

Approved April 26, 1991  
Date

MINUTES OF THE House COMMITTEE ON Labor and Industry

The meeting was called to order by Representative Anthony Hensley at  
Chairperson

9:07 a.m./p.m. on March 19, 1991 in room 526-S of the Capitol.

All members were present except:

Rep. Douville - excused

Rep. Gomez - excused

Committee staff present:

Jim Wilson, Revisor

Jerry Donaldson, Research Assistant

Barbara Dudney, Committee Secretary

Conferees appearing before the committee:

Michael Johnston, Secretary, Kansas Dept. of Human Resources

A.J. Kotich, Staff Attorney, Kansas Dept. of Human Resources

Don Johnson, Goodyear Tire and Rubber Co.

The meeting was called to order at 9:07 a.m. by the chairman, Rep. Anthony Hensley.

Chairman Hensley opened the hearing on Senate Bill No. 270, and introduced conferees as proponents of the bill:

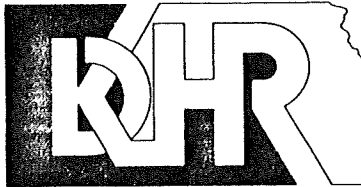
Michael Johnston, Secretary, Kansas Department of Human Resources, explained that Senate Bill No. 270 contained recommendations of the Kansas Employment Security Advisory Council. He said the Advisory Council is comprised of four representatives each from labor, management and the general public. Mr. Johnston introduced staff attorney A.J. Kotich to explain the specific provisions of the bill.

Mr. Kotich explained Senate Bill No. 270 (attachment #1) and answered questions from committee members.

Don Johnson, representing the Topeka plant of the Goodyear Tire and Rubber Company, expressed his support for the provision in Senate Bill No. 270 which would repeal the April 1, 1992 "sunset" of the Kansas shared work program. Mr. Long described how the shared work program was helpful to Topeka Goodyear plant management and labor union officials in avoiding employee layoffs. He urged the committee to repeal the "sunset" provision. He handed out copies of an article describing this situation which appeared in Labor Relations Today, a U.S. Department of Labor publication (attachment #2).

The meeting was adjourned at 9:58 a.m. The next meeting of the committee is on call of the Chairman.



**Office of the Secretary**

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913-296-7474 --- 913-296-0179 (Fax)

Joan Finney, Governor

Michael L. Johnston, Secretary

**M E M O R A N D U M**

DATE: March 6, 1991  
TO: Chairman and Members of Labor and Industry Committee  
FROM: Michael L. Johnston, Secretary of Human Resources  
SUBJECT: Senate Bill 270 - Proposed Revisions to Kansas Statutes  
(as amended)

**TESTIMONY**

Chairman and Committee Members.

My remarks are a brief summary of my memorandum to this Committee dated February 20, 1991, embodying the substance of S.B. 270.

As background, it should be noted the proposed amendments to the Unemployment Insurance statutes and the Work Sharing statute have been studied in depth by the Employment Security Advisory Council. The Council is made up of members representing Labor, Industry and the Public. They approved these proposals and sent them to the Legislature for its consideration.

**Sec. 1, p. 3. K.S.A. 44-704(e)(1) and (2). Definition of Wages and Items Not Constituting Wages.**

1. Analysis: The proposed language inserts definitions of wages in (e)(1) and definitions of items not constituting wages in (e)(2). Specific wages mentioned are vacation pay, holiday

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Attachment #1*

pay and severance pay.

**Sec. 2, pp. 6-7. K.S.A. 44-706(b)(2) and (3). Specific Types of Misconduct; Controlled Substances, Alcohol, Tardiness and Absenteeism.**

1. Analysis: The statute is amended to specifically include the use of alcohol or other controlled substances as well as repeated absenteeism and tardiness, as specific incidence of misconduct.

Proposed K.S.A. 44-706(b)(2) sets out the definition of a controlled substance; the testing procedure; the standard of proof; the circumstances surrounding the necessity for the tests; the chain of custody; and the confirmation of the results of the testing.

Proposed K.S.A. 44-706(b)(3) places a more readily identifiable standard in cases involving absenteeism and tardiness. The changes set forth in the standard place employers and employees on notice of the basis for disqualification.

**Sec. 3, pp. 16-17. K. S.A. 44-714(g) and (h)(1). Addition of Interrogatories and Changing Method of Delivering Subpoenas.**

1. Analysis: Subsection (g) simply adds the words "issue interrogatories" to the powers and duties of the Secretary. The purpose of interrogatories is to simplify the trying of cases and to eliminate expense when routine matters can be covered by interrogatory, rather than by using the more formal route of the deposition.

K.S.A. 44-714(b)(1) concerns service of subpoenas. The

change is to the method of delivering subpoenas which have not been able to be served with "due diligence".

The recommended change of K.S.A. 44-714(h) will bring the Department into conformity with K.S.A. 60-304(a).

Sec. 4, p. 23. K.S.A. 44-719(d)(2). Amended to Allow Monthly Interest of 1.5 Per-Cent on Unemployment Insurance Overpayment which are not Repaid. Interest on Fraud Overpayment Accrues as of the Date of Final Determination While that of Nonfraud does not Begin to Accrue Until Two Years After Final Determination.

Sec. 5, pp. 24 and 28. K.S.A. 44-757. Worksharing or Shared Work Program is Amended to Repeal the Current April 1, 1992, Sunset Date. In Addition Secretary's Designee would be Permitted to Approve Work Sharing Plans.

Sincerely,

Michael L. Johnston, Secretary  
Kansas Department of Human Resources

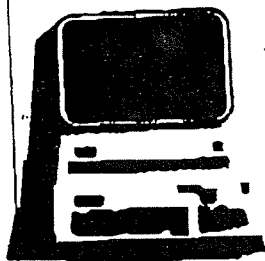
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U.S. Department of Labor

Bureau of Labor-Management  
Relations and  
Cooperative Programs

November/December 1990

# Labor Relations Today



AS I  
SEE IT

**H. Charles Spring**  
Acting Deputy  
Under Secretary

At a recent Bureau-sponsored State-of-the-Art in Labor-Management Relations Conference, some of the nation's top union and corporate leaders engaged in dialogue designed to answer the question: How do we convert our organizations to high-performance partnerships?

It is noteworthy that each and every conference participant agreed on the necessity of partnerships as crucial to long-term economic survival. They also agreed on a core set of interlocking values that individuals and organizations must embrace. These values include trust, mutual commitment to individual worker security and to the success of the enterprise, flexibility and adaptability, and across-the-board cooperation. Success in value-oriented organizations, as one practitioner noted, is achieved when individuals commit to an attitude of "I will do whatever it takes!" rather than ask, "What difference does my action make?"

Clearly, organizations and individuals who adopt a "can-do" attitude have tackled one of the greatest

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## Shared Work: Everyone Gains

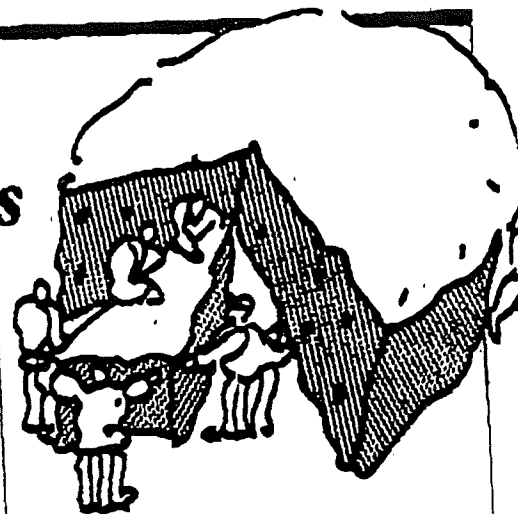
American companies facing downturns in business have few choices. Lean times lead to cost-cutting measures, including employee layoffs and plant shutdowns.

Employers in 14 states have a less painful alternative, however, when the downturn is temporary. Work-sharing, or short-term compensation (STC), spreads the available work by reducing the hours of all employees rather than laying off some workers permanently.

Using worksharing, a company with a 15 percent drop in the level of demand, for instance, may reduce all workers' hours by 15 percent rather than reduce its work force. Employees suffer less trauma. They still have jobs and retain benefits. Employers keep skilled workers without the worry of hiring and training new people when work picks up.

"Worksharing is painless, compared to layoffs," says Bill Clawson, Chief of Benefits at the Kansas Department of Human Resources. Kansas is one of the 14 states with legislation that permits the use of unemployment insurance (UI) funds for worksharing. "A company's participation is voluntary," he explains. "And it works - for the employer and the employee." Its use is increasing around the nation.

Since union approval is required if the business is organized, labor unions gain too: Workers don't lose jobs and unions don't lose members. An added bonus is the partial pay for lost work hours that the state UI office contri-



butes in states with short-term compensation laws.

A recent study by two Urban Institute researchers for the National Commission for Employment Policy notes other advantages. Worksharing may help preserve the sex-race-age composition companies have achieved through affirmative action hiring; women and minorities are often the first to go when layoffs occur. Authors of the study also note that, overall, employers realize savings in labor costs when they use worksharing.

**Employee Friendly** "When we had to reduce inventory, we had a choice," says Tony Stattelmann, an employee at the Topeka, Kansas, Goodyear tire plant. "We could shut down for 5 weeks or go to layoffs." They chose neither. "Instead, we went on work-sharing," adds Stattelmann, who is also president of United Rubber Workers Local 307.

For the 700 workers affected in the 2,200-employee facility, worksharing proved a success. The union/plant worksharing agreement, which covered only that portion of the plant

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## Shared Work: Everyone Gains

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affected by the inventory reduction, provided for schedules that benefited workers and met company needs. "People worked four days a week and got an extra day off. Everyone understood that we were keeping people on the rolls by sharing all the available work and taking a little bit less pay," says Stattelmann.

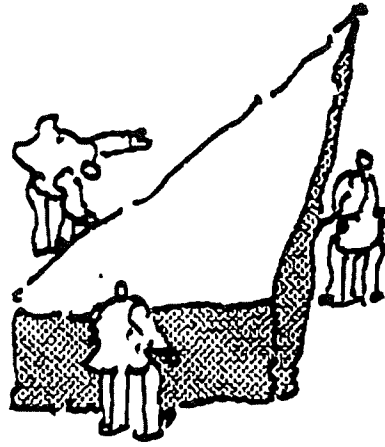
Paperwork was kept to a minimum, and workers never had to go to the UI office. Once a week, employees verified their hours at the plant. State UI workers did the rest. When work increased - as it did 9 weeks later - employees went back to full-time schedules. "It prevented us from having to lay off people," says Steve Neely, Goodyear's manager of industrial relations in Topeka. "And when things picked up, worksharing made it easier to get up to full speed again."

Clawson notes that worksharing payouts are one of the best uses of the state's unemployment insurance fund. Some 80 employers in the state have used the program successfully. "Our average payout per worker has been \$46.76," notes Clawson. The alternative would be distributing full UI benefits to laid off workers. "We have served over 5,000 employees, most of them in manufacturing and services."

Clawson is also quick to dispel the notion that worksharing will dry up the state's UI funds. "We built in mechanisms to protect our trust fund from bankruptcy. For instance, a company has to be up to date with its UI taxes before it's eligible for the short-term compensation program."

"For us, worksharing has done exactly what the law is supposed to do. It's made lots of people happy for a small amount of money." Clawson also notes that productivity and employee morale remain high.

Kansas' worksharing law was passed in 1989, following a tradition started in California in 1978 when that state passed legislation to ease the pain of anticipated widespread public-sector layoffs in the wake of Proposition 13. Oregon followed with a worksharing law in 1982 to deal with high unemployment rates. Other states with worksharing legislation include Arizona, Arkansas,



Florida, Louisiana, Maryland, Massachusetts, Missouri, New York, Texas, Vermont, and Washington.

Maryland has used worksharing successfully since 1984. Moller, Inc., in Hagerstown, the nation's largest manufacturer of pipe organs, went to worksharing in 1986. An employee and business agent of the Furniture Workers Division of the International Union of Electrical Workers had heard about the program and recommended it to Moller. Moller's management followed up and was able to keep 17 workers on the job during a slump in sales.

"The state's UI office now asks up front, 'Have you considered work-sharing?'" says Carol Camper of the Maryland UI office. "A small company on the verge of bankruptcy approached us recently and chose worksharing when we told them about it," says Camper. "The employer understands that UI taxes may go up in the future [a company's rates are based on its use of UI]. But right now the company is interested in saving its employees and having them there when work resumes."

Four additional states have recently added worksharing to their legislative agenda: New Jersey, Connecticut, Pennsylvania, and Hawaii. Hawaii's effort is supported by a recent comprehensive study, *Issues Involved in the Application of Short-Term Compensation in Hawaii*, which charts performance in the 14 states with worksharing laws and assesses its potential application in Hawaii's agricultural sector.

Statistics are impressive in states that keep track of worksharing use. In its first 42 months, New York's program involved 230 companies and almost 8,500 employees. State officials estimate that almost 1,700

jobs were saved and that the state's UI trust fund saved over \$1 million.

### Windows of Opportunity

Worksharing has offered distinct advantages to most of its users but still needs refinement according to others. A New York local official of the International Chemical Workers Union notes that there is room for both the company and the union to manipulate the program. "Next time we'd make sure all the details were spelled out before we started. We had to go through it [worksharing] first to see its pluses and minuses," he says. "But we would use it again."

As the use of short-term compensation increases, questions surface about unions also having the latitude to approach the state when they see their employers in trouble. "Right now, worksharing requires that the employer initiate the program with the state's UI office," notes John Zalusky of the AFL-CIO. "Why shouldn't the union be able to intervene as well?"

Overall, the idea works, and its outlook is bright. Worksharing may even present new opportunities. "Downtime from the job can be used for training and upgrading the skills of workers," says William Batt, a former Labor Department official now working with the Displaced Worker Unit in Connecticut. Batt notes that some

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Roderick A. DeArment,  
Acting Secretary of Labor

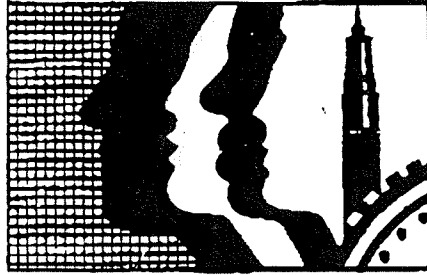
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If you would like to receive the Newsletter regularly, please write the editor at the address above.

## TIPS AND TRENDS



**Tips from Filmland** A one-stop shopping film rental and sales catalog is available from the Greater Los Angeles Chapter of the National Safety Council. The organization's film library stocks over 1,800 titles, not only in the field of safety and health, but in the area of workplace basics, including problem-solving, team productivity, and communications. A new "remaking of work" series includes videos on autonomous work groups, quality circles, and flexible work hours.

For a free copy of the Film Library's catalog, write to: The Film Library, 3450 Wilshire Blvd., Suite 700-A, Los Angeles, CA 90010. ■



**Uplifting Award** The Thomas J. Lipton Company is currently celebrating its 100th anniversary - and now it can also celebrate winning a Department of Labor LIFT (Labor Investing For Tomorrow) America Award.

Established this year by Secretary of Labor Elizabeth Dole, the award encourages significant, community-

### **Shared Work: Everyone Gains** *continued from page 2*

states allow the use of training funds for already employed workers.

Batt adds: "Worksharing is certainly a lot less traumatic than layoffs. It avoids trauma to workers, their families, the employer, and the community."

Goodyear's Stettelman agrees. He recalls the massive layoffs at the Kansas plant in 1979. "People were out the door with no jobs and no income. Plant costs went up. It put us on shaky ground with the competition. Using worksharing this time around was a whole lot better." ■

level involvement in upgrading work force quality. It recognizes and promotes outstanding efforts made by employers, unions, employee groups, and communities.

Lipton won for its pilot program called Excelling Through Teamwork (ETT), launched with the International Brotherhood of Teamsters, Local 838, at its Independence, Missouri, plant. ETT empowers employees to participate in decisionmaking and establishes process controls designed to improve quality and productivity.

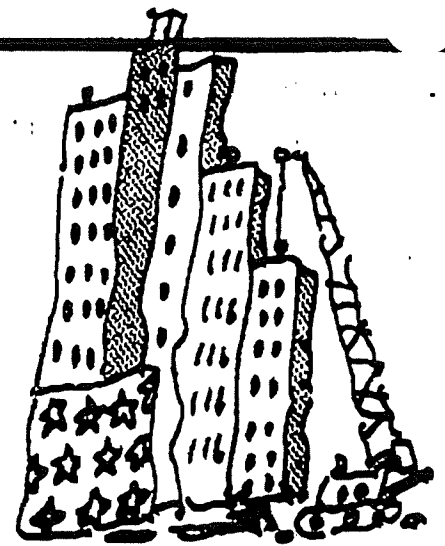
So far the results include increases in output ranging from 20 to 50 percent, employee involvement near 85 percent, resolution of more than 3,000 employee concerns and problems, and improved teamwork, ETT's cornerstone. ■



**Labor of Love** On a blustery morning last winter, members of the building trades unions in St. Louis, Missouri, busily worked to complete their latest project, a shelter to feed homeless people. Their pay: \$0. The project was carried out jointly by labor unions, contractors, and the city government under the auspices of PRIDE, a St. Louis consortium of construction users, contractors, AFL-CIO construction craftspeople, architects, engineers, and suppliers. The city donated the lot for the Gift of Mary Center; labor and materials, worth more than \$300,000 and involving over 250 workers, were donated by unions and restaurant suppliers. The center opened recently and now provides kitchen and laundry facilities for 100 homeless people. ■



**Build America** Almost 50 million workers, or 42 percent of the work force, will need additional training over the next decade to keep pace with the demands of their jobs. According to a recent report by the American Society for Training and Development (ASTD) in Alexandria, Virginia. "Very few companies seem to be aware of the fact that learning on the job contributed more to productivity increases over the past 60 years than technology or capital, and more than formal education." ASTD chief economist Anthony Camavale notes that the nation's



current investment of \$30 billion annually for training should be increased by \$15 billion and should cover the entire work force, from executives to entry-level personnel. Training across the board in American companies will be necessary, according to ASTD, because "the new economy introduces a whole new set of standards to add to productivity: quality, customization, variety, timeliness, and convenience."

The study, *America and the New Economy*, provides the underpinnings for a 3-year nationwide campaign by the ASTD to revitalize American companies by changing the way they invest in people. ■



**Best of the Best** Unionized firms like AT&T, U S West, and Xerox are among the 75 best companies for working mothers, according to a survey by *Working Mother Magazine*. They provide opportunities for advancement, competitive salaries, help with child-care support, and family-friendly benefits such as maternity leave, flextime, and part-time and job-sharing arrangements. The payoffs show in lower turnover rates and less worried and more satisfied workers.

One of the companies cited in the survey, U S West, is also a winner of an EVE Award (Exemplary Voluntary Effort), sponsored by the Department of Labor's Office of Federal Contract Compliance Programs. The telecommunications firm was one of 10 Federal contractors recognized for their ability to create innovative programs to increase job opportunities for women, minorities, people with disabilities, and Vietnam-era veterans. ■