of K.S.A. 44-703 and amendments thereto, if such
8 week begins during an established and customary vacation period
9 or holiday recess, if the individual performs services in the
10 period immediately before such vacation period or holiday recess
11 and there is a reasonable assurance that such individual will
12 perform such services in the period immediately following such
13 vacation period or holiday recess.

14 (l) For any week of unemployment on the basis of any
15 services, substantially all of which consist of participating in
16 sports or athletic events or training or preparing to so
17 participate, if such week begins during the period between two
18 successive sport seasons or similar period if such individual
19 performed services in the first of such seasons or similar
20 periods and there is a reasonable assurance that such individual
21 will perform such services in the later of such seasons or
22 similar periods.

23 (m) For any week on the basis of services performed by an
24 alien unless such alien is an individual who was lawfully
25 admitted for permanent residence at the time such services were
26 performed, was lawfully present for purposes of performing such
27 services, or was permanently residing in the United States under
28 color of law at the time such services were performed, including
29 an alien who was lawfully present in the United States as a
30 result of the application of the provisions of section 203(a)(7)
31 or section 212(d)(5) of the federal immigration and nationality
32 act. Any data or information required of individuals applying for
33 benefits to determine whether benefits are not payable to them
34 because of their alien status shall be uniformly required from
35 all applicants for benefits. In the case of an individual whose
36 application for benefits would otherwise be approved, no

1 determination that benefits to such individual are not payable
2 because of such individual's alien status shall be made except
3 upon a preponderance of the evidence.

4 (n) For any week in which an individual is receiving a
5 governmental or other pension, retirement or retired pay, annuity
6 or other similar periodic payment under a plan maintained by a
7 base period employer and to which the entire contributions were
8 provided by such employer, except that: (1) If the entire
9 contributions to such plan were provided by the base period
10 employer but such individual's weekly benefit amount exceeds such
11 governmental or other pension, retirement or retired pay, annuity
12 or other similar periodic payment attributable to such week, the
13 weekly benefit amount payable to the individual shall be reduced
14 (but not below zero) by an amount equal to the amount of such
15 pension, retirement or retired pay, annuity or other similar
16 periodic payment which is attributable to such week; or (2) if
17 only a portion of contributions to such plan were provided by the
18 base period employer, the weekly benefit amount payable to such
19 individual for such week shall be reduced (but not below zero) by
20 the prorated weekly amount of the pension, retirement or retired
21 pay, annuity or other similar periodic payment after deduction of
22 that portion of the pension, retirement or retired pay, annuity
23 or other similar periodic payment that is directly attributable
24 to the percentage of the contributions made to the plan by such
25 individual; or (3) if the entire contributions to the plan were
26 provided by such individual, or by the individual and an employer
27 (or any person or organization) who is not a base period
28 employer, no reduction in the weekly benefit amount payable to
29 the individual for such week shall be made under this subsection
30 (n); or (4) whatever portion of contributions to such plan were
31 provided by the base period employer, if the services performed
32 for the employer by such individual during the base period, or
33 remuneration received for the services, did not affect the
34 individual's eligibility for, or increased the amount of, such
35 pension, retirement or retired pay, annuity or other similar
36 periodic payment, no reduction in the weekly benefit amount

1 payable to the individual for such week shall be made under this
2 subsection (n). The conditions specified in clause (4) of this
3 subsection (n) shall not apply to payments made under the social
4 security act or the railroad retirement act of 1974, or the
5 corresponding provisions of prior law. Payments made under these
6 acts shall be treated as otherwise provided in this subsection
7 (n). If the reduced weekly benefit amount is not a multiple of
8 \$1, it shall be reduced to the next lower multiple of \$1.

9 (o) For any week of unemployment on the basis of services
10 performed in any capacity and under any of the circumstances
11 described in subsection (i), (j) or (k) which an individual
12 performed in an educational institution while in the employ of an
13 educational service agency. For the purposes of this subsection
14 (o), the term "educational service agency" means a governmental
15 agency or entity which is established and operated exclusively
16 for the purpose of providing such services to one or more
17 educational institutions.

18 (p) For any week of unemployment on the basis of service as
19 a school bus or other motor vehicle driver employed by a private
20 contractor to transport pupils, students and school personnel to
21 or from school-related functions or activities for an educational
22 institution, as defined in subsection (v) of K.S.A. 44-703 and
23 amendments thereto, if such week begins during the period between
24 two successive academic years or during a similar period between
25 two regular terms, whether or not successive, if the individual
26 has a contract or contracts, or a reasonable assurance thereof,
27 to perform services in any such capacity with a private
28 contractor for any educational institution for both such academic
29 years or both such terms. An individual shall not be disqualified
30 for benefits as provided in this subsection (p) for any week of
31 unemployment on the basis of service as a bus or other motor
32 vehicle driver employed by a private contractor to transport
33 persons to or from nonschool-related functions or activities.

34 (q) For any week of unemployment on the basis of services
35 performed by the individual in any capacity and under any of the
36 circumstances described in subsection (i), (j), (k) or (o) which

1 are provided to or on behalf of an educational institution, as
2 defined in subsection (v) of K.S.A. 44-703 and amendments
3 thereto, while the individual is in the employ of an employer
4 which is a governmental entity or any employer described in
5 section 501(c)(3) of the federal internal revenue code of 1954
6 1986 which is exempt from income under section 501(a) of the
7 code.

8 (r) For any week in which an individual is registered at and
9 attending an established school, training facility or other
10 educational institution, or is on vacation during or between two
11 successive academic years or terms. An individual shall not be
12 disqualified for benefits as provided in this subsection (r)
13 provided:

14 (1) The individual was engaged in full-time employment
15 concurrent with the individual's school attendance; or

16 (2) the individual is attending approved training as defined
17 in subsection (s) of K.S.A. 44-703 and amendments thereto; or

18 (3) the individual is attending evening, weekend or limited
19 day time classes, which would not affect availability for work,
20 and is otherwise eligible under subsection (c) of K.S.A. 44-705
21 and amendments thereto.

22 (s) For any week commencing after June 30, 1989, with
23 respect to which an individual is receiving or has received
24 remuneration in the form of a back pay award or settlement. The
25 remuneration shall be allocated to the week or weeks in the
26 manner as specified in the award or agreement, or in the absence
27 of such specificity in the award or agreement, such remuneration
28 shall be allocated to the week or weeks in which such
29 remuneration, in the judgment of the secretary, would have been
30 paid.

31 Sec. 4. On July 1, 1989, K.S.A. 1988 Supp. 44-710 is hereby
32 amended to read as follows: 44-710. (a) Payment. Contributions
33 shall accrue and become payable by each contributing employer for
34 each calendar year in which the contributing employer is subject
35 to the employment security law with respect to wages paid for
36 employment. Such contributions shall become due and be paid by

1 each contributing employer to the secretary for the employment
2 security fund in accordance with such rules and regulations as
3 the secretary may adopt and shall not be deducted, in whole or in
4 part, from the wages of individuals in such employer's employ. In
5 the payment of any contributions, a fractional part of \$.01 shall
6 be disregarded unless it amounts to \$.005 or more, in which case
7 it shall be increased to \$.01. Should contributions for any
8 calendar quarter be less than \$1, no payment shall be required.

9 (b) Rates and base of contributions. (1) Except as provided
10 in paragraph (2) of this subsection, each contributing employer
11 shall pay contributions on wages paid by the contributing
12 employer during each calendar year with respect to employment as
13 provided in K.S.A. 44-710a and amendments thereto.

14 (2) (A) If the congress of the United States either amends
15 or repeals the Wagner-Peyser act, the federal unemployment tax
16 act, the federal social security act, or subtitle C of chapter 23
17 of the federal internal revenue code of 1986, or any act or acts
18 supplemental to or in lieu thereof, or any part or parts of any
19 such law, or if any such law, or any part or parts thereof, are
20 held invalid with the effect that appropriations of funds by
21 congress and grants thereof to the state of Kansas for the
22 payment of costs of administration of the employment security law
23 are no longer available for such purposes, or (B) if employers in
24 Kansas subject to the payment of tax under the federal
25 unemployment tax act are granted full credit against such tax for
26 contributions or taxes paid to the secretary of human resources,
27 then, and in either such case, beginning with the year in which
28 the unavailability of federal appropriations and grants for such
29 purpose occurs or in which such change in liability for payment
30 of such federal tax occurs and for each year thereafter, the rate
31 of contributions of each contributing employer shall be equal to
32 the total of .5% and the rate of contributions as determined for
33 such contributing employer under K.S.A. 44-710a and amendments
34 thereto. The amount of contributions which each contributing
35 employer becomes liable to pay under this paragraph (2) over the
36 amount of contributions which such contributing employer would be

1 otherwise liable to pay shall be credited to the employment
2 security administration fund to be disbursed and paid out under
3 the same conditions and for the same purposes as other moneys are
4 authorized to be paid from the employment security administration
5 fund, except that, if the secretary determines that as of the
6 first day of January of any year there is an excess in the
7 employment security administration fund over the amount required
8 to be disbursed during such year, an amount equal to such excess
9 as determined by the secretary shall be transferred to the
10 employment security fund.

11 (c) Charging of benefit payments. (1) The secretary shall
12 maintain a separate account for each contributing employer, and
13 shall credit the contributing employer's account with all the
14 contributions paid on the contributing employer's own behalf.
15 Nothing in the employment security law shall be construed to
16 grant any employer or individuals in such employer's service
17 prior claims or rights to the amounts paid by such employer into
18 the employment security fund either on such employer's own behalf
19 or on behalf of such individuals. Benefits paid shall be charged
20 against the accounts of each base period employer in the
21 proportion that the base period wages paid to an eligible
22 individual, by each such employer bears to the total wages in the
23 base period. Benefits shall be charged to contributing
24 employers' accounts and rated governmental employers' accounts
25 upon the basis of benefits paid during each twelve-month period
26 ending on the computation date.

27 (2) (A) Benefits paid in benefit years established by valid
28 new claims shall not be charged to the account of a contributing
29 employer or rated governmental employer who is a base period
30 employer if the examiner finds that claimant was separated from
31 the claimant's most recent employment with such employer under
32 any of the following conditions: (i) Discharged for misconduct or
33 gross misconduct connected with the individual's work; or (ii)
34 leaving work voluntarily without good cause attributable to the
35 claimant's work or the employer.

36 (B) Where base period wage credits of a contributing

1 employer or rated governmental employer represent part-time
2 employment and the claimant continues in that part-time
3 employment with that employer during the period for which
4 benefits are paid, then that employer's account shall not be
5 charged with any part of the benefits paid if the employer
6 provides the secretary with information as required by rules and
7 regulations. For the purposes of this subsection (c)(2)(B),
8 "part-time employment" means any employment when an individual
9 works concurrently for two or more employers and also works less
10 than full-time for at least one of those employers because the
11 individual's services are not required for the customary,
12 scheduled full-time hours prevailing at the work place or the
13 individual does not customarily work the regularly scheduled
14 full-time hours due to personal choice or circumstances.

15 (C) No contributing employer or rated governmental
16 employer's account shall be charged with any extended benefits
17 paid in accordance with the employment security law, except for
18 weeks of unemployment beginning after December 31, 1978, all
19 contributing governmental employers and governmental rated
20 employers shall be charged an amount equal to all extended
21 benefits paid.

22 (D) No contributing employer or rated governmental
23 employer's account will be charged for benefits paid a claimant
24 while pursuing an approved training course as defined in
25 subsection (s) of K.S.A. 44-703 and amendments thereto.

26 (E) No contributing employer or rated governmental
27 employer's account shall be charged with respect to the benefits
28 paid to any individual whose base period wages include wages for
29 services not covered by the employment security law prior to
30 January 1, 1978, to the extent that the employment security fund
31 is reimbursed for such benefits pursuant to section 121 of public
32 law 94-566 (90 Stat. 2673).

33 (F) With respect to weeks of unemployment beginning after
34 December 31, 1977, wages for insured work shall include wages
35 paid for previously uncovered services. For the purposes of this
36 subsection (c)(2)(F), the term "previously uncovered services"

1 means services which were not covered employment, at any time
2 during the one-year period ending December 31, 1975, except to
3 the extent that assistance under title II of the federal
4 emergency jobs and unemployment assistance act of 1974 was paid
5 on the basis of such services, and which:

6 (i) Are agricultural labor as defined in subsection (w) of
7 K.S.A. 44-703 and amendments thereto or domestic service as
8 defined in subsection (aa) of K.S.A. 44-703 and amendments
9 thereto, or

10 (ii) are services performed by an employee of this state or
11 a political subdivision thereof, as provided in subsection
12 (i)(3)(E) of K.S.A. 44-703 and amendments thereto, or

13 (iii) are services performed by an employee of a nonprofit
14 educational institution which is not an institution of higher
15 education.

16 (3) The examiner shall notify any base period employer whose
17 account will be charged with benefits paid following the filing
18 of a valid new claim and a determination by the examiner based on
19 all information relating to the claim contained in the records of
20 the division of employment. Such notice shall become final and
21 benefits charged to the base period employer's account in
22 accordance with the claim unless within 10 calendar days from the
23 date the notice was mailed, the base period employer requests in
24 writing that the examiner reconsider the determination and
25 furnishes any required information in accordance with the
26 secretary's rules and regulations. In a similar manner, a notice
27 of an additional claim followed by the first payment of benefits
28 with respect to the benefit year, filed by an individual during a
29 benefit year after a period in such year during which such
30 individual was employed, shall be given to any base period
31 employer of the individual who has requested such a notice within
32 10 calendar days from the date the notice of the valid new claim
33 was mailed to such base period employer. For purposes of this
34 subsection (c)(3), if the required information is not submitted
35 or postmarked within a response time limit of 10 days after the
36 mailing date of the base period employer notice, the base period

1 employer shall be deemed to have waived its standing as a party
2 to the proceedings arising from the claim and shall be barred
3 from protesting any subsequent decisions about the claim by the
4 secretary, a referee, the board of review or any court, except
5 that the base period employer's response time limit may be waived
6 or extended by the examiner or upon appeal, if timely response
7 was impossible due to excusable neglect. The examiner shall
8 notify the employer of the reconsidered determination which shall
9 be subject to appeal, or further reconsideration, in accordance
10 with the provisions of K.S.A. 44-709 and amendments thereto.

11 (4) Time, computation and extension. In computing the period
12 of time for a base period employer response or appeals under this
13 section from the examiner's or the special examiner's
14 determination or from the referee's decision, the day of the act,
15 event or default from which the designated period of time begins
16 to run shall not be included. The last day of the period shall be
17 included unless it is a Saturday, Sunday or legal holiday, in
18 which event the period runs until the end of the next day which
19 is not a Saturday, Sunday or legal holiday.

20 (d) Pooled fund. All contributions and payments in lieu of
21 contributions and benefit cost payments to the employment
22 security fund shall be pooled and available to pay benefits to
23 any individual entitled thereto under the employment security
24 law, regardless of the source of such contributions or payments
25 in lieu of contributions or benefit cost payments.

26 (e) Election to become reimbursing employer; payment in lieu
27 of contributions. (1) Any governmental entity for which services
28 are performed as described in subsection (i)(3)(E) of K.S.A.
29 44-703 and amendments thereto or any nonprofit organization or
30 group of nonprofit organizations described in section 501(c)(3)
31 of the federal internal revenue code of 1986 which is exempt from
32 income tax under section 501(a) of such code, that becomes
33 subject to the employment security law may elect to become a
34 reimbursing employer under this subsection (e)(1) and agree to
35 pay the secretary for the employment security fund an amount
36 equal to the amount of regular benefits and 1/2 of the extended

1 benefits paid that are attributable to service in the employ of
2 such reimbursing employer, except that each reimbursing
3 governmental employer shall pay an amount equal to the amount of
4 regular benefits and extended benefits paid for weeks of
5 unemployment beginning after December 31, 1978, to individuals
6 for weeks of unemployment which begin during the effective period
7 of such election.

8 (A) Any employer identified in this subsection (e)(1) may
9 elect to become a reimbursing employer for a period encompassing
10 not less than four complete calendar years if such employer files
11 with the secretary a written notice of such election within the
12 thirty-day period immediately following January 1 of any calendar
13 year or within the thirty-day period immediately following the
14 date on which a determination of subjectivity to the employment
15 security law is issued, whichever occurs later.

16 (B) Any employer which makes an election to become a
17 reimbursing employer in accordance with subparagraph (A) of this
18 subsection (e)(1) will continue to be liable for payments in lieu
19 of contributions until such employer files with the secretary a
20 written notice terminating its election not later than 30 days
21 prior to the beginning of the calendar year for which such
22 termination shall first be effective.

23 (C) Any employer identified in this subsection (e)(1) which
24 has remained a contributing employer and has been paying
25 contributions under the employment security law for a period
26 subsequent to January 1, 1972, may change to a reimbursing
27 employer by filing with the secretary not later than 30 days
28 prior to the beginning of any calendar year a written notice of
29 election to become a reimbursing employer. Such election shall
30 not be terminable by the employer for four complete calendar
31 years.

32 (D) The secretary may for good cause extend the period
33 within which a notice of election, or a notice of termination,
34 must be filed and may permit an election to be retroactive but
35 not any earlier than with respect to benefits paid after December
36 31, 1971.

1 (E) The secretary, in accordance with such rules and
2 regulations as the secretary may adopt, shall notify each
3 employer identified in subsection (e)(1) of any determination
4 which the secretary may make of its status as an employer and of
5 the effective date of any election which it makes to become a
6 reimbursing employer and of any termination of such election.
7 Such determinations shall be subject to reconsideration, appeal
8 and review in accordance with the provisions of K.S.A. 44-710b
9 and amendments thereto.

10 (2) Reimbursement reports and payments. Payments in lieu of
11 contributions shall be made in accordance with the provisions of
12 paragraph (A) of this subsection (e)(2) by all reimbursing
13 employers except the state of Kansas. Each reimbursing employer
14 shall file quarterly wage reports with the secretary which shall
15 become due on or before the 25th day of the first month following
16 the last month of the calendar quarter or in accordance with such
17 rules and regulations as the secretary may adopt.

18 (A) At the end of each calendar quarter, or at the end of
19 any other period as determined by the secretary, the secretary
20 shall bill each reimbursing employer, except the state of Kansas,
21 (i) an amount to be paid which is equal to the full amount of
22 regular benefits plus 1/2 of the amount of extended benefits paid
23 during such quarter or other prescribed period that is
24 attributable to service in the employ of such reimbursing
25 employer; and (ii) for weeks of unemployment beginning after
26 December 31, 1978, each reimbursing governmental employer shall
27 be certified an amount to be paid which is equal to the full
28 amount of regular benefits and extended benefits paid during such
29 quarter or other prescribed period that is attributable to
30 service in the employ of such reimbursing governmental employer.

31 (B) Payment of any bill rendered under paragraph (A) of this
32 subsection (e)(2) shall be made not later than 30 days after such
33 bill was mailed to the last known address of the reimbursing
34 employer, or otherwise was delivered to such reimbursing
35 employer, unless there has been an application for review and
36 redetermination in accordance with paragraph (D) of this

1 subsection (e)(2).

2 (C) Payments made by any reimbursing employer under the
3 provisions of this subsection (e)(2) shall not be deducted or
4 deductible, in whole or in part, from the remuneration of
5 individuals in the employ of such employer.

6 (D) The amount due specified in any bill from the secretary
7 shall be conclusive on the reimbursing employer, unless, not
8 later than 15 days after the bill was mailed to the last known
9 address of such employer, or was otherwise delivered to such
10 employer, the reimbursing employer files an application for
11 redetermination in accordance with K.S.A. 44-710b and amendments
12 thereto.

13 (E) Past due payments of amounts certified by the secretary
14 under this section shall be subject to the same interest,
15 penalties and actions required by K.S.A. 44-717 and amendments
16 thereto. If any reimbursing employer is delinquent in making
17 payments of amounts certified by the secretary under this
18 section, the secretary may terminate such employer's election to
19 make payments in lieu of contributions as of the beginning of the
20 next calendar year and such termination shall be effective for
21 such next calendar year and the calendar year thereafter so that
22 the termination is effective for two complete calendar years.

23 (F) In the discretion of the secretary, any employer who
24 elects to become liable for payments in lieu of contributions and
25 any reimbursing employer who is delinquent in filing reports or
26 in making payments of amounts certified by the secretary under
27 this section shall be required within 60 days after the effective
28 date of such election, in the case of an eligible employer so
29 electing, or after the date of notification to the delinquent
30 employer under this subsection (e)(2)(F), in the case of a
31 delinquent employer, to execute and file with the secretary a
32 surety bond, except that the employer may elect, in lieu of a
33 surety bond, to deposit with the secretary money or securities as
34 approved by the secretary. The amount of the bond or deposit
35 required by this subsection (e)(2)(F) shall not exceed 3.6% 5.4%
36 of the organization's taxable wages paid for employment by the

1 eligible employer during the four calendar quarters immediately
2 preceding the effective date of the election or the date of
3 notification, in the case of a delinquent employer. If the
4 employer did not pay wages in each of such four calendar
5 quarters, the amount of the bond or deposit shall be as
6 determined by the secretary. Upon the failure of an employer to
7 comply with this subsection (e)(2)(F) within the time limits
8 imposed or to maintain the required bond or deposit, the
9 secretary may terminate the election of such eligible employer or
10 delinquent employer, as the case may be, to make payments in lieu
11 of contributions, and such termination shall be effective for the
12 current and next calendar year.

13 (G) The state of Kansas shall make reimbursement payments
14 quarterly at a fiscal year rate which shall be based upon: (i)
15 The available balance in the state's reimbursing account as of
16 December 31 of each calendar year; (ii) the historical
17 unemployment experience of all covered state agencies during
18 prior years; (iii) the estimate of total covered wages to be paid
19 during the ensuing calendar year; (iv) the applicable fiscal year
20 rate of the claims processing and auditing fee under K.S.A.
21 75-3798 and amendments thereto; and (v) actuarial and other
22 information furnished to the secretary by the secretary of
23 administration. In accordance with K.S.A. 75-3798 and amendments
24 thereto, the claims processing and auditing fees charged to state
25 agencies shall be deducted from the amounts collected for the
26 reimbursement payments under this paragraph (G) prior to making
27 the quarterly reimbursement payments for the state of Kansas. The
28 fiscal year rate shall be expressed as a percentage of covered
29 total wages and shall be the same for all covered state agencies.
30 The fiscal year rate for each fiscal year will be certified in
31 writing by the secretary to the secretary of administration on
32 July 15 of each year and such certified rate shall become
33 effective on the July 1 immediately following the date of
34 certification. A detailed listing of benefit charges applicable
35 to the state's reimbursing account shall be furnished quarterly
36 by the secretary to the secretary of administration and the total

1 amount of charges deducted from previous reimbursing payments
2 made by the state. On January 1 of each year, if it is
3 determined that benefit charges exceed the amount of prior
4 reimbursing payments, an upward adjustment shall be made therefor
5 in the fiscal year rate which will be certified on the ensuing
6 July 15. If total payments exceed benefit charges, all or part of
7 the excess may be refunded, at the discretion of the secretary,
8 from the fund or retained in the fund as part of the payments
9 which may be required for the next fiscal year.

10 (3) Allocation of benefit costs. The reimbursing account of
11 each reimbursing employer shall be charged the full amount of
12 regular benefits and 1/2 of the amount of extended benefits paid
13 except that each reimbursing governmental employer's account
14 shall be charged the full amount of regular benefits and extended
15 benefits paid for weeks of unemployment beginning after December
16 31, 1978, to individuals whose entire base period wage credits
17 are from such employer. When benefits received by an individual
18 are based upon base period wage credits from more than one
19 employer then the reimbursing employer's or reimbursing
20 governmental employer's account shall be charged in the same
21 ratio as base period wage credits from such employer bear to the
22 individual's total base period wage credits. Notwithstanding any
23 other provision of the employment security law, no reimbursing
24 employer's or reimbursing governmental employer's account shall
25 be charged for payments of extended benefits which are wholly
26 reimbursed to the state by the federal government.

27 (A) Proportionate allocation (when fewer than all
28 reimbursing base period employers are liable). If benefits paid
29 to an individual are based on wages paid by one or more
30 reimbursing employers and on wages paid by one or more
31 contributing employers or rated governmental employers, the
32 amount of benefits payable by each reimbursing employer shall be
33 an amount which bears the same ratio to the total benefits paid
34 to the individual as the total base period wages paid to the
35 individual by such employer bears to the total base period wages
36 paid to the individual by all of such individual's base period

1 employers.

2 (B) Proportionate allocation (when all base period employers
3 are reimbursing employers). If benefits paid to an individual are
4 based on wages paid by two or more reimbursing employers, the
5 amount of benefits payable by each such employer shall be an
6 amount which bears the same ratio to the total benefits paid to
7 the individual as the total base period wages paid to the
8 individual by such employer bear to the total base period wages
9 paid to the individual by all of such individual's base period
10 employers.

11 (4) Group accounts. Two or more reimbursing employers may
12 file a joint application to the secretary for the establishment
13 of a group account for the purpose of sharing the cost of
14 benefits paid that are attributable to service in the employment
15 of such reimbursing employers. Each such application shall
16 identify and authorize a group representative to act as the
17 group's agent for the purposes of this subsection (e)(4). Upon
18 approval of the application, the secretary shall establish a
19 group account for such employers effective as of the beginning of
20 the calendar quarter in which the secretary receives the
21 application and shall notify the group's representative of the
22 effective date of the account. Such account shall remain in
23 effect for not less than four years and thereafter such account
24 shall remain in effect until terminated at the discretion of the
25 secretary or upon application by the group. Upon establishment of
26 the account, each member of the group shall be liable for
27 payments in lieu of contributions with respect to each calendar
28 quarter in the amount that bears the same ratio to the total
29 benefits paid in such quarter that are attributable to service
30 performed in the employ of all members of the group as the total
31 wages paid for service in employment by such member in such
32 quarter bear to the total wages paid during such quarter for
33 service performed in the employ of all members of the group. The
34 secretary shall adopt such rules and regulations as the secretary
35 deems necessary with respect to applications for establishment,
36 maintenance and termination of group accounts that are authorized

1 by this subsection (e)(4), for addition of new members to, and
2 withdrawal of active members from such accounts, and for the
3 determination of the amounts that are payable under this
4 subsection (e)(4) by members of the group and the time and manner
5 of such payments.

6 Sec. 5. On July 1, 1989, K.S.A. 1988 Supp. 44-710a is hereby
7 amended to read as follows: 44-710a. (a) Classification of
8 employers by the secretary. The term "employer" as used in this
9 section refers to contributing employers. The secretary shall
10 classify employers in accordance with their actual experience in
11 the payment of contributions on their own behalf and with respect
12 to benefits charged against their accounts with a view of fixing
13 such contribution rates as will reflect such experience. If, as
14 of the date such classification of employers is made, the
15 secretary finds that any employing unit has failed to file any
16 report required in connection therewith, or has filed a report
17 which the secretary finds incorrect or insufficient, the
18 secretary shall make an estimate of the information required from
19 such employing unit on the basis of the best evidence reasonably
20 available to the secretary at the time, and notify the employing
21 unit thereof by mail addressed to its last known address. Unless
22 such employing unit shall file the report or a corrected or
23 sufficient report as the case may be, within 15 days after the
24 mailing of such notice, the secretary shall compute such
25 employing unit's rate of contributions on the basis of such
26 estimates, and the rate as so determined shall be subject to
27 increase but not to reduction on the basis of subsequently
28 ascertained information. The secretary shall determine the
29 contribution rate of each employer in accordance with the
30 requirements of this section.

31 (1) New employers. (A) No employer will be eligible for a
32 rate computation until there have been 24 consecutive calendar
33 months immediately preceding the computation date throughout
34 which benefits could have been charged against such employer's
35 account.

36 (B) (i) Effective January 1, 1983, employers who are not

1 eligible for a rate computation shall pay contributions at an
2 assigned rate equal to the sum of 1% plus the greater of the
3 average rate assigned in the preceding calendar year to all
4 employers in such industry division or the average rate assigned
5 to all covered employers during the preceding calendar year,
6 except that in no instance shall any such assigned rate be less
7 than 2%. Employers engaged in more than one type of industrial
8 activity shall be classified by principal activity. All rates
9 assigned will remain in effect for a complete calendar year. If
10 the sale or acquisition of a new establishment would require
11 reclassification of the employer to a different industry
12 division, the employer would be promptly notified, and the
13 contribution rate applicable to the new industry division would
14 become effective the following January 1.

15 (ii) For purposes of this subsection (a), employers shall be
16 classified by industrial activity in accordance with standard
17 procedures as set forth in rules and regulations adopted by the
18 secretary.

19 (C) "Computation date" means June 30 of each calendar year
20 with respect to rates of contribution applicable to the calendar
21 year beginning with the following January 1. In arriving at
22 contribution rates for each calendar year, contributions paid on
23 or before July 31 following the computation date for employment
24 occurring on or prior to the computation date shall be considered
25 for each contributing employer who has been subject to this act
26 for a sufficient period of time to have such employer's rate
27 computed under this subsection (a).

28 (2) Eligible employers. (A) A reserve ratio shall be
29 computed for each eligible employer by the following method:
30 Total benefits charged to the employer's account for all past
31 years shall be deducted from all contributions paid by such
32 employer for all such years. The balance, positive or negative,
33 shall be divided by the employer's average annual payroll, and
34 the result shall constitute the employer reserve ratio.

35 (B) Negative account balance employers as defined in
36 subsection (d) shall pay contributions at the rate of 5.4% for

1 calendar year 1983 and all years thereafter.

2 (C) Eligible employers, other than negative account balance
3 employers, who do not meet the average annual payroll
4 requirements as stated in subsection (a)(2) of K.S.A. 44-703 and
5 amendments thereto, will be issued the maximum rate indicated in
6 subsection (a)(3)(C) of this section until such employer
7 establishes a new period of 24 consecutive calendar months
8 immediately preceding the computation date throughout which
9 benefits could have been charged against such employer's account
10 by resuming the payment of wages. Contribution rates effective
11 for each calendar year thereafter shall be determined as
12 prescribed below.

13 (D) As of each computation date, the total of the taxable
14 wages paid during the twelve-month period prior to the
15 computation date by all employers eligible for rate computation,
16 except negative account balance employers, shall be divided into
17 21 approximately equal parts designated in column A of schedule I
18 as "rate groups," except, with regard to a year in which the
19 taxable wage base changes. The taxable wages used in the
20 calculation for such a year and the following year shall be an
21 estimate of what the taxable wages would have been if the new
22 taxable wage base had been in effect during the entire
23 twelve-month period prior to the computation date. The lowest
24 numbered of such rate groups shall consist of the employers with
25 the most favorable reserve ratios, as defined in this section,
26 whose combined taxable wages paid are less than 4.76% of all
27 taxable wages paid by all eligible employers. Each succeeding
28 higher numbered rate group shall consist of employers with
29 reserve ratios that are less favorable than those of employers in
30 the preceding lower numbered rate groups and whose taxable wages
31 when combined with the taxable wages of employers in all lower
32 numbered rate groups equal the appropriate percentage of total
33 taxable wages designated in column B of schedule I. Each eligible
34 employer, other than a negative account balance employer, shall
35 be assigned an experience factor designated under column C of
36 schedule I in accordance with the rate group to which the

1 employer is assigned on the basis of the employer's reserve ratio
 2 and taxable payroll. If an employer's taxable payroll falls into
 3 more than one rate group the employer shall be assigned the
 4 experience factor of the lower numbered rate group. If one or
 5 more employers have reserve ratios identical to that of the last
 6 employer included in the next lower numbered rate group, all such
 7 employers shall be assigned the experience factor designated to
 8 such last employer, notwithstanding the position of their taxable
 9 payroll in column B of schedule I.

SCHEDULE I -- Eligible Employers

11	Column A	Column B	Column C
12	Rate	Cumulative	Experience factor
13	group	taxable payroll	(Ratio to total wages)
14	1	Less than 4.76% .....	.025%
15	2	4.76% but less than 9.52 .....	.1
16	3	9.52 but less than 14.28 .....	.2
17	4	14.28 but less than 19.04 .....	.3
18	5	19.04 but less than 23.80 .....	.4
19	6	23.80 but less than 28.56 .....	.5
20	7	28.56 but less than 33.32 .....	.6
21	8	33.32 but less than 38.08 .....	.7
22	9	38.08 but less than 42.84 .....	.8
23	10	42.84 but less than 47.60.....	.9
24	11	47.60 but less than 52.36.....	1.0
25	12	52.36 but less than 57.12.....	1.1
26	13	57.12 but less than 61.88.....	1.2
27	14	61.88 but less than 66.64.....	1.3
28	15	66.64 but less than 71.40.....	1.4
29	16	71.40 but less than 76.16.....	1.5
30	17	76.16 but less than 80.92.....	1.6
31	18	80.92 but less than 85.68.....	1.7
32	19	85.68 but less than 90.44.....	1.8
33	20	90.44 but less than 95.20.....	1.9
34	21	95.20 and over	2.0

(E) Negative account balance employers shall, in addition to

1 paying the rate provided for in subsection (a)(2)(B) of this
 2 section, pay a surcharge based on the size of the employer's
 3 negative reserve ratio, the calculation which is provided for in
 4 subsection (a)(2) of this section. The amount of the surcharge
 5 shall be determined from column B of schedule II of this section.
 6 Each negative account balance employer who does not satisfy the
 7 requirements to have an average annual payroll, as defined by
 8 subsection (a)(2) of K.S.A. 44-703 and amendments thereto, shall
 9 be assigned a surcharge of 1%. Contribution payments made
 10 pursuant to this subsection (a)(2)(E) shall be credited to the
 11 appropriate account of such negative account balance employer.

12 SCHEDULE II -- Surcharge on Negative Accounts

Column A	Column B
Negative Reserve Ratio	Surcharge as a percent of taxable wages
Less than 2.0%	0.10%
2.0% but less than 4.0 .....	.20
4.0 but less than 6.0 .....	.30
6.0 but less than 8.0 .....	.40
8.0 but less than 10.0 .....	.50
10.0 but less than 12.0 .....	.60
12.0 but less than 14.0 .....	.70
14.0 but less than 16.0 .....	.80
16.0 but less than 18.0 .....	.90
18.0 and over	1.00

26 (3) Planned yield. (A) The average required yield shall be
 27 determined from schedule III of this section, and the planned
 28 yield on total wages in column B of schedule III shall be
 29 determined by the reserve fund ratio in column A of schedule III.
 30 The reserve fund ratio shall be determined by dividing total
 31 assets in the employment security fund provided for in subsection
 32 (a) of K.S.A. 44-712 and amendments thereto, excluding all moneys
 33 credited to the account of this state pursuant to section 903 of
 34 the federal social security act, as amended, which have been
 35 appropriated by the state legislature, whether or not withdrawn
 36 from the trust fund, and excluding contributions not yet paid on

1 July 31 by total payrolls for contributing employers for the
2 preceding fiscal year which ended June 30.

3 SCHEDULE III -- Fund Control

4 Ratios to Total Wages

5	Column A	Column B
6	Reserve Fund Ratio	Planned Yield
7	5.000% and over.....	0.40%
8	4.975 but less than 5.000%.....	0.41
9	4.950 but less than 4.975.....	0.42
10	4.925 but less than 4.950.....	0.43
11	4.900 but less than 4.925.....	0.44
12	4.875 but less than 4.900.....	0.45
13	4.850 but less than 4.875.....	0.46
14	4.825 but less than 4.850.....	0.47
15	4.800 but less than 4.825.....	0.48
16	4.775 but less than 4.800.....	0.49
17	4.750 but less than 4.775.....	0.50
18	4.725 but less than 4.750.....	0.51
19	4.700 but less than 4.725.....	0.52
20	4.675 but less than 4.700.....	0.53
21	4.650 but less than 4.675.....	0.54
22	4.625 but less than 4.650.....	0.55
23	4.600 but less than 4.625.....	0.56
24	4.575 but less than 4.600.....	0.57
25	4.550 but less than 4.575.....	0.58
26	4.525 but less than 4.550.....	0.59
27	4.500 but less than 4.525.....	0.60
28	4.475 but less than 4.500.....	0.61
29	4.450 but less than 4.475.....	0.62
30	4.425 but less than 4.450.....	0.63
31	4.400 but less than 4.425.....	0.64
32	4.375 but less than 4.400.....	0.65
33	4.350 but less than 4.375.....	0.66
34	4.325 but less than 4.350.....	0.67
35	4.300 but less than 4.325.....	0.68

1	4.275 but less than 4.300.....	0.69
2	4.250 but less than 4.275.....	0.70
3	4.225 but less than 4.250.....	0.71
4	4.200 but less than 4.225.....	0.72
5	4.175 but less than 4.200.....	0.73
6	4.150 but less than 4.175.....	0.74
7	4.125 but less than 4.150.....	0.75
8	4.100 but less than 4.125.....	0.76
9	4.075 but less than 4.100.....	0.77
10	4.050 but less than 4.075.....	0.78
11	4.025 but less than 4.050.....	0.79
12	4.000 but less than 4.025.....	0.80
13	3.950 but less than 4.000.....	0.81
14	3.900 but less than 3.950.....	0.82
15	3.850 but less than 3.900.....	0.83
16	3.800 but less than 3.850.....	0.84
17	3.750 but less than 3.800.....	0.85
18	3.700 but less than 3.750.....	0.86
19	3.650 but less than 3.700.....	0.87
20	3.600 but less than 3.650.....	0.88
21	3.550 but less than 3.600.....	0.89
22	3.500 but less than 3.550.....	0.90
23	3.450 but less than 3.500.....	0.91
24	3.400 but less than 3.450.....	0.92
25	3.350 but less than 3.400.....	0.93
26	3.300 but less than 3.350.....	0.94
27	3.250 but less than 3.300.....	0.95
28	3.200 but less than 3.250.....	0.96
29	3.150 but less than 3.200.....	0.97
30	3.100 but less than 3.150.....	0.98
31	3.050 but less than 3.100.....	0.99
32	3.000 but less than 3.050.....	1.00
33	2.950 but less than 3.000.....	1.01
34	2.900 but less than 2.950.....	1.02
35	2.850 but less than 2.900.....	1.03
36	2.800 but less than 2.850.....	1.04

1	2.750 but less than 2.800.....	1.05
2	2.700 but less than 2.750.....	1.06
3	2.650 but less than 2.700.....	1.07
4	2.600 but less than 2.650.....	1.08
5	2.550 but less than 2.600.....	1.09
6	2.500 but less than 2.550.....	1.10
7	2.450 but less than 2.500.....	1.11
8	2.400 but less than 2.450.....	1.12
9	2.350 but less than 2.400.....	1.13
10	2.300 but less than 2.350.....	1.14
11	2.250 but less than 2.300.....	1.15
12	2.200 but less than 2.250.....	1.16
13	2.150 but less than 2.200.....	1.17
14	2.100 but less than 2.150.....	1.18
15	2.050 but less than 2.100.....	1.19
16	2.000 but less than 2.050.....	1.20
17	1.975 but less than 2.000.....	1.21
18	1.950 but less than 1.975.....	1.22
19	1.925 but less than 1.950.....	1.23
20	1.900 but less than 1.925.....	1.24
21	1.875 but less than 1.900.....	1.25
22	1.850 but less than 1.875.....	1.26
23	1.825 but less than 1.850.....	1.27
24	1.800 but less than 1.825.....	1.28
25	1.775 but less than 1.800.....	1.29
26	1.750 but less than 1.775.....	1.30
27	1.725 but less than 1.750.....	1.31
28	1.700 but less than 1.725.....	1.32
29	1.675 but less than 1.700.....	1.33
30	1.650 but less than 1.675.....	1.34
31	1.625 but less than 1.650.....	1.35
32	1.600 but less than 1.625.....	1.36
33	1.575 but less than 1.600.....	1.37
34	1.550 but less than 1.575.....	1.38
35	1.525 but less than 1.550.....	1.39
36	1.500 but less than 1.525.....	1.40

1	1.475 but less than 1.500.....	1.41
2	1.450 but less than 1.475.....	1.42
3	1.425 but less than 1.450.....	1.43
4	1.400 but less than 1.425.....	1.44
5	1.375 but less than 1.400.....	1.45
6	1.350 but less than 1.375.....	1.46
7	1.325 but less than 1.350.....	1.47
8	1.300 but less than 1.325.....	1.48
9	1.275 but less than 1.300.....	1.49
10	1.250 but less than 1.275.....	1.50
11	1.225 but less than 1.250.....	1.51
12	1.200 but less than 1.225.....	1.52
13	1.175 but less than 1.200.....	1.53
14	1.150 but less than 1.175.....	1.54
15	1.125 but less than 1.150.....	1.55
16	1.100 but less than 1.125.....	1.56
17	1.075 but less than 1.100.....	1.57
18	1.050 but less than 1.075.....	1.58
19	1.025 but less than 1.050.....	1.59
20	1.000 but less than 1.025.....	1.60
21	0.900 but less than 1.000.....	1.61
22	0.800 but less than 0.900.....	1.62
23	0.700 but less than 0.800.....	1.63
24	0.600 but less than 0.700.....	1.64
25	0.500 but less than 0.600.....	1.65
26	0.400 but less than 0.500.....	1.66
27	0.300 but less than 0.400.....	1.67
28	0.200 but less than 0.300.....	1.68
29	0.100 but less than 0.200.....	1.69
30	Less than 0.100%.....	1.70

31 (B) Adjustment to taxable wages. The planned yield as a
 32 percent of total wages, as determined in this subsection (a)(3),
 33 shall be adjusted to taxable wages by multiplying by the ratio of
 34 total wages to taxable wages for all contributing employers for
 35 the preceding fiscal year ending June 30, except, with regard to

1 a year in which the taxable wage base changes. The taxable wages
2 used in the calculation for such a year and the following year
3 shall be an estimate of what the taxable wages would have been if
4 the new taxable wage base had been in effect during all of the
5 preceding fiscal year ending June 30.

6 (C) Effective rates. Except with regard to rates for
7 negative account balance employers, employer contribution rates
8 to be effective for the ensuing calendar year shall be computed
9 by adjusting proportionately the experience factors from schedule
10 I of this section to the required yield on taxable wages. For the
11 purposes of this subsection (a)(3), all rates computed shall be
12 rounded to the nearest .01% and for calendar year 1983 and
13 ensuing calendar years, the maximum effective contribution rate
14 shall not exceed 5.4%.

15 (b) Successor classification. (1) For the purposes of this
16 subsection (b), whenever an employing unit, whether or not it is
17 an "employing unit" within the meaning of subsection (g) of
18 K.S.A. 44-703 and amendments thereto, becomes an employer
19 pursuant to subsection (h)(4) of K.S.A. 44-703 and amendments
20 thereto or is an employer at the time of acquisition and meets
21 the definition of a "successor employer" as defined by subsection
22 (dd) of K.S.A. 44-703 and amendments thereto and is controlled
23 substantially either directly or indirectly by legally
24 enforceable means or otherwise by the same interest or interests,
25 shall acquire the experience rating factors of the predecessor
26 employer. These factors consist of all contributions paid,
27 benefit experience and annual payrolls of the predecessor
28 employer.

29 (2) A successor employer as defined by subsection (h)(4) or
30 subsection (dd) of K.S.A. 44-703 and amendments thereto may
31 receive the experience rating factors of the predecessor employer
32 if an application is made to the secretary or the secretary's
33 designee in writing within 120 days of the date of the transfer.

34 (3) Whenever an employing unit, whether or not it is an
35 "employing unit" within the meaning of subsection (g) of K.S.A.
36 44-703 and amendments thereto, acquires or in any manner succeeds

1 to a percentage of an employer's annual payroll which is less
2 than 100% and intends to continue the acquired percentage as a
3 going business, (A) shall acquire the same percentage of the
4 predecessor's experience factors if the employer is controlled
5 substantially, either directly or indirectly or by legally
6 enforceable means or otherwise, by the same interest or interests
7 or (B) may acquire the same percentage of the predecessor's
8 experience factors if: (A) (i) The predecessor employer and
9 successor employing unit make an application in writing on the
10 form prescribed by the secretary, (B) (ii) the application is
11 submitted within 120 days of the date of the transfer, (C) (iii)
12 the successor employing unit is or becomes an employer subject to
13 this act immediately after the transfer, (D) (iv) the percentage
14 of the experience rating factors transferred shall not be
15 thereafter used in computing the contribution rate for the
16 predecessor employer, and (E) (v) the secretary finds that such
17 transfer will not tend to defeat or obstruct the object and
18 purposes of this act.

19 (4) If the acquiring employing unit was an employer subject
20 to this act prior to the date of the transfer, the rate of
21 contribution for the period from such date to the end of the then
22 current contribution year shall be the same as the contribution
23 rate prior to the date of the transfer. An employing unit which
24 was not subject to this act prior to the date of the transfer
25 shall have a newly computed rate based on the transferred
26 experience rating factors as of the computation date immediately
27 preceding the date of acquisition. These experience rating
28 factors consist of all contributions paid, benefit experience and
29 annual payrolls.

30 (5) Whenever an employer's account has been terminated as
31 provided in subsections (d) and (e) of K.S.A. 44-711 and
32 amendments thereto and the employer continues with employment to
33 liquidate the business operations, that employer shall continue
34 to be an "employer" subject to the employment security law as
35 provided in subsection (h)(8) of K.S.A. 44-703 and amendments
36 thereto. The rate of contribution from the date of transfer to

1 the end of the then current calendar year shall be the same as
2 the contribution rate prior to the date of the transfer. At the
3 completion of the then current calendar year, the rate of
4 contribution shall be that of a "new employer" as described in
5 subsection (a)(1) of this section.

6 (6) No rate computation will be permitted an employing unit
7 succeeding to the experience of another employing unit pursuant
8 to this section for any period subsequent to such succession
9 except in accordance with rules and regulations adopted by the
10 secretary. Any such regulations shall be consistent with federal
11 requirements for additional credit allowance in section 3303 of
12 the federal internal revenue code of 1986, and consistent with
13 the provisions of this act.

14 (c) Voluntary contributions. Notwithstanding any other
15 provision of this-act-or the act-of-which-this-act-is-amendatory
16 employment security law, any employer may make voluntary payments
17 for the purpose of reducing or maintaining a reduced rate in
18 addition to the contributions required under this section. Such
19 voluntary payments may be made only during the thirty-day period
20 immediately following the date of mailing of experience rating
21 notices for a calendar year. All such voluntary contribution
22 payments shall be paid prior to the expiration of 120 days after
23 the beginning of the year for which such rates are effective. The
24 amount of voluntary contributions shall be credited to the
25 employer's account as of the next preceding computation date and
26 the employer's rate shall be computed accordingly, except that no
27 employer's rate shall be reduced more than two rate groups as
28 provided in schedule I of this section as the result of a
29 voluntary payment. An employer not having a negative account
30 balance may have such employer's rate reduced not more than two
31 rate groups as provided in schedule I of this section as a result
32 of a voluntary payment. An employer having a negative account
33 balance may have such employer's rate reduced to that prescribed
34 for rate group 21 of schedule I of this section by making a
35 voluntary payment in the amount of such negative account balance
36 or to that rate prescribed for rate group 20 of schedule I of

this section by making an additional voluntary payment that would increase such employer's reserve ratio to the lower limit required for such rate group 20. Under no circumstances shall voluntary payments be refunded in whole or in part.

(d) As used in this section, "negative account balance employer" means an eligible employer whose total benefits charged to such employer's account for all past years have exceeded all contributions paid by such employer for all such years.

Sec. 6. K.S.A. 1988 Supp. 44-706 is hereby repealed.

Sec. 7. On July 1, 1989, K.S.A. 1988 Supp. 44-703, 44-704a, 44-710 and 44-710a are hereby repealed.

Sec. 8. This act shall take effect and be in force from and after its publication in the Kansas register.

KANWORK PROGRAM ACTIVITY
YTD - January 1, 1989

	Total Counties	Barton	Finney	Sedgwick	Shawnee
Number of Registrants Referred	2,303	323	233	1,120	627
AFDC Registrants Referred	2,124	251	200	1,069	604
GA Registrants Referred	179	72	33	51	23
Number of Registrants Screened	1,244	282	170	420	372
AFDC Registrants Screened	1,167	241	146	417	363
GA Registrants Screened	77	41	24	3	9
Number of Registrants Placed (Employed)	250	21	39	129	61
FY '89 Placement Goal	1,630	77	77	991	485
Number of Registrants in Education/Training Plans	384	89	72	115	108

Average cost per placement (staff salaries & client services) \$2,140.00

NOTE: According to the latest SRS Projected Expenditures Report, the average cost of maintaining one client on welfare for one month was \$173.77, including food stamps. Since the KanWork target group is AFDC families, and the average family size is 3 persons, the average monthly cost of maintaining a family would be \$521.31, and \$6,255.72 for one year. Therefore, the placement of one KanWork participants can result in considerable annual savings of welfare dollars.

KANWORK PROGRAM ACTIVITY
YTD - February 1, 1989

	Total Counties	Barton	Finney	Sedgwick	Shawnee
Number of Registrants Referred	3,103	355	265	1,482	1,001
Number of Registrants Screened	1,936	316	187	742	691
Number of Registrants Placed (Employed)	378	23	49	190	116
Number of Registrants in Education/Training Plans	650	104	96	220	230

As reported by KanWork County Coordinators

NOTE: We project another increase in employment in Sedgwick County in the month of February and March with the request from Sears Telemarketing.

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YTD KANWORK EXPENDITURES

<u>ADMINISTRATION</u>		\$ 865,227
Salaries	776,114	
Capital Outlay (Furniture & Equipment for new KanWork positions)	40,865	
Travel	21,636	
State Aid to Local Units	8,991	
Rents	5,688	
Office Supplies	4,377	
Communications, Freight, and Express	2,002	
Printing	1,359	
Repair and Service	1,110	
Contractual Services	1,108	
Fees	1,450	
Professional Supplies	498	
Motor Vehicle Parts	29	
<u>CHILD CARE</u>		\$1,201,551
<u>TRANSPORTATION FOR PARTICIPANTS</u>		18,675
<u>PARTICIPANT EDUCATION AND TRAINING</u>		4,222
<u>TRANS-MED</u>		<u>1,358</u>
TOTAL		\$2,091,033

FINNEY COUNTY

The Finney County KanWork unit has actively worked to foster community interest, involvement, and ownership in the Finney County KanWork Project. The Community College agreed to apply for and subsequently received the grant from the Department of Human Resources through the Private Industry Council of service delivery area 1. The grant provides the staff position to serve as a liaison for our clients attending the Community College. We were also able to secure a 33% match funding for our GED costs through this grant. The grant staff will also supervise our job search component and provide individual job development services for our clients.

An on-the-job training site was established with the help of one of our local nursing homes. The nursing home provides hands-on nurse-aide training for clients interested in this type of career. The clients enroll in the nurse-aide class offered through our local Community College. Arrangements for tuition and fees to be paid through JTPA funds were made. The client is transferred from housekeeping where they begin to a nurse-aide position. After completing the first two weeks of the classroom training, the clients starts receiving \$4.10 per hour from the very beginning of the class. They are raised to \$4.65 per hour when they complete the training and are able to demonstrate their skill level is competitive. Generally this raise occurs between six to ten weeks after completing the classroom training.

Uniforms, shoes, and other equipment are provided for the client through the KanWork Special Needs Account. Child care and transportation costs are also covered by KanWork if the services are needed. The tax credit is filed on each client in this training program as an additional benefit to the employer. Because of the success of this program, two other employers have contacted our KanWork unit to discuss small scale training programs in their businesses.

Garden City has a Leadership Development Program modeled after Leadership Kansas. The program, Leadership Garden City, selected 16 participants from a field of 86 applicants. The supervisor of the Finney County KanWork unit was one of the 16 people chosen. This not only provides KanWork easy access to potential employers and community leaders, but shows the value the community places on the KanWork project in Finney County. The community has responded with \$25,112 worth of goods donated to the KanWork project for our clients since the project started in August of 1988. The KanWork project in Finney County is meeting real needs for real people, because our community has a strong work ethic, enormous heart, and an open mind.

SHAWNEE COUNTY

Most of the special projects which will be developing will come out of the work of our KanWork Advisory Board which began meeting in October. This twenty-one member board is comprised of many Shawnee County community leaders. The board has been divided into four subcommittees: Supportive Services, Employment, Education and Training, and the Family Mentor Program.

The Supportive Services Subcommittee has taken on the task of improving day care availability for KanWork participants. When the agency reported to the subcommittee that only 152 of the 401 providers accepted SRS children, the subcommittee surveyed the non-participating providers to find out why. Marilyn Ward reported to the Shawnee County Delegation recommending an increase in the SRS day care rate for KanWork children.

The Employment Subcommittee has chosen marketing as their first task. The subcommittee has gathered material on the targeted job tax credit, JTPA's on-the-job training component, and other strategies for selling the program to the employment community. The next priority will be to decide which employers to target and how best to get the job done given the limited personnel resources the agency has for job development.

The Education and Training Subcommittee is working on ways to improve adult basic education services in Shawnee County. Another priority for this group is to find a good tool for vocational assessment and we expect their advice on this matter shortly.

Finally, the subcommittee for the Family Mentor Program has worked with our Volunteer Services Coordinator. This subcommittee has members with long histories of volunteerism in Topeka, and my hope is that they will continue to help our Volunteer Services Coordinator to find ways to get volunteers for the mentor program.

Another successful project is one that Topeka Area Office has worked on with Topeka State Hospital to transition Community Work Experience Program (CWEP) participants to permanent full-time employment. Since the beginning of the program we have placed twelve individuals as Health Service Workers. In January, six were placed with a starting salary of \$6.80 per hour. Lois Jebo spoke to a group of CWEP work site supervisors from other state agencies about this project at the quarterly CWEP Work Site Supervisors Meeting in December. The Topeka State Hospital Project will be a model for other state agencies who use CWEP participants.

SEDGWICK COUNTY

Sears is opening a catalog center in Wichita and will be hiring 1,600 employees. They are wanting to hire recipients in consultant positions. These positions pay \$4.50 per hour with a minimum of twenty-five hours per week. These positions provide fringe benefits, which include medical coverage for \$27.00 per month after six months of employment. They are particularly interested in working with hard to place clients.

A total of 6,400 brochures were mailed to SRS clients. Over 3,000 calls were returned and 1,100 people were scheduled for training. Approximately 500 people were referred to the Job Service Center.

There has been close cooperation with the Department of Human Resources and the City of Wichita JTPA staff to plan and monitor progress at the administrative level. In addition, the Department of Human Resources and JTPA meet with Job Club participants during the second week of Job Club. Department of Human Resources line staff also meet regularly with clients to provide employment information.

Wichita now has 60 staff on board with 3 vacant positions. Units have been established, and 60-80 assessments per day are being scheduled with a 50% appearance rate.

The search for a temporary nurse to work with the Health Department to license day care homes is nearing completion.

BARTON COUNTY

The first session for Survival Skills Training was held in December, with a total of 8 in the group. The Survival Skills Training include budgeting, grooming, consumer education, assertiveness training, food preparation, and nutrition. The current session involves a special program for couples and one for men only.

There is a total of 28 family mentors who have volunteered from the community to assist with the KanWork Program. These volunteers attend two evening sessions of training before working with the clients. The Great Bend office has accomplished most of the recruitment of volunteers from speaking to community organizations.

There has been close cooperation with Barton County Community College in both the training and education and the job referral components. There are currently 44 individuals participating in GED, ABE, and ESL Programs. Referrals made through JTPA are coordinated with Barton County Community College and the Department of Human Resources for job placement after the individual is judged to be job ready.

MEMORANDUM

December 8, 1988

TO: Joint Committee on Economic Development

FROM: Kansas Legislative Research Department

RE: Investments in Human Capital -- How to Make Our Work Force More Productive

In recent years, literature on human resources development has been replete with data about the projected composition of the work force in the year 2000 and the anticipated mismatch between educational achievement and skills of new workers and the educational and skill requirements of the job market. The table below, extracted from Workforce 2000, illustrates the projected change in work force composition.

TABLE I

	1985 <u>Labor Force</u>	Net New Workers <u>1985-2000</u>
Total	115,461,000	25,000,000
Native White Men	47%	15%
Native White Women	36	42
Native Non-White Men	5	7
Native Non-White Women	5	13
Immigrant Men	4	13
Immigrant Women	3	9

Source: Hudson Institute.

Nonwhites, women, and immigrants will comprise more than five-sixth of the net increase between the years 1985 and 2000, yet now lag behind white males in their educational attainment and real wage earnings. Moreover, the fastest growing job categories will be in professional, technical, and sales fields requiring the highest education and skills. Of these, all but that of service occupations (and even that is debatable), require more than the median level of education.¹ The shift away from manufacturing jobs to service jobs has

¹See Executive Summary of Workforce 2000 in Competitiveness and the Quality of the American Work Force, Hearings before the Subcommittee on Education and Health of the Joint Economic Committee, U.S. Congress, 100th Congress, Part 1, September-October, 1987, pp. 263-278.

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Attachment III

had a disproportionately harsh effect on minority workers, particularly black males and workers with little formal education. In 1983, the ratio of average annual income of black men to that of white men was 52 percent, down from a post-World War II high of 58 percent in 1969.²

The proportion of older workers in the work force also will change between now and the year 2000. The number of workers between the ages of 35 and 54 will increase by more than 25 million, and the median age for employed Americans will rise to 39 years, up from 36 years in 1987.³ By the year 2000, the absolute numbers of workers aged 20-24 will decrease by 14 percent, and workers aged 25-34 will decline by 14.6 percent.⁴ The greater stability, experience, and increased savings and investments attributable to an older work force should spur the economy. However, an older work force may be less willing to take risks and to make changes necessary for sustained economic growth.⁵

In addition to the complicating effects of a changing work force composition and mismatches between available employees' skills and employers' needs, there is a problem with Americans' expectations regarding their living standards. For example, to ensure the competitiveness of the American work force with its Asian counterparts will be an ongoing challenge. As the General Manager of IBM notes:

The day of easy competition has ended. Today we are competing with 19 million Taiwanese, 43 million Koreans, 120 million Japanese, and one billion Chinese who follow a tradition of rising at six in the morning, doing calisthenics, and working six days a week for modest wages.

There is no way that we Americans are going to convert to that lifestyle. So our strategy must be to invest in people and machines that will allow us to keep delivering products and services while maintaining our traditional American work styles. It all boils down to the fact that, we don't always need to work harder -- we need to work smarter.⁶

This observation is particularly germane, when one considers the unlikely prospect of the U.S. average labor cost per hour sinking to that of Malaysia (\$1.10), Thailand (\$.75), or Shenzhen, China (\$.60).

²Joseph Duffey, "Competitiveness and Human Resources," California Management Review, Spring, 1988, Vol. 30, No. 3, 95-96.

³Opportunity 2000: Creative Affirmative Action Strategies for a Changing Workforce, Indianapolis: Hudson Institute, p.5

⁴Ibid., p. 147.

⁵Ibid., pp. 5-6

⁶Statement of Richard L. Daugherty, IBM Corporation, in Scientific and Technical Literacy in the Work Force, Hearing before the Subcommittee on Science, Research, and Technology of the Committee on Science, Space, and Technology, House of Representatives, 100th Congress, November 9, 1987, pp. 15-16.

But what are our prospects for working "smarter"? The National Assessment of Educational Progress (NAEP) conducted a study of the literacy of young adults (Kirsch and Jungeblut, 1986) which disclosed that:

1. eighty percent could not interpret a bus schedule well enough to determine when the next bus will arrive;
2. thirty-eight percent could not use a menu to determine the cost of a simple meal and calculate the change they should receive;
3. ninety percent could not use unit price information to determine which product was more economical by calculating cost per ounce from cost per pound;
4. forty-four percent of blacks, thirty-one percent of Hispanics, and ten percent of whites could not even read a paycheck stub well enough to report gross earnings to date.⁷ Less than half of today's 21 to 24 year olds have the skills that almost three out of every four future jobs will require.⁸

What is being addressed in the examples above could be termed "functional illiteracy" -- an admittedly elusive term and one that undoubtedly has different meanings in different jobs. One definition is "the lack of educational skills to fully participate in society."⁹ This begs the question, of course, as to what it means to "fully participate in society." An estimated 25 million American adults 17 years old and older are termed "functional illiterates." Many of them cannot read at all and the best of them can at most read haltingly up to a third- or fourth-grade level. It is estimated that an additional 45 million adults are so limited in the basic skills of reading, writing, and arithmetic that they are only marginally competent to cope with their daily environment.¹⁰ Approximately 37.6 percent of adults could be considered functionally or almost functionally illiterate.¹¹ Estimates of the number of functional illiterates vary, as Jonathan Kozol illustrates in his book Illiterate America; however, as he notes: "By even the most conservative calculations . . . we are speaking here of well above one-third of all American

⁷See John H. Bishop, "Why High School Students Learn So Little and What Can Be Done About It," in Competitiveness and the Quality of the American Work Force, p.188.

⁸See Arnold Packer's prepared statement in Competitiveness and the Quality of the American Work Force, p. 256.

⁹Small Business in the American Economy, U.S. Small Business Administration, Office of Advocacy, 1988, p. 77.

¹⁰Harold W. McGraw, "Adult Functional Illiteracy: What To Do About It," Personnel, October, 1987, p. 38.

¹¹U.S.Census Data for population aged 18 and older, 1988 estimate and for age 17 years old, 1980 merged.

adults."¹² While there is no agreed-upon number for "illiterates" in Kansas, the number of such adults aged 20 years and older is almost 152,000 or 9 percent of the adult population in the state for that age group.¹³

A report titled Workplace Literacy: Targeting the Future cites these disturbing statistics: each year, 700,000 young people drop out of high school, and an equal number graduate without functional literacy.¹⁴ The graduation rate adjusted for migration and unclassified students in Kansas was 81.5 percent in 1986. Although this has the effect of ranking Kansas 11th in the U.S., there are still 18.5 percent who did not graduate in 1986, many of whom might be classified as functionally illiterate. Given the data from Workplace Literacy, cited above, one might expect an additional 18 percent to graduate high school without sufficient literacy skills.

However, functional literacy alone might not suffice in the work place. In an article "A Perspective on the Future: What Business Needs from Higher Education," John Scully, President and CEO of Apple Computer, Inc., notes that "the ability to think, rather than simply remember facts, will be an important skill. Memorizing facts can be done much better by computer We've got to prepare people with conceptual skills, so that they can be skeptical and contrast and compare different ideas."¹⁵ This is not an observation only applicable to highly skilled workers. For example, assembly line workers in many manufacturing plants are learning statistical process control which presupposes a solid grounding in mathematics. As one manager stated, factory workers "now need to think sequentially on the job. Before the advanced technology, they didn't have to think as much."¹⁶

Deficiency in work-related skills, perhaps most acute among minorities, immigrants, and other economically disadvantaged groups, is not the only problem. Many of these people are also isolated from job opportunities. They may be physically isolated in that they live in central cities in which many other unskilled or low-skilled workers are concentrated and from which there is an out-migration of unskilled jobs. Many face language barriers, and many are socially isolated from the work culture in that they have never or rarely interacted with employed individuals and know no other type of life than that of

¹²Jonathan Kozol, Illiterate America, New York: Anchor Press/Doubleday, 1985, p.10.

¹³Extrapolated - from - the English Literature Proficiency Survey Study, commissioned by the U.S. Department of Education and conducted by the Bureau of Census in the Fall of 1982.

¹⁴Workplace Literacy: Targeting the Future, A Report on the National Conference on Workplace Literacy, Office of Advocacy, U.S. Small Business Administration, Washington, D.C., October 3-4, 1988, p.2.

¹⁵John Scully, "A Perspective on the Future: What Business Needs from Higher Education," Change, March, April 1988, p. 41.

¹⁶ Opportunity 2000, p. 14.

unemployment.¹⁷ The following section addresses methods used by state government, often in conjunction with other governmental units and the private sector, to redress some of the problems that undermine the prosperity of this country and its capacity to compete effectively with other nations.

Training Programs -- General Overview

There are many training programs in Kansas offered through all levels of government, the private sector, community colleges, and vocational schools. Evaluating the effectiveness of such programs is no easy task and any efforts to improve coordination among programs and change their focus and structures should be predicated on an understanding of the objectives, operations, and restrictions (some federally imposed) of training and job preparatory programs. Different types of programs also have implications for the appropriate role of state government support and funding mechanisms. A proposal submitted to the National Commission for Employment Policy (February, 1988) identified three types of employer-based training:

1. Remedial Education and Training compensates for deficiencies in the public education and pre-employment training system or assists in improving the economic situation of disadvantaged workers. This is accomplished by means of indirect grants through public education and training organizations for upgrading basic and vocational skills, as well as direct wage subsidies for on-the-job training and work experience. Examples include Job Training Partnership Act (JTPA) wage subsidies for on-the-job training and work experience and workplace literacy programs.
2. Employee/Career Development Training supports the development of general employment skills rather than job specific skills linked with a particular employer. The goals of these programs are to bring individual workers up to a minimal level of competency and provide the business community with an adequate labor pool. Program financing may be provided on a cost-share basis involving employees, employers, and government. Financing mechanisms may include direct employee contributions or may be part of an employer-sponsored fringe benefits package, such as tuition assistance programs, professional conferences, workshops and training programs, and in-house training programs.
3. Job-Related Training hones workers' skills for specific workplace applications within a particular company or industry and is designed to improve company or industry performance and worker productivity. Examples are Kansas Industrial Training and Retraining funds for specific projects and JTPA discretionary grants (pp. 9-10).

The scope of this memorandum does not address, except tangentially, the role of higher education with respect to human resource development. However, the importance of higher education for increased worker productivity

¹⁷ Ibid., p. 68.

should not be ignored as one proceeds to consider the proper role of state support for job assistance programs. At a minimum, it should be recognized that the distinction between "education" provided in colleges and universities and "training" provided by the corporate system is no longer easily maintained. As Patricia Cross noted in her article "New Frontiers for Higher Education: Business and the Professions":

Noncollegiate organizations have moved into "education" almost as fast as colleges, especially community colleges, have moved into "training," and the distinction (between training and education) is now blurred beyond usefulness -- at least when applied to providers. Colleges are heavily involved in training as well as in education; and the programs of many corporations contain as much emphasis on theory, research, and personal development as any business school.¹⁸

In Kansas, as in other states, postsecondary institutions are active participants in state-supported programs that involve partnerships with governmental agencies and the private sector. (The next section provides several examples.) Rapidly changing technologies are dramatically altering the needs of the work force at all levels -- low skilled; moderately skilled; and professional -- and the questions to be addressed on an ongoing basis are: to what extent do all postsecondary schools, particularly those receiving public support -- meet those needs? Are class schedules and training opportunities accessible to the individuals for whom these programs have been designed? These questions assume added pertinence when one considers that, according to recent studies, the time it takes for one-half of all workers' skills to become obsolete has declined from 7-14 years to 3-5 years.¹⁹

Training Programs -- Kansas

In recent years the Legislature has expressed concern about coordination among the various state-supported job assistance and training programs. The 1986 Redwood-Krider report recommended that a coordinated human resources strategy for the Job Training Partnership Act (JTPA) program, vocational education, and Kansas Industrial Training (KIT) program be focused on economic development programs and that the coordination among KIT and other training programs be enhanced. A staff position, housed in the Kansas Department of Commerce since FY 1987, coordinates the KIT and Kansas Industrial Retraining (KIR) programs with the on-the-job training components of the JTPA Title IIA and III training programs, the Rural Employment Assistance program (REAP), and other training programs. In addition, another staff position, housed in the Division of Policy and Management Analysis, Department of Human Resources, coordinates the JTPA training programs administered by Human Resources, Kansas Department on Aging, and State Department of Education, in addition to training efforts of

¹⁸Cited in Nell P. Eurich, Corporate Classrooms: the Learning Business, the Carnegie Foundation for the Advancement of Teaching, Princeton: New Jersey, 1985, p. 15.

¹⁹See Assessing the Effectiveness of State-Financed Employer-Based Training Programs, p. 13

the Work Incentive Program (WIN) and KanWork, and a program which involves state approval of apprenticeship programs provided by companies.

This section summarizes the major training efforts administered by state agencies. It is by no means an exhaustive list of such efforts, nor is it very detailed. Much of the information below has been extracted from the budget documents submitted by various state agencies for FY 1990.

I. Work Incentive Program (WIN). This program is co-administered by the Departments of Human Resources and Social and Rehabilitation Services (SRS). WIN, which is currently administered in Topeka and Wichita, provides labor market exposure, job counseling, job development, referral and placement to recipients of Aid to Families with Dependent Children (AFDC). The primary objective of WIN is to assist these clients in obtaining unsubsidized employment and thereby becoming self-sufficient. For the past several years this program has emphasized assistance in obtaining Adult Basic Education, General Education Development, basic skills, and other skill training, when needed. This program coordinates with the Employment and Training Services and KanWork.

The Congress has extended the WIN program to October 1, 1990 and appropriated FFY 1989 funding at approximately the FFY 1988 level. Program funding is 90 percent federal and 10 percent state (State General Fund), with the state portion included in the Social and Rehabilitation Services' budget. Finance Council action on November 15, 1988 increased the federal expenditure limitation from \$164,506, authorized by the 1988 Legislature, to \$450,140.

II. Job Training Partnership Act (JTPA). JTPA provides federal funds to states to establish programs that will prepare youth and unskilled adults for entry into the labor force. Resources are targeted to the economically disadvantaged and others who face serious barriers to employment. The Governor has designated five Service Delivery Areas (SDAs) to operate local JTPA programs and established a Local Elected Official (LEO) Board for each SDA. (See Attachment I for SDA locations.) Each LEO Board appointed a Private Industry Council (PIC) to oversee the operation of the JTPA program of its respective SDA. Both the LEO Boards and PICs are responsible for policy, the development of Job Service and JTPA program plans, oversight of the SDA's JTPA program, and designation of a grant recipient and administrative entity for the SDA.

Title IIA of JTPA -- Training and Services for the Disadvantaged -- authorizes that 78 percent of all IIA funds be disbursed to local areas or SDAs. The remaining 22 percent is apportioned for state oversight (5 percent), use by the State Department of Education to provide (primarily on a contractual basis) job training, basic education, vocational counseling, and placement services (8 percent), training assistance grants administered by the Kansas Department on Aging (3 percent), and technical assistance and incentive awards to SDAs (6 percent). FY 1989 budgeted expenditures total \$10,521,117. Of that total, \$8,206,471 is allocated to the SDAs, and the remaining amount is used by the Department of Human Resources for administration, education, coordination, technical support, or transfer payments to the Department on Aging and State Department of Education.

Title IIB of JTPA provides work experience training by predominantly public sector employers to youth aged 16-21 under the auspices of the Summer Youth Employment and Training Program. This program runs from approximately May

through September annually and offers young people remedial education and literacy testing, if needed. Funding for FY 1989 is budgeted at \$4,166,613.

Title III of JTPA -- Employment and Training Assistance for Dislocated Workers -- establishes programs for workers who have been displaced because of plant closings and reductions in work force and who can no longer return to their previous occupations. Title III funds are used for retraining, job search assistance, relocation for employment, job development and placement. Discretionary funds under Title III are targeted to special needs, such as large industries or plant closings which exceed the state's capabilities to fund them from formula-derived moneys. During FY 1989 new federal legislation authorizing the Worker Readjustment Assistance Program (WRAP) is being implemented as a replacement for Title III. Sixty percent of funds authorized for this program are to be disbursed from the Governor's Office and the remaining 40 percent from the Department of Human Resources. The objective of WRAP is to establish labor-management partnerships which would intercede rapidly to avert plant and facility closings, whenever possible, and ease the dislocation process whenever closings are inevitable.

One program initiative funded with discretionary moneys is the Consortium for Automobile Industry Retraining and Employment (CARE) -- a partnership between Kansas and Missouri, Penn Valley Community College, and the United Auto Workers/General Motors Human Resource Center, Region V. In FY 1988, the Department of Labor provided the Kansas Department of Human Resources with \$1 million to furnish employment and training assistance to dislocated automobile industry workers in the Greater Metropolitan Kansas City area. Total FY 1989 carry-over expenditures for CARE are \$881,500. FY 1989 budgeted expenditures for the Title III formula-based portion of the program are \$1,316,042, and carry-over funds under Title III are \$385,000.

III. Rural Employment Assistance Program (REAP). REAP provides job search, relocation, tuition assistance, and on-the-job training assistance to individuals who can no longer derive their incomes from agriculture. The program offices are co-located in educational institutions, job services offices or donated private facilities. The WRAP legislation will affect the disposition of REAP. A total of \$606,456 from formula-based JTPA Title III funds (\$300,000) and penalty and interest moneys in the Special Employment Security Fund (\$306,456) was approved by the 1988 Legislature for FY 1989.

IV. Kansas Industrial Training (KIT) and Kansas Industrial Retraining (KIR) Programs. Although the KIT program has provided customized training assistance since FY 1973, it was not established by statute until the enactment of 1988 H.B. 2515. The KIT program, administered by the Kansas Department of Commerce, is intended to provide job training to new companies and expanding companies in Kansas. For FY 1989, \$1.2 million from the Economic Development Initiatives Fund (EDIF) and \$700,000 from federal vocational education (Carl Perkins) funds, transferred from the State Department of Education, have been budgeted for KIT projects. JTPA funds are also used for these projects. Unlike EDIF and Carl Perkins funds which can be committed at the beginning of a training project, JTPA funds are committed as JTPA eligible employees are hired during the training period.

The Department of Commerce also administers KIR, a new program established in 1988 H.B. 2515. This program is intended to help workers who are threatened with displacement unless they upgrade their job skills or retrain for

other jobs. To date, there have been no applications for program assistance -- a fact which is attributed by the Program Coordinator, in part, to the newness of the program and the lack of awareness of its existence among businesses and industries. Although \$1.2 million from the EDIF was authorized for both KIT and KIR in FY 1989, that amount will be applied exclusively to the KIT program.

V. Carl Perkins Vocational Education Title IIA Funds. Federal Carl Perkins Title IIA funds are expended for vocational training services for special populations which, by federal law, include the handicapped, disadvantaged, single parents and homemakers, and individuals in correctional institutions. Under Title IIA, funds are also available for training in nontraditional occupations and for adult training and retraining. Training is provided primarily by area vocational technical schools and community colleges, in addition to unified school districts and universities. The State Department of Education oversees these training projects. A business may request assistance from an educational institution to provide training. The institution, in turn, applies to the State Department of Education for funding. For the most part, no matching requirement governs applications for Title IIA funding. The Department then reviews the application and makes a determination. A total of \$5,042,928 of Carl Perkins funds is budgeted for Title IIA services in FY 1989. This total includes carryover funds from the previous year. Also included in this total is \$700,000 for the KIT program, addressed above.

VI. Older Kansans Employment Program (OKEP) and Other Programs Targeted to Older Workers. The older workers JTPA program is administered by the Department on Aging. This program, which is targeted to disadvantaged elderly persons aged 55 and older, provides job training and placement. The FY 1989 budget for the program is \$307,769, an increase of \$4,642 over authorized FY 1989 expenditures of \$303,127. As previously noted, this program is funded from 3 percent of JTPA Title IIA funds received by the state. In addition, the Department on Aging administers the state-funded OKEP, the intent and services of which are the same as the older workers JTPA program. OKEP services are targeted to individuals aged 55 or older who do not meet the guidelines of the JTPA program, but are in the income range immediately above the poverty level. Expenditures of \$100,000 from the State General Fund were authorized for the program for FY 1989. Finally, the Senior Community Service Employment Program (SCSEP), authorized under Title V of the Older Americans Act, provides subsidized employment services to economically disadvantaged persons aged 55 and older. This project serves eight counties in the Wichita area. For FY 1989, federal expenditures of \$37,772 are budgeted for administration and \$647,874 was expended for a contract with American Red Cross to provide program services.

VII. KanWork. KanWork was established pursuant to 1988 H.B. 2644. The objective of this program is to provide job preparation service, basic education, job training, support and placement services to AFDC clients so that they can become financially independent. Job preparation involves supervised and unsupervised job search, job club workshops, and job referral and placement services. Job training includes on-the-job training in conjunction with JTPA activities, community work experience and grant diversion (funds that would be used for direct assistance may be paid to employers to pay wages for on-the-job trainees), remedial education, college and community college courses, and courses in English as a Second Language. KanWork offers transitional services which include child care, medical care, transportation, and special needs allowances. As part of the KanWork program, state-supported child development centers will be established to provide child care for participants' children and

opportunities for participants interested in employment in the area of child care. Services provided by these centers will also be available to the children of state and local government employees, KanWork staff, and eligible teenage parents.

This program is being implemented in Barton, Finney, Shawnee, and Sedgwick counties. For FY 1989, the 1988 Legislature appropriated \$5 million from the State General Fund with the assumption that additional federal funds will be forthcoming to partially support the program.

Conclusion

The composition of the work force will reflect a greater proportion of women, minority groups, immigrants, disabled workers, and older workers within the next 20 years. In addition, much of the employment has shifted from goods-producing industries to service and information jobs. Small businesses have been and will continue to be the primary job generator in the U.S. economy. From 1980-1986, small businesses created 63 percent of more than ten million jobs generated in the country.²⁰ More than half of all new jobs created over the next 20 years will require some education beyond high school and almost a third will be filled by college graduates. Presently, only 22 percent of all occupations require a college degree.²¹ However, many new entrants to the job market over the next 20 years will lack the requisite skills to fill such jobs. Functional illiteracy is a great obstacle, in addition to linguistic barriers, and outmoded skills.

The state-administered training programs summarized in the previous section were developed in many cases to address immediate employer-training needs. Indeed, as the Task Force on Business Training concluded in its recommendations to the Legislative Commission on Economic Development: "In order to use its resources wisely, the job training system must train for jobs that already exist or that are certain to soon be available. The role of the job training system must, therefore, be reactive. It must respond as quickly and efficiently as possible to real needs that actually exist, and it must not gamble its resources in an attempt to anticipate needs in advance of job creation." Policy questions that arise from this statement are: To what extent should the Legislature continue to adhere to that position? Is a reactive approach still the most reasonable one? Are the existing training programs capable of addressing adequately the demographic changes which are projected to occur within the next few years and should a more proactive approach be considered?

In several states, among them Illinois, Minnesota, Mississippi, Ohio, and Wisconsin, training programs have been or will be developed which are designed to provide low income or unemployed people, in many cases AFDC recipients, with self-employment training and assistance. The National Conference of State Legislatures recently issued a report, From Unemployed to Self-Employed: A Program Analysis (September, 1988), which might be a basis for further legislative discussion. The idea of integrating entrepreneurship into

²⁰Small Business in the American Economy, U.S. Small Business Administration, Office of Advocacy, p. 107.

²¹Opportunity 2000, p. 14.

a state job training system emerged in the report of the Task Force on Business Training which recommended that "greater emphasis should be placed on the option of unemployed persons becoming entrepreneurs. Job service offices and JTPA administrators should devote greater attention to this objective." The policy question underlying this concept is whether public sector funds should be used to assist the unemployed in entrepreneurial endeavors.

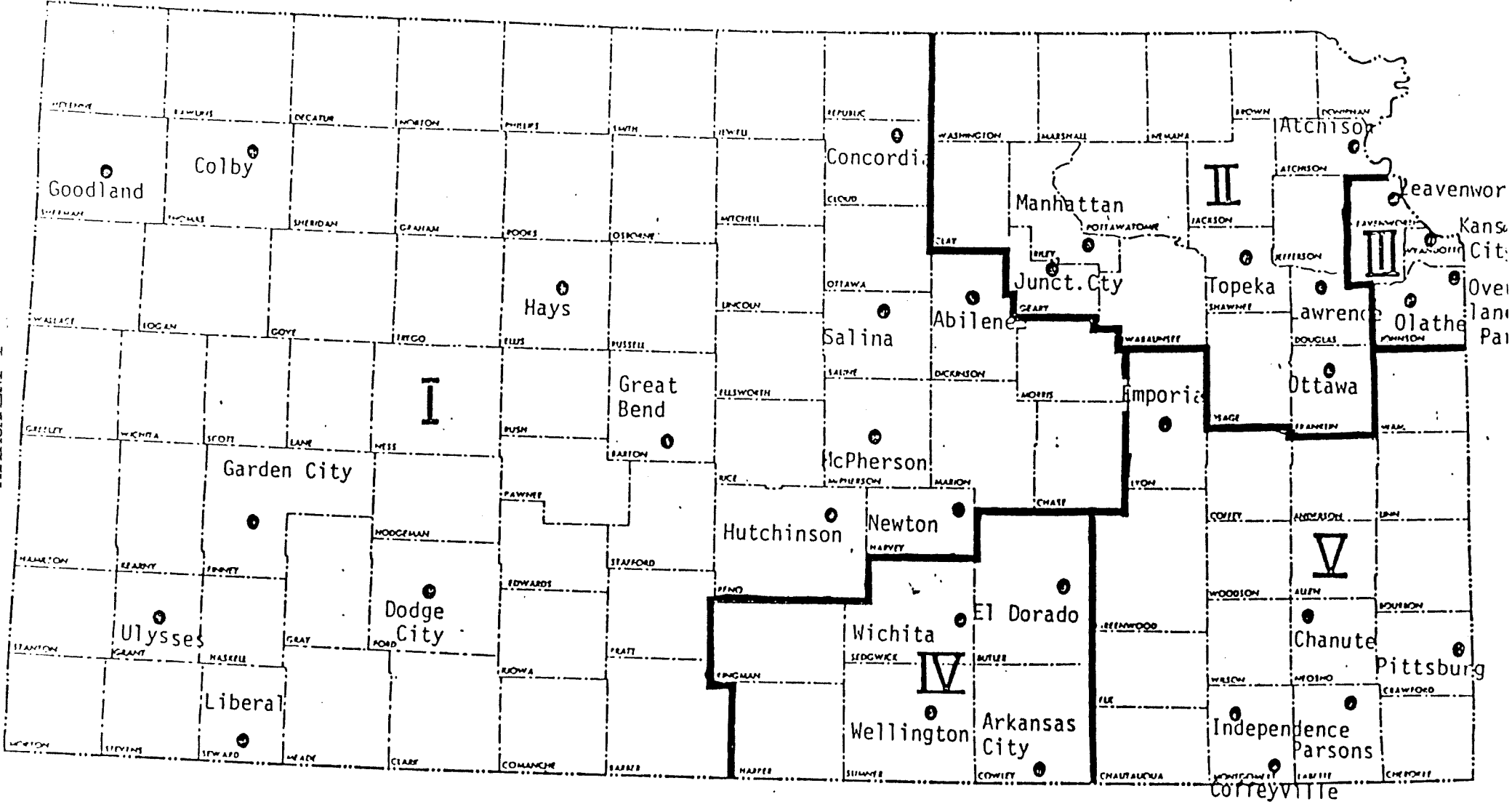
Small businesses generate a majority of new jobs. According to a recently published report Small Business in the American Economy (1988), "the workers who find their first jobs in small firms are a diverse group, but they include many of those least prepared by prior education, experience, or economic background to meet the changing demands of the workplace in the late 20th century."²² One might ask to what extent state training efforts are being directed to small firms as opposed to large firms and to what extent, if at all, size of firm should be a factor for training assistance.

Finally, coordination of training programs among various state agencies and educational institutions is occurring on a formalized and, in many cases, on an informal basis. Have state agencies maximized the potential for coordination?

²²Small Business in the American Economy, U.S. Small Business Administration, Office of Advocacy, 1988.

KANSAS

ATTACHMENT I



September 12, 1988

MEETING THE HUMAN CAPITAL CHALLENGE IN KANSAS

Proposal to Evaluate Kansas' Business Training/Retraining System

"The major source of growth in all states is the rate of improvement in the education and skills of the workforce. What states do about education and training must be a central part of their economic development strategy."

Roger Vaughn

EXECUTIVE SUMMARY

Kansas has recognized human capital as one of the five pillars of economic development. To date, however, state strategies have focused on infrastructure, innovation, commitment and financial capital, rather than on human resources. As technological, demographic and competitive changes alter the nature of work, Kansas must develop human resource strategies to ensure its economic future. Business training/retraining will be a critical component of these strategies.

IPPBR will undertake an extensive study of the current business training/retraining system in Kansas, viewed from an economic development perspective. Previous studies of state job training have been limited in scope and methodology and have lacked a strong empirical base. No study to date has provided a systematic evaluation of the needs of Kansas businesses and their use of the current training system. The proposed study will provide solid empirical findings on which to base future state strategies.

The research plan includes a thorough evaluation of trends in the workplace, both in Kansas as well as in various other states. The information provided through this study is essential for Kansas to develop public policy that will lead to a training/retraining system responsive to future needs and opportunities. The study will address three broad research questions, summarized below.

1. How can the institutional capacity and responsiveness of current vocational/technical business training programs in Kansas be enhanced?

A complete analysis will be made of institutional training/retraining providers in Kansas, including for-credit as well as customized business training. Focus will be on assessing how effectively they serve the state's human capital needs.

2. How can existing federal programs administered by Kansas be tied more closely to economic development strategies and leveraged with current state programs?

The Job Training Partnership Act (JTPA) and Carl Perkins Act in Kansas will be examined for ways that federal funding might be utilized more beneficially, including ways to enhance leverage with existing state programs. The study will focus on ties to economic development and overcoming possible structural problems that impede effective service.

3. What initiatives/policy options might Kansas consider, given current programs and issues?

To help identify options for Kansas policy, IPPBR will study training and retraining programs from other states, including organizational schemes, use of federal funding, and successful innovations. Out-of-state research will focus on selected programs of particular interest and relevance to Kansas.

Attention will also be given to training/retraining for rural areas, gathering information on training needs of rural communities, and on their access to vocational programs, customized training, state and federal programs.

In conclusion, IPPBR will examine implications to Kansas of the overall research findings and present alternatives which the state may wish to consider in developing business training/retraining strategies to enhance economic development.

Methodology will include information gathering and analysis of program statistics, labor market data, and review of published sources. Extensive use will be made of on-site visits, structured interviews with business, education and program administrators, and survey research.

MEETING THE HUMAN CAPITAL CHALLENGE IN KANSAS

Proposal to Evaluate Kansas' Business Training/Retraining System

Submitted by:

Institute for Public Policy and Business Research

to:

Kansas Inc.

I. INTRODUCTION

Kansas has traditionally enjoyed a good, accessible educational system and a strong work ethic. Indeed, the quality of the state's labor force was judged by the 1986 Kansas Economic Development Study to be its greatest strength.¹ This judgment has been confirmed by other indicators of business climate, including a 1988 study by Grant Thornton, which ranks Kansas among the nation's top states in terms of human capital.²

The state has recognized that there are five pillars of economic growth: infrastructure capital, innovation capital, commitment capital, financial capital, and human capital. It is Kansas' strategy to invest in the development of these areas, as opposed to the "tax breaks" or incentives strategy pursued by some neighboring states. To date, Kansas has concentrated much of its development attention on areas other than human capital, but it is urgent that the state begin to use this resource as a

¹ Redwood, Anthony and Krider, Charles E. Kansas Economic Development Study: Research Studies, Volume II, Institute for Public Policy and Business Research, The University of Kansas, June 1986.

² Grant Thornton, The Eighth Annual Study of General Manufacturing Climates of the Forty-Eight Contiguous States of America, June 1988.

driving force for economic development. Changes in the nature of work, growing international competition, technology and new demographic patterns threaten Kansas' ability to provide human resources needed for the 1990's and beyond. At the same time, other states have implemented human resource strategies that could erode Kansas' competitive position in the quality labor market.

Kansas must act now to prepare a human resource system capable of anticipating and responding to future technological, economic and demographic change. For reasons outlined below, much of this action will necessarily focus on business training/retraining. Competing nations already understand this: Japan, West Germany, France and Sweden have one to two percent of their workers in training at any given time, as compared to only one-tenth of one percent in the U.S.³ If Kansas can have the vision to enhance its current job training system, it will be endowing itself with an essential asset for the state's economic future.

Proposed Business Training Study

The Institute for Public Policy and Business Research proposes to undertake a study of major scope and emphasis, to examine the Kansas training/retraining system in the context of economic development needs and opportunities. The proposed study will provide the information base for statewide training strategies whose impact will be felt in the coming decades.

³ Osborne, David. Laboratories of Democracy: A New Breed of Governor Creates Models for National Growth. Boston: Harvard Business School Press, 1988, p. 271.

While there have been previous studies of particular aspects of job training in the state,⁴ these have been limited in scope and methodology. Such studies did not have a strong empirical base: in particular, there was no systematic evaluation of the needs of businesses and their use of the current training system. The proposed study will be unique in that it will solicit input from businesses via surveys and structured interviews. Another unique feature will be that, while previous studies focused on governance and structure, the proposed research will review programs, examining current strategy and existing priorities.

Training programs in Kansas predate the state's economic development strategy and have not been incorporated as key elements in this strategy. Although some training programs have responded significantly to economic development needs, the present objectives of the system are primarily educational. Enhancement of training's role in furthering state development strategies will require a comprehensive evaluation of Kansas' present job training, viewed from an economic development perspective.

The proposed study will have three major objectives:

1. *To provide a comprehensive examination of the post-secondary, vocational-technical education program (but largely excluding higher education) and the business training system, in the light*

⁴ For example, Vocational/Technical Education and Kansas Economic Development (1987) from The Institute for Public Policy and Business Research at the University of Kansas; Policy Options for Using 8 Percent Dollars (1986) from the Kansas State Department of Human Resources; and Proposals for an Improved Job Training System (1986) from the Business Training Task Force of the Kansas Legislature.

of economic development objectives:

2. To discover and address the problems inherent in these systems which affect their ability to contribute to state economic growth; and
3. To derive implications from current programs and present alternatives for a future state system that will best serve Kansas people and industry.

II. HUMAN CAPITAL ISSUES

A recent Conference Board survey of 2,300 businesses and five hundred university and government officials, ranked human resource policies as the most important element of competitiveness for U.S. firms.⁵ Some issues underlying the present concern for human resources are discussed below.

Changes in the Workplace

The need for Kansas to reassess its training/retraining system stems from deep changes that will appear in the employment environment over the next decade, particularly in manufacturing and services. First, there will be rapid changes in products and processes in an era of innovation based on science and technology:⁶ experts predict a shift from homogenous product, assembly-line mass production to customized, job batch, human-capital-intensive processes.⁷ Second, there will be increasing internationalization

⁵ Osborne, David. Laboratories of Democracy: A New Breed of Governor Creates Models for National Growth. Boston: Harvard Business School Press, 1988, p. 269.

⁶ Brody, Michael. "Helping Workers to Work Smarter," Fortune, June 8, 1987, pp. 86-88.

⁷ Birch, David L. "Is Manufacturing Dead?" Inc., June 1987, pp. 35-36.

of the U.S. economy and intense global competition, placing a high premium on productivity growth.⁸ Third, in the context of a relative, though not absolute, decline in manufacturing employment, remaining manufacturing jobs will require greater sophistication, i.e., a higher level of basic education and training.

Because of these changes, employers will require an adaptive, flexible and multi-skilled work force. Many jobs will demand a higher level of basic and technical education to handle the level of technology and adapt to change. According to David Birch, "We will produce different products in different ways with an increasingly skilled labor force."⁹

Increased Need for Training/Retraining

Apart from the demands that these changes will place on general education, they augment the need for training and retraining of the work force. Due to U.S. demographic trends, over 85% of those who will be in the U.S. work force in the year 2001 are already working today.¹⁰ Therefore, as the nature of work changes and there are fewer young, newly trained employees available, vocational training and retraining of this work force will become increasingly critical.

⁸ Reidenbach, R. Erik; and Festervand, Troy. "A Strategic Marketing Planning Approach to Economic Development and Industrial Policy Decisions," American Business Review, January 1987, pp. 13-21.

⁹ Birch, David L. "Is Manufacturing Dead?" Inc., June 1987, pp. 35-36.

¹⁰ Osborne, David L. Laboratories of Democracy: A New Breed of Governor Creates Models for National Growth. Boston: Harvard Business School Press, 1988, p. 269.

Work Force Needs of Kansas Industry

To be effective, action must go beyond a response-mode mentality. A labor force comprised of proficient workers with flexible skills can be conducive to attracting industry and a necessary condition to underpin the retention and expansion of existing Kansas industry. The fundamental issue for Kansas is what kind of labor force it will need, both in response to demand and in order to enhance its potential for economic development.

The present business training/retraining system in Kansas poses obstacles to the future delivery of an appropriately skilled, high-quality work force. There is no unified, coordinated training/retraining system in Kansas. Community colleges and area vocational-technical schools operate mostly as independent entities, with little cooperation among schools. Although the Kansas Industrial Training Program (KIT) is enjoying success, the distribution of money goes to relatively few firms. The main focus of the federal Job Training Partnership Act (JTPA) is on the disadvantaged, which is the program's intent, but this assistance is not tied sufficiently to economic development needs. In general, Kansas training/retraining problems are similar to those in many other states, and include:

1. Insufficient emphasis on human capital as a foundation of economic development:
2. View of employment and training as a social rather than an economic policy function:
3. Fragmentation of programs and failure to take advantage of existing flexibilities:
4. Emphasis on immediate placement, neglecting longer-term needs and opportunities.

Many of these problems can be addressed only by considering business training/retraining in the state from a systems viewpoint. This does not mean that all programs should be combined into one, but that, through appropriate linkage, they could be made more compatible with economic development objectives. Such an approach will require a thorough assessment of the current system, contemplating present and future needs of the Kansas economy and its population.

III. RESEARCH PLAN

The proposed study of business training/retraining programs in Kansas will be a major research project providing new information essential for state development strategies. The study will address the following broad strategic questions:

1. *How can the institutional capacity and responsiveness of current vocational/technical business training programs in Kansas be enhanced?*
2. *How can existing federal programs administered by Kansas be tied more closely to economic development strategies and leveraged with current state programs?*
3. *What other initiatives/policy options might Kansas consider, given current programs and issues?*

Study elements described below will provide information needed to answer these questions.

Methodology

The proposed study will create a new empirical data base for Kansas on educational problems and issues related to business training and retraining programs. New quantitative information relevant to the future needs of the Kansas work force will be developed. Specific information to be derived will include:

- Data and information gathered through exhaustive literature review, analysis of job training/program statistics, and other secondary sources;
- Thorough analysis of labor market problems and issues;
- Extensive background on business training/retraining, obtained through on-site interviews with education and program administrators in and out of state and interviews with business executives;
- Quantitative data based on at least two surveys, through IPPBR's Survey Research Laboratory, to include:
 - a. Survey of business firms to determine training needs and skill requirements, and assess the extent to which they have/have not used the system, and satisfaction with the system;
 - b. Survey of vocational education council members to evaluate their role in advising vocational programs; assess degree to which it is meaningful and substantial.

Actual sample sizes will be determined once the population frame is more clearly defined, but are estimated at

approximately 400-700 respondents for part a.) and 200-250 for part b.).

Study Elements

Major study elements will include: A.) analysis of future occupational and demographic trends; B.) business training/retraining programs in Kansas; C.) training systems and programs from other selected states; and D.) implications and recommendations for Kansas, from the perspective of state economic development.

A. OCCUPATIONAL, DEMOGRAPHIC TRENDS AND PROJECTIONS

Analysis of future labor trends in various other states and in Kansas will serve as a contextual framework within which to analyze the state's training/retraining programs.

The demand for labor

The occupational makeup of the labor force is changing radically. As mentioned above, future occupations will demand a more highly-skilled labor force, hence a more highly educated and trained labor force. National trends also point to a shift from old-style single-product, mass-production manufacturing, to more complex, education-demanding, technology-driven, smaller scale processes. Service jobs will increase in number, complexity and importance nationwide.

The supply of labor

Nationwide the work force is aging and fewer youths are entering the labor market. Hence, employers will need to retrain their older workers and seek alternate sources of employees, such as women reentering the labor force, minorities, and the handicapped. Incorporation of these older or nontraditional groups will create greater training/retraining needs.

It is important to consider the impact of these trends on Kansas, and determine opportunities for the state to develop appropriate strategies. Analysis of occupational and demographic trends will focus on the Kansas economic base, the nature of jobs in Kansas, and key aspects of evolving supply and demand for labor. Specifically, it will examine the implications of growth, the aging population, growing participation of women in the labor force, educational levels and occupational requirements.

B. The Business Training System in Kansas

This element of the study will focus on the capacity of the present training/retraining system to serve the state's needs, in the light of occupational and demographic trends analyzed in A.) above. Areas of study will include institutional training/retraining programs; federally funded programs; state training and retraining programs; and business training in rural areas. The state's KIT/KIR training and retraining programs will be studied only to the extent that they interact with other programs operating in Kansas.

B.1. Schools that provide post-secondary vocational/technical education (but largely excluding higher education).

This portion of the study develops insight into the first broad research question:

"How can the institutional capacity and responsiveness of current vocational/technical business training programs in Kansas be enhanced?"

An analysis will be made of institutional training/retraining providers in Kansas. These include area vocational-technical schools, community colleges, colleges, and when relevant, secondary programs. In addition to

examining for-credit courses, the study will look at non-credit, customized business training/retraining. A major focus of the study will be to assess how effectively these training programs serve the human capital pillar of economic development. Specifically, it will answer these questions:

- How many programs exist? In what areas? How many people are trained? What is the cost?
- How are the programs and courses developed within this system? Who provides input for these programs? How are they evaluated? Do they meet business needs?
- How are these schools being used to give customized training/retraining assistance to businesses that need this assistance?
- Do schools have the equipment necessary for the training and retraining that Kansas industry needs?
- How do schools cooperate with each other in supplying training and retraining services?
- Do businesses around the state provide sufficient input to these schools?
- Do providers look at training/retraining assistance strictly from a local standpoint, or as a unified state system of vocational education? What mix of local/state priorities is appropriate?
- How effective are customized training programs?

B.2. The Job Training Partnership Act (JTPA) and the Carl Perkins Act

In this section, research will focus on responding to the second strategic question posed above:

"How can existing federal programs administered by Kansas be tied more closely to economic development strategies and leveraged with complimentary state programs?"

Eligibility for federal funding plays a key part in determining the use of training/retraining programs. JTPA and Carl Perkins are the main assistance programs available to the state. These programs may offer

flexibilities or leverage that have not previously been exploited.

Due to limitations of federal programs, most states have found it necessary to establish their own specific training programs. For example, federal programs are limited by their restriction to the disadvantaged. State programs not only increase total funds available for employment training and retraining; they are more flexible in terms of eligibility of clients and types of training. State programs can target funds to address unique problems, such as rural training, and can be aligned with state economic development strategies.

Research will address the following specific questions:

- What is the current status of JTPA and Carl Perkins assistance?
- How is the funding for these programs being used? Who is being trained in what areas?
- How are these programs tied to economic development?
- What structural problems unique to the state impede the quick, effective, distribution of these federal funds?
- Are current service delivery areas too large or too small for effective assistance? Are private industry councils effective in their administration of these service delivery areas?
- How are these federally funded programs related to state training programs?

In conjunction with B. 1.) and B. 2.) above, special attention will be focused on rural areas. Such areas will particularly need training/retraining assistance since most are far from major urban centers, have low population densities, and rely heavily on low-skill jobs. Other problems are that rural communities have dislocated farmers who will need training and retraining, and local vocational-technical education schools

offer a limited range of programs and courses. Research questions related to rural training/retraining include:

- What do most rural communities need for training assistance?
- How are vocational schools serving these areas?
- How do rural communities gain access to customized training?
- Do these communities know about, and know how to access, state and federal training programs such as KIT and JTPA?
- Is it feasible for rural communities to have their own training staffs? If so, how can the state help these staffs?

C. Training Systems and Programs in Other States.

The proposed study will examine training and retraining systems and programs from various other states, in response to the third question:

"What other initiatives/policy options might Kansas consider, given current programs and issues?"

It is crucial for Kansas to recognize successes and understand how other states initiate, implement, and fund effective systems, and what goals they seek.

C.1. Research will first scrutinize examples of training systems in other states. Due to limited funding, the scope of this phase of research will be restricted to four or five states selected as having special relevance to Kansas. These questions will be posed:

- How do these states organize for training/retraining, e.g., specific state agencies, coordination between agencies, funding from the state?
- How do these states work with the federal government? (Examples might include matching state funds with federal funds, coordination of state and federal programs.)

--- What mechanisms are used in these state training systems, i.e., state-private partnerships, state-vocational education partnerships?

C.2. For illustrative purposes, the study will present examples of unique training/retraining programs from several states. Examples of interest to Kansas might include the Bay State Skill Corporation in Massachusetts, which has received considerable attention, or the unemployment training programs in California and Delaware, funded from sources previously used for unemployment insurance. State policy makers will then have the option of pursuing these alternatives more exhaustively if they appear appropriate for Kansas.

IV. Implications and Policy Options for Kansas

The research plan outlined above will help identify issues and problems that affect the state. To answer the three strategic questions above, the study will examine implications to Kansas of the overall research findings. The final report will present alternatives that will serve state leaders as guidelines for future strategies in support of state economic development.

V. Timeline

Scheduled project dates are September 1, 1988 through August 31, 1989.