

Approved: 3/15/95 La
Date

MINUTES OF THE HOUSE COMMITTEE ON BUSINESS, COMMERCE & LABOR.

The meeting was called to order by Chairman Al Lane at 9:10 a.m. on March 7, 1995 in Room 526-S of the Capitol.

All members were present except: Rep. Barbara Ballard - excused
Rep. Jill Grant - excused
Rep. Broderick Henderson - excused
Rep. Candy Ruff - excused

Committee staff present: Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Bev Adams, Committee Secretary

Conferees appearing before the committee:
Paul Bicknell, Chief of Contributions, Kansas Department of Human Resources (KDHR)
Linda Tierce, Chief of Unemployment Insurance Benefits, KDHR

Others attending: See attached list

Chairman Lane turned the meeting over to Rep. Packer, Vice-Chairman of the committee, as acting chair.

Rep. Geringer made a motion to approve the minutes of February 7, 8, 9, 10, 14 and 15. Rep. Boston seconded the motion and the minutes were approved as written.

Hearing on: SB 103--Definition of agriculture labor

Paul Bicknell, representing the KDHR, testified as a proponent of SB 103. This bill was requested by the agency. The amendment on page 18, lines 5 through 17, adds a new sub-section (4) which provides both the employer and the agency a means to determine whether services constitute agricultural labor when an employing unit does not maintain sufficient records to separate agricultural labor from other employment (see Attachment 1). Mr. Bicknell closed by answering questions from the committee.

Acting Chair Packer asked if there were any others who wished to testify on SB 103. Seeing none he closed the hearing on the bill.

Hearing on: SB 104--Claimant participation in reemployment services

Linda Tierce, Chief of Unemployment Insurance Benefits representing the KDHR, appeared as a proponent of SB 104. The bill contains two amendments to K.S.A. 44-705. The first amendment added on Page 2, Line 18, the words "returned to work and". This language was inserted to ensure, in accordance with federal UI law, that a claimant returns to work after completing one benefit year in order to qualify for benefits in the next benefit year. This amendment is clarifying in nature (see Attachment 2). The second amendment is found on Page 2, Lines 21-27. This amendment establishes a new subsection as part of a federal conformity issue. This law requires Kansas to establish and utilize a system of profiling all new claimants. Ms. Tierce concluded her testimony by answering questions from the committee.

Acting Chair Packer inquired if there were other proponents or opponents in the audience who wanted to testify on SB 104. Seeing none, he closed the hearing on the bill.

Hearing on: SB 105--Change of certification period for employment security trust

Paul Bicknell, Chief of Contributions with the KDHR, appeared representing the agency in support of SB 105. K.S.A. 44-710a(e) as now written would require the department to use a different trust fund balance to make its annual certification to the governor and employment security advisory council than used for contribution rate computation. The amendment in SB 105 will allow the department to use the same trust fund balance for both the computation of contribution rates and the annual certification of the trust fund adequacy and solvency (see Attachment 3).

Rep. Heineman asked Bob Nugent, Revisor, if the amendment contained in this bill could be reconciled with HB 2305 as they both amend the same statute. Bob said that the Senate Committee is aware of the bill, but

CONTINUATION SHEET

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he doesn't know how it will be handled. He will talk with them about the possibility of reconciling the two bills.

Wayne Maichel, AFL/CIO, spoke from the audience. He brought to the attention of the committee that **SB 103, 104, and 105** were discussed at the Employment Security Advisory Committee in January and they received the Council's approval for a positive recommendation.

Acting Chair Packer asked if there were any further proponents or opponents who wanted to testify on **SB 105**. None were present and he closed the hearing on the bill.

The committee adjourned at 9:28 a.m.

The next scheduled meeting will be held on March 8, 1995.

State Commerce Committee

February 15, 1995

Testimony on Senate Bill 103

Mr. Chairman, Members of the Committee, my name is Paul Bicknell, Chief of Contributions with the Kansas Department of Human Resources. I appear before you today, representing the agency and in support of the amendment contained within Senate Bill 103.

The amendment can be found on page 18, lines 5 through 17. The amendment adds a new subsection (4) which provides both the employer and the agency a means to determine whether services constitute agricultural labor when an employing unit does not maintain sufficient records to separate agricultural labor from other employment.

The employment security law provides for different coverage for general employment and agricultural employment. An employing unit which utilizes general employment establishes liability for unemployment taxes if they employ 1 or more employees during twenty weeks during a calendar year or pays a gross payroll of \$1500 in a calendar quarter. An employing unit that utilizes agricultural employment must employ 10 or more employees during twenty different weeks during a calendar year or pay a gross payroll of \$20,000 in a calendar quarter before unemployment tax liability is established.

The department deals with some employers which have both types of employment. An example might be a nursery - they may have employees that work in both agricultural labor, the growing operations and in retail, the selling of their products. The agency needs to have a means to separate the two when establishing liability for unemployment taxes if the employer does not clearly separate the employment. This same need exists when an employer has established liability in general employment, but has not in agricultural employment.

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Attachment 1*

The department has utilized what we call the "50 percent" rule administratively for years. This amendment merely codifies this process into law so both employers and the department have a clear means to determine whether services constitute agricultural wages.

This concludes my testimony on Senate Bill 103. I thank you for your time and would be more than willing to answer any questions you might have.

TESTIMONY

BUSINESS, COMMERCE & LABOR COMMITTEE

Senate Bill 104

Mr. Chairman, Members of the Committee, my name is Linda Tierce. I am the Chief of Unemployment Insurance Benefits representing the Kansas Department of Human Resources, Division of Employment Security. I appear before you today in support of Senate Bill 104, which contains two amendments to K.S.A. 44-705.

The first amendment can be found on Page 2, Line 18, where the words "*returned to work and*" have been inserted. This language was inserted to ensure, in accordance with federal UI law, that a claimant returns to work after completing one benefit year in order to qualify for benefits in the next benefit year. This minor amendment adjusts the Kansas statute to read like the federal language, and is meant to be clarifying in nature.

The second amendment can be found on Page 2, Lines 21-27. This amendment establishes a new subsection (f) under 44-705 as part of a federal conformity issue. On November 24, 1993, the President signed into law the Unemployment Compensation Amendments of 1993, Public Law 103-152. This law amended the Social Security Act to require states, as a condition of receiving administrative grants, to establish and utilize a system of profiling all new claimants.

Profiling is designed to identify claimants who are likely to exhaust unemployment compensation and who might need job service assistance to make a successful transition to new employment.

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Attachment 2*

The Social Security Act was further amended to require states to disqualify any individual identified by this profiling system, when and if the individual fails to participate in reemployment services.

The Profiling concept is based on the premise that there are certain characteristics (a "profile") that can identify individuals who are likely to exhaust unemployment insurance benefits. The unemployment insurance offices will collect new data, such as education, job tenure, recall status, previous occupation and industry, and union affiliation at the time the new claim is filed. The claimant will then be assigned a computerized ranking of their probability for exhaustion of benefits. The Job Service offices will then select the individuals with the highest rankings from this pool for a variety of reemployment services, such as orientation, assessment, job finding workshops, referrals to jobs and/or training, and so on.

The Profiling system also requires Human Resources to collect follow-up information relating to the services received and the employment outcomes of these individuals. A quarterly report will be generated back to the Department of Labor.

The Department of Human Resources was awarded a grant of approximately \$283,000 from the U.S. Department of Labor to implement this profiling system. We expect to have this system up and running around April 3, 1995.

And, finally, the need for these two amendments was discussed at the Employment Security Advisory Council meeting in early January and received the Council's approval to forward these measures to the Legislature with a positive recommendation.

This concludes my testimony on Senate Bill 104. Thank you for your time.

Senate Commerce Committee

February 15, 1995

Testimony on Senate Bill 105

Mr. Chairman, Members of the Committee, my name is Paul Bicknell, Chief of Contributions with the Kansas Department of Human Resources. I appear before you today, representing the agency and in support of the amendment contained within Senate Bill 105.

The amendment can be found on page 11, lines 17 through 19. As a result of the 1993 Legislative Session, K.S.A. 44-710a(e) was amended to provide an annual certification to be prepared by the Secretary of Human Resources as to the adequacy and solvency of the Employment Security Trust Fund. The certification is to be made to the governor and the employment security advisory council.

Each year when contribution rates are computed for eligible employers, we use contributions paid on or before July 31 following the twelve month period ending June 30. This allows us to consider the amount of taxes that are due and paid on those wages paid and reported for the twelve-month period when determining the trust fund balance.

The statute as now written would require the department to use a different trust fund balance to make its annual certification to the governor and the employment security advisory council than used for contribution rate computation. Consequently, the amendment will allow the department to use the same trust fund balance for both the computation of contribution rates and the annual certification of the trust fund adequacy and solvency.

This concludes my testimony on Senate Bill 105. I thank you for your time and would be more than willing to answer any questions you might have.

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& Labor
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Attachment 3*