

Approved April 26, 1991  
Date

MINUTES OF THE House COMMITTEE ON Labor and Industry

The meeting was called to order by Representative Anthony Hensley  
Chairperson

9:08 a.m. ~~p.m.~~ on April 2, 1991 in room 526-S of the Capitol.

All members were present except:

Rep. Cornfield - excused  
Rep. Douville - excused

Committee staff present:

Jim Wilson, Revisor  
Jerry Donaldson, Research Assistant  
Barbara Dudney, Committee Secretary

Conferees appearing before the committee:

Rep. Joan Adam  
Senator Don Sallee  
Larry Mears, Attorney, Rockwell International  
Kevin McDermed, Controller, Rockwell International  
Jim Eichelberger, Health and Safety Supervisor, Rockwell International  
Jim Kessinger, United Steelworkers Local No. 6943  
Wayne Maichel, Kansas AFL-CIO

The meeting was called to order at 9:08 a.m. by the chairman, Rep. Anthony Hensley.

Chairman Hensley opened the hearing on House Bill No. 2620 and introduced conferees as proponents of the bill:

Rep. Joan Adam expressed her support for House bill No. 2620 and explained that a corporation, Atchison Metal, has purchased the Rockwell International factory in Atchison, Kansas. She said the purpose of the bill was to insure that the workers' compensation self-insurance plan currently in effect for the Rockwell company will remain in effect for the new owners. She said that if the new owners retain the self-insurance plan in effect they will save nearly \$1.2 million a year in workers' compensation insurance premiums (attachment #1).

Senator Don Sallee stated that House Bill No. 2620 will permit a company which has been in existence in Kansas for over ten years, at the time of new ownership, to retain its self-insurance program. He said the bill provides an exception for the Rockwell "buy out" by setting forth in K.S.A. 44-532 specific provisions which would allow the current self-insurance program to remain in effect, namely the: (1) preceding self-insured employer has been in continual operation for not less than 10 years, (2) preceding self-insured employer had an after-tax-profit of \$1 million a year for the three previous consecutive years, (3) preceding self-insured employer had a five year history of claims lower than the industrial average, (4) new owner has a debt equity ratio of not more than 4 to 1, (5) new owner will continue the same business operation with the same management at the same location, (6) new owner demonstrates the financial ability to maintain a monthly reserve based on a 3-year average of prior claims, and (7) new owner will post surety bond (attachment #2).

In addition, the following persons representing Rockwell International presented testimony in support of House Bill No. 2620: Larry Mears, Attorney (attachment #3), Kevin McDermed, Controller (attachment #4), Jim Eichelberger, Health and Safety Supervisor (attachment #5), and Jim Kessinger, President, United Steelworkers Local No. 6943 (attachment #6).

Wayne Maichel, Executive Vice-President, Kansas AFL-CIO, appeared in support of House Bill No. 2620.

The various conferees answered questions from several committee members.

The chairman announced that committee members would have an additional opportunity to ask questions on House Bill No. 2620 during the committee meeting tomorrow, April 3, 1991, at 12:00 noon, or on first adjournment of the House.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Labor and Industry,  
room 526-A, Statehouse, at 9:08 a.m./~~p.m.~~ on April 2, 1991.

The chairman handed out copies of the final draft of the "balloon version" of House Bill No. 2076, the Family and Medical Leave Act, and announced that the committee will take final action on the bill tomorrow.

The meeting was adjourned at 10:00 a.m. The next meeting will be April 3, 1991, at 9:00 a.m. in room 526-S.



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



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
CHAIRMAN: LEGISLATIVE JUDICIAL AND  
CONGRESSIONAL APPORTIONMENT  
MEMBER: APPROPRIATIONS  
TAXATION  
COMMERCIAL & FINANCIAL INSTITUTIONS

Mr. Chairman and Members of the House Labor and Industry Committee.

I want to express my great appreciation to you Mr. Chairman and this committee for allowing a hearing today on H.B. 2620. H.B. 2620 represents a response to an emergency that has occurred in my district during the past 10 days.

Nearly 18 months ago a terrible rumor circulated through the Atchison area - that the local Rockwell Plant, in existence since the 1870's and employing nearly 700 people, was being sold by its parent company, Rockwell International.

Later Rockwell assured the community that the plant would remain operating until a buyer could be found.

Now a buyer has been found - but a significant problem has developed.

The new company - Atchison Metal - has sought to self insure for the purposes of workers compensation - and thus save nearly 1.2 million a year.

The director of workmans compensation has contended a 5 year experience as a company requirement before any self insurance is allowed.

Other conferees will more specifically outline our alternate proposal to you - but let me say I believe it is very consistent with the integrity of the workers compensation fund.

At this time I would like to intoduce Mr. Larry Mears, the attorney for Rockwell who will outline the specific changes in H.B. 2620.

Once again Mr. Chairman thank you for your courtesy this morning.

*Labor + Industry*  
4-2-91  
Attachment # 1

DON SALLEE  
SENATOR, FIRST DISTRICT  
ATCHISON, BROWN, DONIPHAN, JACKSON  
AND JEFFERSON COUNTIES  
RR 2  
TROY, KANSAS 66087



COMMITTEE ASSIGNMENTS  
CHAIRMAN: ELECTIONS  
VICE-CHAIRMAN: ENERGY AND NATURAL RESOURCES  
MEMBER: AGRICULTURE  
LABOR, INDUSTRY AND SMALL BUSINESS  
TRANSPORTATION AND UTILITIES

TOPEKA

SENATE CHAMBER  
APRIL 2, 1991

TESTIMONY ON HOUSE BILL 2620

THANK YOU MR. CHAIRMAN AND COMMITTEE MEMBERS FOR ALLOWING ME TO APPEAR ON HOUSE BILL 2620. MY NAME IS DON SALLEE, STATE SENATOR, FIRST DISTRICT.

HOUSE BILL 2620 AMENDS KSA-44-532 TO ALLOW CONSIDERATION OF PROVISIONS THAT WOULD PERMIT A COMPANY WHICH HAS BEEN IN EXISTENCE IN KANSAS FOR OVER 10 YEARS OR MORE, AT THE TIME OF NEW OWNERSHIP, TO CONTINUE TO BE SELF-INSURED.

PRESENTLY, THE ONLY THING IN PLACE IS A POLICY THAT ANY BUSINESS CHANGING OWNERSHIP MUST BE PLACED UNDER A PRIVATE INSURANCE FIRM'S COVERAGE AND WOULD COST THIS COMPANY OVER \$1,200,000 EACH YEAR. ROCKWELL PRESENTLY FINANCES THEIR OWN COVERAGE FOR APPROXIMATELY \$220,000 A YEAR. THIS EXPENSE WOULD BE INCURRED FOR A FIVE YEAR PERIOD UNLESS SOME EXCEPTION TO PRESENT POLICY IS MADE. THE DEPARTMENT WILL NOT CONSIDER ANY EXCEPTIONS WHATSOEVER TO THE POLICY OF BEING IN BUSINESS FOR FIVE YEARS.

HOUSE BILL 2620 PROPOSES TO CHANGE THE PRESENT POLICY BY ESTABLISHING SOME VERY STRICT GUIDELINES THAT THE DEPARTMENT SHALL CONSIDER.

*Labor & Industry*  
*4-2-91*  
*Attachment # 2*

(1) THE PRECEDING SELF-INSURED EMPLOYER HAS BEEN IN CONTINUAL OPERATION FOR A PERIOD OF NOT LESS THAN 10 YEARS;

(2) THE PRECEDING SELF-INSURED EMPLOYER HAD AN AFTER-TAX-PROFIT OF NOT LESS THAN \$1,000,000 ANNUALLY FOR THE THREE PREVIOUS CONSECUTIVE YEARS;

(3) THE PRECEDING SELF-INSURED EMPLOYER HAS A FIVE YEAR HISTORY OF WORKERS COMPENSATION CLAIMS LOWER THAN THE INDUSTRIAL AVERAGE;

(4) THE NEW OWNER HAS A DEBT TO EQUITY RATIO OF NOT MORE THAN 4 TO 1;

(5) THE NEW OWNER WILL CONTINUE THE SAME BUSINESS OPERATION WITH THE SAME MANAGEMENT AT THE SAME LOCATION;

(6) THE NEW OWNER DEMONSTRATES THE FINANCIAL ABILITY TO MAINTAIN A MONTHLY RESERVE BASED UPON A THREE-YEAR AVERAGE OF PRIOR WORKERS COMPENSATION CLAIMS;

(7) THE NEW OWNER POSTS A SURETY BOND OF AN AMOUNT OF NOT LESS THAN THREE TIMES THE THREE-YEAR AVERAGE OF WORKERS COMPENSATION CLAIMS BY A SURETY COMPANY ADMITTED TO THE STATE, AND AUTHORIZED BY THE KANSAS INSURANCE DEPARTMENT TO WRITE SURETY BONDS;

(8) THE NEW OWNER PROVIDES PROOF OF EXCESS WORKERS COMPENSATION INSURANCE.

PLEASE BE REMINDED THAT SUCH A TREMENDOUS AMOUNT OF UNCESSARY EXPENSE CAN ONLY SLOW EXPANSION PLANS AND MEAN FEWER JOBS IN THE STATE OF KANSAS.

OUTLINE OF TESTIMONY IN  
SUPPORT OF HOUSE BILL 2620

- 1] INTRODUCTION - EXPLANATION OF THE PROBLEM
- 2] HISTORY OF CURRENT BUSINESS
- 3] NEW BUSINESS ENTITY AND IMPACT
- 4] HEALTH AND SAFETY AND WORKERS' COMPENSATION HISTORY
- 5] BARGAINING UNIT COMMENTS
- 6] CONCLUSION
- 7] QUESTIONS

PRESENTERS:

LARRY R. MEARS, ATTORNEY

TOM SCHNEIDER - OPERATIONS MANAGER

JIM EICHELBERGER - HEALTH AND SAFETY SUPERVISOR

JIM KESSINGER - PRESIDENT OF LOCAL UNION #6943

KEVIN McDERMED - CONTROLLER

GENE BRACKIN - MANAGER, INDUSTRIAL RELATIONS

ROCKWELL.OUT

*Labor + Industry*  
*4-2-91*

*Attachments #3-4-5-6*

*(3-4-5-6) - 1*

## SUMMARY OF PROBLEM

Kansas presently allows qualified employers to become self-insured for payment of Workers' Compensation benefits. In determining which employers are suited to become self-insured, the purpose of the Department of Workers' Compensation is to provide adequate protection for the workers.

Applicable Statutes regulate the operation of the self-insurance program. Specifically, K.S.A. 44-532 and Kansas Administrative Regulations 51-4-14. In addition to the Statutes and Administrative Regulations, the Director's office requires that "an employer shall have been in business (doing business under the present corporate entity) for not less than five (5) years".

The administrative procedure adopted by the Director does not provide for the continuation of self-insurance to an existing employer, who, even though a change in corporate ownership occurs, can demonstrate financial strength and liquidity to assure all obligations are promptly met.

The purpose of the proposed legislation is to allow the Director specific criteria to allow the continuation of a self-insured Workers' Compensation program where the new corporate entity demonstrates financial strength and liquidity and a previous employer had been self-insured for a number of years.



The following presentation will demonstrate how such a requirement places an undue hardship upon a new employer and specifically will divert significant financial resources outside of the state of Kansas and away from the new business.

It is the hope that this legislation will only strengthen the self-insurance program of the Kansas Department of Workers' Compensation.

ROCKWELL.OUT

## ROCKWELL - ATCHISON HISTORY

- FOUNDED 1872  
SMALL GRAY IRON FOUNDRY - JOHN SEATON FOUNDRY  
TO SERVE NEEDS OF ATCHISON TOPEKA & SANTA FE RR
- MACHINE SHOP STARTED IN 1906
- FOUNDRY & MACHINE SHOP MERGED IN 1914 LOCOMOTIVE  
FINISHED MATERIALS CO.
- ADDED STEEL FOUNDRY IN 1930
- RELATIONSHIP WITH EMD BEGAN IN 1938
- PURCHASED BY ROCKWELL 1956
- RELATIONSHIP WITH GE BEGAN 1973
- ENTERED CAST ARMOR MARKET 1978
- BECAME ONLY LOCOMOTIVE TRUCK BUILDER IN U.S. - 1987
- RELATIONSHIP WITH DDGMC BEGAN 1987

## ATCHISON/ST. JOSEPH PLANTS EXECUTIVE SUMMARY HISTORICAL RESULTS

	1986	1987	1988	1989	1990
SALES	\$47,372	\$41,347	\$50,771	\$69,920	\$58,069
INCOME BEFORE TAXES <sup>1</sup>	\$11,168	\$ 4,560	\$ 6,023	\$12,721	\$ 7,363
RETURN ON SALES	23.6%	11.0%	11.9%	18.2%	12.7%
RETURN ON ASSETS <sup>2</sup>	48.6%	20.1%	27.7%	56.3%	30.3%
NET ASSETS EMPLOYED	\$22,943	\$22,466	\$21,045	\$24,179	\$24,446
CAPITAL EXPEND.	\$ 3,422	\$ 1,096	\$ 1,274	\$ 2,742	\$ 1,806
CASH FLOW	\$11,240	\$ 5,037	\$ 7,444	\$ 9,587	\$ 7,096
OPERATING LEVELS:					
TONS PRODUCED	16,283	14,637	21,354	26,458	22,395
LOCO. TRKS/DAY	3.6	1.6	2.8	6.0	4.3
TANK SETS	878	802	636	718	608

<sup>1</sup> EXCLUDES ALLOCATIONS FROM OTHER ORGANIZATIONS OF AUTOMOTIVE OPERATIONS AND CORPORATE OFFICES, COST OF CAPITAL, AND STATE AND LOCAL TAXES.

<sup>2</sup> BASED ON AVERAGE OF NET ASSETS AT END OF CURRENT YEAR AND AT END OF PRECEDING YEAR.

(3-4-3-6) - 5

## PLANT/EMPLOYEE PROFILE - 12/90

• ACTIVE HOURLY EMPLOYEES	539
• LAID OFF HOURLY EMPLOYEES	23
• SALARIED EMPLOYEES	110
• HOURLY EMPLOYEES	
AVERAGE YEARS OF SERVICE	12.9
AVERAGE AGE	39.2
• SALARIED EMPLOYEES	
AVERAGE YEARS OF SERVICE	19.5
AVERAGE AGE	45.2
• % ABSENTEEISM	0.9%
• KANSAS IS A RIGHT TO WORK STATE	
• UNION MEMBERSHIP CURRENTLY 71%	
• NUMBER OF RETIREES:	
HOURLY	220
SALARIED	67

# BASE RATE - PLANTWIDE

	<u>1990</u>
AVG. HRLY RATE W/O INCENTIVE	\$10.13
NON-STATUTORY BENEFITS	3.9880
STATUTORY BENEFITS	
F.I.C.A.	1.0125
FED. UNEMPL. INS.	0.0283
ST. UNEMPL. INS.	0.2389
WORKERS' COMP.	<u>0.1640</u>
SUBTOTAL	<u>1.4437</u>
TOTAL	\$15.5617

(3-4-5-6) - 7

# BASE RATE - PLANTWIDE

1990

## NON - STATUTORY BENEFITS

HEALTH INS \$322/EMP/MO	1.9581
PENSIONS \$16.50/CYS	0.1919
HOLIDAYS	0.4129
VACATION	0.5939
OVERTIME	0.3132
DENTAL	0.1253
S&A \$180/WK/26 WKS	0.1028
RETIREE LIFE INS \$5,000	0.0936
SHIFT PREMIUM	0.0683
LIFE INS \$18,000	0.0526
SAFETY SHOES	0.0565
AD & D \$18,000	0.0076
BEREAV. & JURY DUTY	0.0103
TOTAL	<u>3.9880</u>

(3-4-5-6)-9

## HISTORY OF G\$ PROGRAM

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
G\$ PERCENTAGE	1.86%	4.91%	3.80%	4.92%	6.28%
DOLLARS PAID	\$241K	\$561K	\$438K	\$842K	\$958K
IDEAS SUBMITTED	262	256	172	165	250
IDEAS IMPLEMENTED	173	189	152	120	214
PERCENTAGE IMPLEMENTED	66%	74%	88%	73%	86%

**AUTOMOTIVE OPERATIONS  
OFF-HIGHWAY PRODUCTS & DRIVELINE DIVISION  
ATCHISON/ST. JOSEPH PLANTS  
ENVIRONMENTAL SUMMARY**

3-4-5-6) - 10

<u>ACT</u>	<u>STATUS ATCHISON</u>	<u>STATUS ST. JOSEPH</u>
• OCCUPATIONAL SAFETY & HEALTH ACT (OSHA)	IN COMPLIANCE	IN COMPLIANCE
• RESOURCE CONSERVATION & RECOVERY ACT (RCRA)	IN COMPLIANCE	IN COMPLIANCE
• HAZARDOUS WASTE	IN COMPLIANCE	IN COMPLIANCE
• UNDERGROUND TANKS	NO TANKS	IN COMPLIANCE
• WASTE MINIMIZATION PROGRAM	IN COMPLIANCE	IN COMPLIANCE
• NON-HAZARDOUS WASTE DISPOSAL	IN COMPLIANCE	IN COMPLIANCE
• LAND FILL	ROCKWELL-OWNED COUNTY LAND FILL	
• INCINERATION	IN COMPLIANCE	NONE



**AUTOMOTIVE OPERATIONS  
OFF-HIGHWAY PRODUCTS & DRIVELINE DIVISION  
ATCHISON/ST. JOSEPH PLANTS  
ENVIRONMENTAL SUMMARY**

3-4-5-6 - 11

<u>ACT</u>	<u>STATUS ATCHISON</u>	<u>STATUS ST. JOSEPH</u>
• COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT (CERCLA)	IN COMPLIANCE	IN COMPLIANCE
• EMERGENCY PLANNING	IN COMPLIANCE	IN COMPLIANCE
• COMMUNITY RIGHT-TO-KNOW	IN COMPLIANCE	IN COMPLIANCE
• CLEAN AIR ACT (CAA)	IN COMPLIANCE	IN COMPLIANCE
• CLEAN WATER ACT (CWA)	IN COMPLIANCE	IN COMPLIANCE
• TOXIC SUBSTANCE CONTROL ACT (TSCA)	IN COMPLIANCE	IN COMPLIANCE
• PCB EQUIPMENT	NONE	NONE
• ASBESTOS	IN COMPLIANCE	IN COMPLIANCE

NEW BUSINESS ENTITY

THE PROSPECTIVE NEW OWNER OF OUR BUSINESS IS RIVERSIDE PARTNERS, A PRIVATE INVESTMENT FIRM WHICH ACQUIRES AND INVESTS IN ESTABLISHED COMPANIES. RIVERSIDE'S PHILOSOPHY IS TO GROW AND DEVELOP BUSINESSES BY SUPPORTING THE MANAGEMENT OF COMPANIES IN WHICH IT INVESTS. RIVERSIDE MANAGES A \$46 MILLION EQUITY FUND. PRINCIPAL INVESTORS INCLUDE FIRST WESTINGHOUSE CAPITAL CORPORATION, MANUFACTURERS HANOVER TRUST COMPANY AND KOCH INDUSTRIES.

THE NEW COMPANY WHICH WILL RESULT FROM THIS TRANSACTION WILL BE HEADQUARTERED IN KANSAS, AND IT IS THE INTENT OF THE NEW OWNER TO GROW THE BUSINESS, PROVIDING ON-GOING JOB SECURITY FOR OUR CURRENT EMPLOYEES AND JOB GROWTH. HOWEVER, THE SUBSTANTIAL INCREASE IN WORKERS COMPENSATION COSTS NOW FACING THE NEW COMPANY, IN SPITE OF AN EXCELLENT RECORD FOR MANY YEARS, WILL NEGATIVELY IMPACT OUR ABILITY TO INVEST IN THE NEW EQUIPMENT, PROCESSES AND PRODUCTS WHICH ARE NECESSARY FOR US TO MAINTAIN AND BUILD OUR INTERNATIONALLY COMPETITIVE POSITION IN THE SPECIAL MARKETS WE SERVE. AND IT WILL LIMIT OUR FUTURE INVESTMENTS IN SAFETY PROGRAMS AND A SAFE WORKING ENVIRONMENT.

THIS WORKERS COMPENSATION COST PENALTY WILL BE A MAJOR PROBLEM FOR OUR WELL-ESTABLISHED BUSINESS, WILL BE A WINDFALL FOR AN INSURANCE COMPANY, AND WILL PROVIDE NO BENEFIT TO OUR EMPLOYEES, OR TO KANSAS.

18-Mar-91

MID-RANGE CASE

WC

## ROCKWELL STEEL CASTINGS

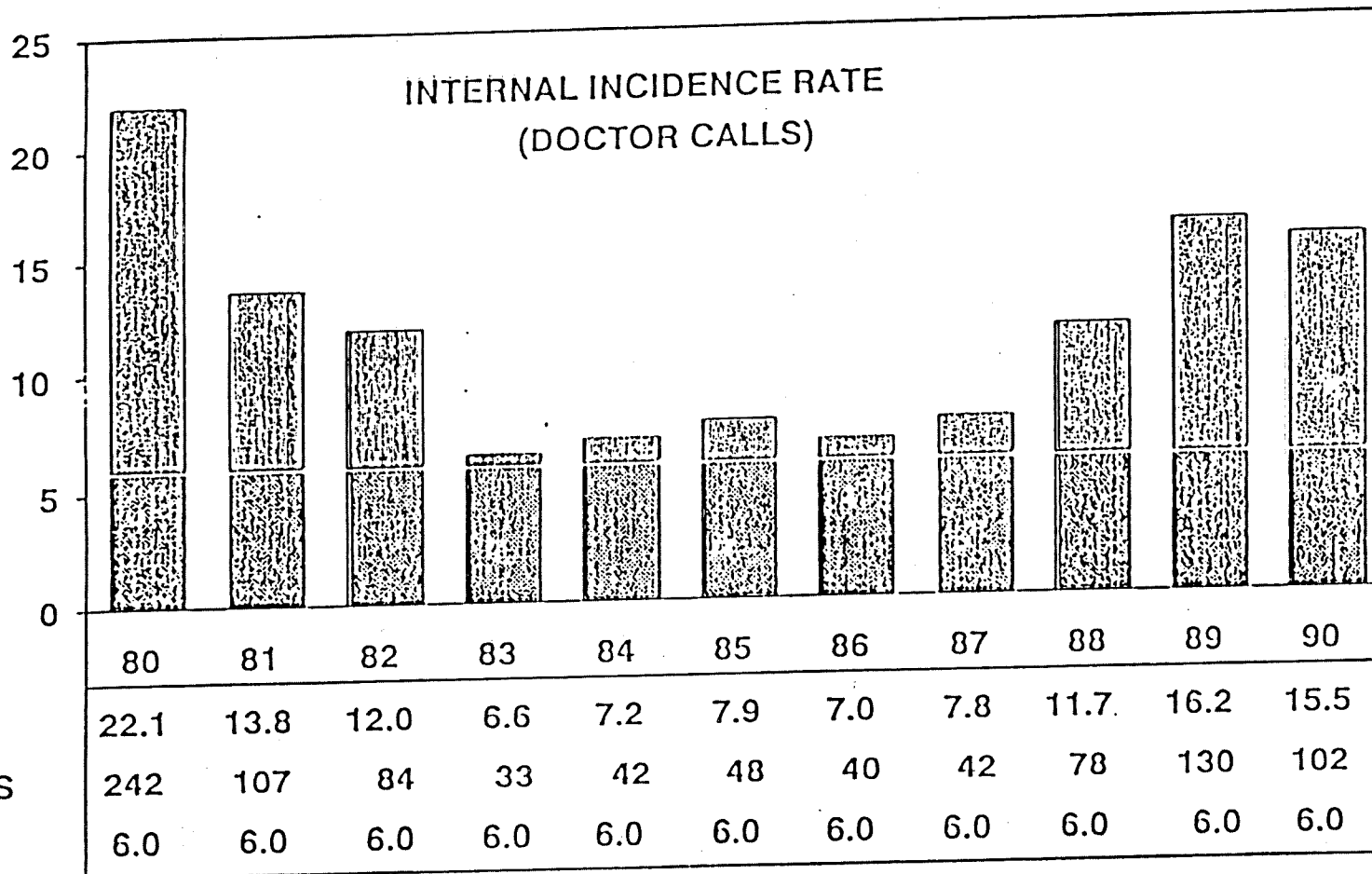
ACTUAL/PROJECTED INCOME STATEMENT

(\$000)

	ACTUAL, FY ENDS 9/30					PROJECTED AFTER ACQUISITION, FY ENDS 3/31				
	1986	1987	1988	1989	1990	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>REVENUE</b>										
LOCOMOTIVE	18,253	6,902	11,833	29,027	19,692	20,426	21,566	24,531	26,003	27,563
TANK SETS	21,107	23,448	20,364	21,391	18,610	15,945	14,421	15,326	15,939	16,577
MUZZLE BRAKES						1,442	1,364	1,318	1,296	1,274
OTHER CURRENT	8,012	10,997	18,574	19,502	19,767	19,762	22,075	23,990	26,071	28,333
NEW PRODUCT						2,249	5,607	8,435	13,901	21,478
<b>TOTAL REVENUE</b>	<b>47,372</b>	<b>41,347</b>	<b>50,771</b>	<b>69,920</b>	<b>58,069</b>	<b>59,825</b>	<b>63,669</b>	<b>73,600</b>	<b>83,211</b>	<b>95,225</b>
<b>GR. PROFIT AT STD.</b>										
LOCOMOTIVE	5,213	1,738	1,946	7,303	3,318	4,387	4,926	5,882	6,234	6,609
TANK SETS	11,149	10,009	8,199	7,876	6,231	6,988	6,603	6,948	7,226	7,515
MUZZLE BRAKES						750	573	540	518	497
OTHER CURRENT	521	475	850	2,651	1,883	3,274	3,877	4,338	4,856	5,435
NEW PRODUCT						419	1,240	1,913	3,247	5,167
<b>TOTAL STD. GR. PROF.</b>	<b>16,883</b>	<b>12,222</b>	<b>10,995</b>	<b>17,830</b>	<b>11,432</b>	<b>15,817</b>	<b>17,219</b>	<b>19,621</b>	<b>22,082</b>	<b>25,224</b>
MFG. VARIANCE	3,094	5,033	3,026	1,552	3,683	2,769	2,759	2,944	3,328	3,809
<b>ACTUAL GROSS PROFIT</b>	<b>13,789</b>	<b>7,189</b>	<b>7,969</b>	<b>16,278</b>	<b>7,749</b>	<b>13,049</b>	<b>14,460</b>	<b>16,677</b>	<b>18,754</b>	<b>21,415</b>
<b>ACTUAL GROSS MARGIN</b>	<b>29.1%</b>	<b>17.4%</b>	<b>15.7%</b>	<b>23.3%</b>	<b>13.3%</b>	<b>21.8%</b>	<b>22.7%</b>	<b>22.7%</b>	<b>22.5%</b>	<b>22.5%</b>
<b>OPERATING EXPENSE</b>										
SALES & MKT.	112	109	104	130	159	767	910	1,030	1,165	1,333
PROD. DEV.						405	520	662	749	857
CON. & ADMIN.	2,532	2,538	2,729	3,311	97	3,355	3,512	3,974	4,493	5,142
<b>TOTAL OP. EXP.</b>	<b>2,644</b>	<b>2,647</b>	<b>2,833</b>	<b>3,441</b>	<b>256</b>	<b>4,527</b>	<b>4,943</b>	<b>5,667</b>	<b>6,407</b>	<b>7,332</b>
OTHER INCOME	23	18	887	(116)	(130)		878		878	
<b>EBIT</b>	<b>11,168</b>	<b>4,560</b>	<b>6,023</b>	<b>12,721</b>	<b>7,363</b>	<b>8,521</b>	<b>10,396</b>	<b>11,010</b>	<b>13,224</b>	<b>14,082</b>
<b>INTEREST</b>						<b>3,964</b>	<b>3,603</b>	<b>2,900</b>	<b>2,170</b>	<b>1,119</b>
CORPORATE ALLOCATION	2,689	2,269	2,541	3,224	2,974					
<b>PRETAX PROFIT</b>	<b>8,479</b>	<b>2,291</b>	<b>3,482</b>	<b>9,497</b>	<b>4,389</b>	<b>4,557</b>	<b>6,793</b>	<b>8,110</b>	<b>11,054</b>	<b>12,963</b>
<b>TAX EXPENSE</b>	<b>3,256</b>	<b>880</b>	<b>1,337</b>	<b>3,647</b>	<b>1,685</b>	<b>1,756</b>	<b>2,608</b>	<b>3,114</b>	<b>4,245</b>	<b>4,978</b>
<b>NET INCOME</b>	<b>5,223</b>	<b>1,411</b>	<b>2,145</b>	<b>5,850</b>	<b>2,704</b>	<b>2,801</b>	<b>4,184</b>	<b>4,996</b>	<b>6,809</b>	<b>7,985</b>

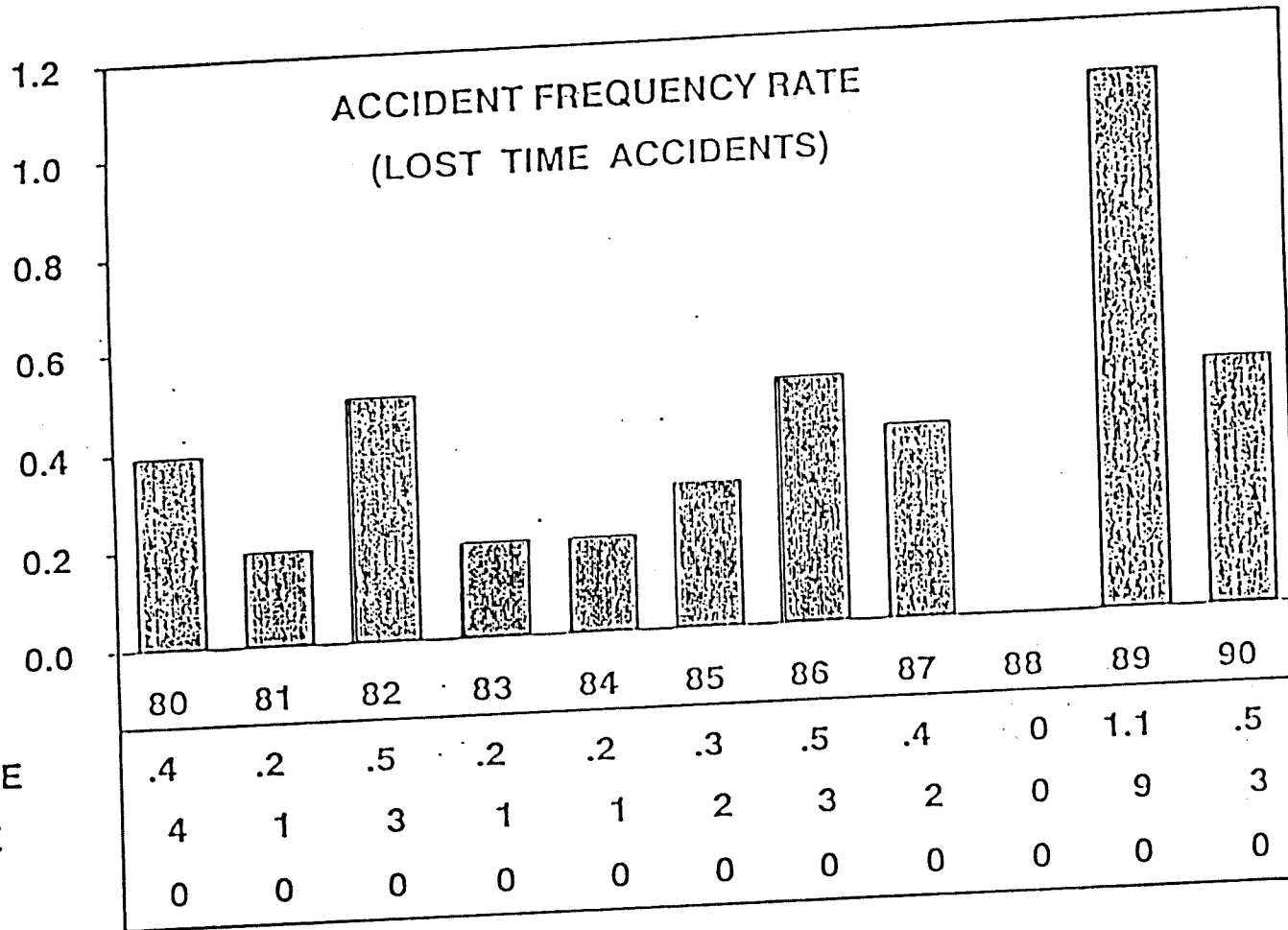
(3-4-5-6) - 13

# ATCHISON & ST. JOSEPH PLANTS SAFETY PERFORMANCE



(3-4-5-6) - 14

# ATCHISON & ST. JOSEPH PLANTS SAFETY PERFORMANCE



FREQ. RATE  
LOST TIME  
GOAL

LOST WORK DAY CASES COMPARISON  
WITH STEEL FOUNDRY INDUSTRY  
(RATES PER 100 FULL TIME WORKERS)

	LOST WORK DAY CASES					LOST WORK DAYS				
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
STEEL N.E.C. FOUNDRY INDUSTRY SIC 3325	7.8	8.4	9.9	12.9	11.6	181.6	171.5	162.6	215.3	199.7
ATCHISON PLANT SIC 3325	0.8	0.2	0.4	0.2	1.4	89.2	6.3	37.8	2.8	156.3

ATCHISON

SELF-INSURED

WORKERS COMPENSATION COST

(SIX-YEAR HISTORY)

<u>YEAR</u>	(A) <u>RESERVES ACCRUED</u>	(B) <u>CLAIMS PAID</u>	(C) <u>ESTIMATED CLAIMS LEFT TO PAY</u>	(B & C) <u>TOTAL INCURRED LOSS</u>
1985	\$ 94,000	\$ 62,114.14	NONE	\$ 62,114.14
1986	\$ 111,180	\$ 259,545.05	\$ 48,000	\$ 307,545.05
1987	\$ 221,200	\$ 273,825.90	\$ 108,632	\$ 382,457.90
1988	\$ 145,642	\$ 77,436.22	\$ 20,000	\$ 97,436.22
1989	\$ 210,612	\$ 233,146.83	\$ 155,000	\$ 388,146.83
1990	\$ 320,612	\$ 48,781.71	\$ 42,065	\$ 90,846.71
<u>TOTAL</u>	\$ 1,103,246	\$ 954,849.85	\$ 373,697	\$ 1,328,546.85
<u>AVG/YR</u>	\$ 183,874	\$ 159,142	\$ 62,283	\$ 221,424

ESTIMATED WORKERS COMPENSATION INSURANCE PREMIUM

\$ 1,255,535

ADDITIONAL COST DUE TO LACK OF SELF INSURANCE

\$ 1,034,111

SIXYEAR

NATIONAL SAFETY COUNCIL AWARDS

- o ROCKWELL ATCHISON AND ST. JOSEPH PLANTS RECEIVED THE NATIONAL SAFETY COUNCIL'S HIGHEST AWARD, THE AWARD OF HONOR, TEN YEARS OUT OF THE PAST FOURTEEN YEARS.

1976

1977

1978

1979

1980

1981

1983

1984

1985

1986

- o ROCKWELL ATCHISON AND ST. JOSEPH PLANTS ALSO COMPETE IN THE METALS SECTION OF NSC. THE FOLLOWING AWARDS HAVE BEEN RECEIVED:

1983	FIRST PLACE
1984	FIRST PLACE
1985	SIXTH PLACE
1986	FOURTH PLACE
1987	FOURTH PLACE
1988	FIRST PLACE
1989	FOURTH PLACE



ATCHISON & ST. JOSEPH PLANTS  
TEN POINT SAFETY PROGRAM

- 1 . PHILOSOPHY
- 2 . ACCOUNTABILITY
- 3 . TRAINING
- 4 . SAFETY REPORTS
- 5 . COMMITTEES
- 6 . SAFETY EQUIPMENT
- 7 . FIRST AID MEDICAL
- 8 . INSPECTIONS
- 9 . ACCIDENT INVESTIGATION
- 10 . SAFETY AWARD PROGRAM

o BEHAVIORAL SCIENCE METHODS  
OF ACCIDENT PREVENTION

## CONCLUSION

The preceding information, we believe, shows the need for more specific criteria for self-insurance under Workers' Compensation.

Presently, Kansas law does not give the Director of Workers' Compensation specific criteria to evaluate an application for self-insurance for a new employer. We are all concerned about the safety of the worker and assuring that the worker will receive his Workers' Compensation benefits from an employer.

We believe the proposed legislation allows the Workers' Compensation Director to provide protection for the worker, as well as not exacting an unnecessary financial penalty from a new employer. We believe it is obvious that the increased cost of Workers' Compensation Insurance does nothing to guarantee more protection for the worker.

This bill gives us the opportunity to enact legislation that is a benefit to business and to workers.

Respectfully submitted,