

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on March 19, 2003 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research
Mitch Rice, Revisor of Statutes
Jodie Anspaugh, Secretary

Conferees appearing before the committee: Representative David Huff
Wayne Miller
Jim DeHoff, AFL-CIO
Carol Ball, Let's Help, Inc.
A.J. Kotich, Kansas Department of Human Resources
Dr. Ernie Pogge, AARP

Others attending: See attached list.

Chairperson Brownlee opened the hearing on HB 2332. Representative David Huff testified as a proponent to the bill. He is concerned that Kansas currently penalizes older workers who are on social security when they apply for unemployment. (Attachment 1)

Wayne Miller, resident of Overland Park, testified in support of the bill. (Attachment 2) Current Kansas Employment Security Law is unfair and may even be discrimination against senior citizens. More and more older Americans are seeking work past retirement age.

Jim DeHoff, AFL-CIO, testified in support of the bill. (Attachment 3) The Employment Security Council supports this important change in what has been an unfair offset against people who have had benefit taxes paid to them and had to endure a reduction in unemployment benefits. Individuals receiving Social Security benefits have 50% of that award deducted from their unemployment benefit.

Carol Ball, Let's Help, Inc., testified in support of the bill. (Attachment 4) She sees more and more older Kansans seeking help. The bill would support older Kansans who are having financial difficulties.

A.J. Kotich, Kansas Department of Human Resources, testified in support of the bill. This bill would discontinue the present practice of reducing unemployment benefit payments by 50% of any social security pension benefits received. (Attachment 5)

Dr. Ernie Pogge, AARP, testified in support of the bill. (Attachment 6) Kansas reduces unemployment benefits for workers collecting Social Security, even though they have become unemployed through no fault of their own and intend to return to work when that becomes possible.

Secretary Jim Garner told the committee that there is currently \$360 million in the unemployment trust fund. He does not expect a turnaround in the economy anytime soon.

Chairperson Brownlee closed the hearing on HB 2332. Senator Barone made a motion to move the bill out favorably for passage. Senator Buntgen seconded. The motion carried.

Chairperson Brownlee opened the hearing on HB 2289. Steve Weatherford offered testimony in support of the bill. (Attachment 7) This bill seeks to amend the K DFA Enabling Act to authorize the Authority to issue bonds for certain projects both within and outside the State of Kansas. This is sought in part by the Sisters of Charity of Leavenworth. The Sisters have requested that K DFA seek the multi-state authority

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE at 8:30 a.m. on March 19, 2003 in Room 123-S of the Capitol.

so that they may use K DFA as their "home issuer" for future finance projects.

Chairperson Brownlee announced that she will hold open the hearing on HB 2289.

The meeting was adjourned at 9:30 a.m.

The next meeting is scheduled for March 20, 2003 at 8:30 a.m. in Room 123-S.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: Wednesday, March 19, 2003

NAME	REPRESENTING
Steve Weatherford	KDFA
REBECCA FLOYD	KOFA
Megan Chalfant	Burgess and Associates
Wayne N. Miller	
Dr. D. G.	KDHR Secretary
Bill Hayes	KDHR
PAUL B. KNEW	KDHR
Bob Lierz	KDHR
Wayne Majchel	KS AFL-CIO
Jim Phillips	IC
Q. J. Kiefer	KDNR
TOM DAY	KCC
Jim Gartner	SBC
JOET BUCHANAN	KCC
Whitney Dameron	KS Bar Assn. / KS Gas Service
Kevin Barone	Ham Law firm
Joni Sullivan	KDHR
Claudia Truette	Let's Help Doc. Together
Carol Ball	Let's Help OKER Together
Stephanie Buchanan	Budget.
Dave HOLTMAN	KCC

HB 2332

Rep. Huff

Thank-You Chairman Brownlee, Vice Chair Jordan, Ranking Member Barone.

Today we have more and more senior citizens who are going back to work both full time and part time. There are several reasons that seniors on social security enter the work force. Seniors who work face the same economical factors as any other worker. They pay taxes and all other authorized deductions from their salary.

The senior worker as any other worker in a slow economy are prone to lay-offs and loss of job. The State of Kansas is one of only seven states which penalizes the worker who is on social security when he or she applies for unemployment. I have trouble understanding why social security has anything to do with a senior citizen who has legally been unemployed. You earn the right after being laid off from a job for unemployment regardless of age. HB-2332 will stop the discrimination of reducing the amount of unemployment compensation by 50% just because the senior worker draws social security or railroad retirement. Thank you Madam Chairman

Good morning Commerce Committee and thank you for hearing and acting on House Bill 2332.

My name is Wayne Miller and I am a resident of Overland Park, Kansas.

I believe that the Kansas Employment Security Law KSA 44-706 (n) is not only unfair to but possibly discriminates against Kansas Senior Citizens. The State of Kansas is currently administering unemployment benefits as directed by the U.S. Department of Labor's directive, Letter No. 22-87, dated April 30, 1988. The USDOL has since modified this directive allowing the states more discretion in the offsets for Social Security Benefits. The State of Kansas has not modified its administration to be more in line with the current USDOL's directives.

As an example: Mr. John Doe works for the ABC Corp. for 30+ years and age 62 decides to retire from the ABC Corp. and also begins to draw his Social Security Benefits. So at age 62, Mr. Doe begins to receive his pension from the ABC Corp. and his Social Security Benefits based on his employment and earnings with the ABC Corp.

About six months later, Mr. Doe decides he wishes to work and finds a job with the XYZ Co. working 20 hours per week with no benefits. After working for the XYZ Co. for four years, Mr. Doe (along with a number of other employees) is laid-off in a restructure-downsizing event.

Mr. Doe, along with the other laid-off employees, files his claim for unemployment benefits with the State of Kansas. Mr. Doe's claim is approved, however, his unemployment benefits are denied. The reason his benefits are denied is that he is receiving Social Security Benefits.

In this case, the base period employer (the XYZ Co.) has nothing to do with Mr. Doe's pension nor the Social Security Benefits which he has been receiving for the last four years. His employment with the XYZ Co. has no effect on his Social Security Benefits.

The numbers of Kansas Senior Citizens, which will be denied unemployment benefits, will no doubt continue to increase. In the September 1, 2002, edition of The Kansas City Star, there is an article "Rocking chairs can wait-more workers stay on the job". In the article U.S. Department of Labor statistics are quoted showing that the number of older Americans in the workforce have increased from 2.62 millions in 1980 to 3.41 millions in 2000. There a number of other DOL statistics which show that there are ever increasing numbers of older Americans in our workforce.

As these numbers continue to increase, the issue will become more and more significant. Business lay-offs will not decrease, so more and more older Americans will be affected.

I would ask that the Committee give favorable consideration to a change in the Kansas Employment Security Law, which would eliminate the Social Security Offset as it applies to the senior citizens of our state.

I wish to thank the Committee for allowing me the opportunity to speak on this issue.

Senate Commerce Committee

3-19-03

Attachment 2

Kansas AFL-CIO

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Jerry Lewis
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Pam Pearson
Dave Peterson
Emil Ramirez
Bruce Reves
Steve Rooney
Debbie Snow
Betty Vines
Dan Woodard*

March 18, 2003

Senate Commerce Committee
Senator Karin Brownlee

Re: HB 2332
March 18, 2003
Room 123S - 8:30 AM

Chairperson Brownlee and Committee Members,

Thank you for the opportunity to appear before you today in support of HB 2332. This bill would effect approximately 750 unemployment claims and costs the Trust fund an estimates 1.2 million, if you use figures based on the year 2002.

The Employment Security Council voted to support this important change that has been an unfair offset against people who have had benefit taxes paid in on them and had to endure a reduction in unemployment benefits. Individuals receiving Social Security benefits have 50% of that award deducted from their Unemployment benefit.

I have attached the vote of the Employment Security Council. You will note that everyone except one person voted for this proposal. We urge you to support and pass HB 2332 favorably.

Thank you.

Jim DeHoff

attachment: Vote by E Mail
Employment Security Council



Senate Commerce Committee
3-19-03
Attachment 3-1

Kansas Employment Security Advisory Council

(revised July 16, 2002)

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Jim

From: Orval Weber [OwWeber@hr.state.ks.us]
Sent: 17 February 2003 1:25 PM
To: Charles Krider; Clyde Bracken; Debbie Snow; Jim DeHoff; Joseph Singer; Larry Malach; Mickey Fornaro-Dean; Roger Morris; Russell Smith; Terry Leatherman; Wayne Maichel
Cc: Marge Baker; Paul B. Bicknell; Thomas Henderson; AJ Kotich; William H. Layes; Steve Markley; Dave McEachern; Barb Reavis; Bill Schafer; Gerald Schneider; Ron Sicka
Subject: E-mail vote on amending KSA 44-706(n)

A motion to amend the Kansas Employment Security Law re: deduction of social security and railroad retirement pension benefits, amending K.S.A 44-706(n).

44-706 Disqualification for benefits: ...

Voting YES (a vote for the amendment) Mr. Malach
 Dr. Singer
 Mr. Morris
 Mr. Maichel
 Dr. Krider
 Dr. Smith
 Mr. Dehoff
 Mr. Bracken
 Ms. Snow
 Ms. Fornaro-Dean

Voting NO (a vote against the amendment) Mr. Leatherman

Resigned: Ms. Strewler-Carter

The motion passed.

Orval W. Weber

21 February, 2003
Carol Ball
Older Kansan Employment Program
Dept. of Human Resources Funded the Grant
Let's Help, Inc.
234 Kansas Ave.
Topeka, Kansas
(785) 234-6208 ext.222

HOUSE BILL No. 2332

Comments made on those collecting social security and unemployment benefits. Page 12 Line 15 & 16

I am the Job Developer for the Older Kansan Employment Program and have the honor of occupying this position for the past 13 years. First few years at the YWCA & now 11 years at Let's Help, Inc. The grant is funded by the Dept. of Human Resources. We assist people 55 and older in finding employment through job leads, job search, workshops in resume writing, interviewing, etc. and Computer Training. Assist clients in filling out necessary forms dealing in any type of employment situation. Our client base runs, in this program, from age 55 up to 89. (Why would someone 89 need a job? It once was called the golden age but no more. Our elderly need money to survive. Some seek employment for social reasons, some to keep them active but the number one reason people seek employment is because they need money to survive. Families are not living as close as before and elderly are many times on their own. People are living longer and are healthier and many wish to live in their own home and on their own.)

In the beginning the grant served mostly people looking for a job after they retired from a career position. An example was retiring from the service after 25 years and needed something to do and would like to earn some money. Another category was women deciding to enter the work force after their families were grown and out of high school and wanted a job. Some women were widowed and could not live only on their late husband's social security and needed additional income and sought employment. Of course, regular client looking for a job just moved here, change careers, etc., Another category was the client that wanted a job just to earn some extra money to travel or buy extras for the family and this was usually a part time position definitely not a career.

In the last five years I saw trends change. Widows having more difficulty surviving on only social security benefits, many seniors taking on the responsibility of raising the grandchildren physically and financially and having to work so the children can have the basic necessities. Another trend was the adult child moving home to the parent's house with the grandchildren. This, also, put a tremendous stress and financial burden on the parents. Several of my clients needed to find jobs to help with medical bills for sick adult child, grandchildren in school, and the basics, food, clothes, utilities, etc. Increase in medical bills, prescription costs increasing, more clients needing additional income just to survive.

I had an increase of calls from children of my clients that lived across the country asking me to help their father or mother find employment, to please point them in a direction since they could not continue to help them. The parent could not live on his or her social security. If a job was lost to help find out what happened and assist them in filing unemployment because the older person thought unemployment was like welfare and they did not want to depend on the government. Even though explaining to them that when they work they paid into it and it was their's to file for when they were unemployed.

9/11 came and everything changed. I have seen more age and racial discrimination. More elderly lost jobs and needed to collect unemployment but pride wouldn't allow them and more bankruptcy filed because of not being able to find employment that paid what they were earning. Many of the clients did not have high school diplomas or GED. We tried to help with the situation. Stocks fell drastically, pensions disappeared with some of the clients, companies moved, closed, downsizing occurred, many had saving but they spent it trying to survive. Some took 2 jobs doing anything just to make ends meet. Unemployment ran out and they are having a tough time. Unemployment only pays 50% to anyone on Social Security. This is not fair. They have paid 100% into it when they work and because they are on Social Security they only

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Attachment 4-1

receive 50%. If someone had health insurance through the company you worked for and they want to keep it and they will need to pay the COBRA and it usually is at least \$ 500 per month. Some people believe that if you work when you are collecting Social Security that it is extra money. This is FALSE.

The job was for income, it was not for extras, it was not for fun, and it was for survival. They paid into social security the same amount as everyone else and yet because they collect social security (which at its inception was not meant to be anyone's only income) they are only able to receive 50% of their unemployment. They work 100%, they do just as much as they next person. This is not fair.

My client load has increased drastically. The age categories of 65 –75plus has grown substantially.

Eligible & Collecting Social Security	Applied for Unemployment & Received
◆ Business Closed – 15	15
◆ Downsized – 15	12
◆ Spouse Died – 9	0
◆ Forced Retirement – 19 Had to have job to survive	10
◆ Disabled – 2	0
◆ Fired – 3	3

Total of 63 Clients for this period of time. 40 received unemployment. They received 50% of normal unemployment benefits because they are, also, receiving Social Security. When they worked they paid in full amounts and worked full time and continue to look for full time employment to support them and to support their families. This is for survival, not fun money. People are working harder then ever before the older they become to survive. Please help them. 9 of these clients lost a spouse and they lost their other social security income or another income coming into the household. In the real world, not every one has successful saving accounts, cash flow, relatives to help out, please help our seniors so they can get their medications, eat the proper food, and not give the basic essentials. Everyone thinks that being in this situation cannot happen to him or her. They are wrong. **Everyone of us eventually will get old and everything that is happening to the elderly will come along and you will be sitting in my chair and say "How could we have allowed this to happen to our seniors and think to yourself that I am one of them and when I began working in the program I had a staff member say to me just remember it is going to happen to you and she was so right and so I say to you it everyone in this room. Old age comes along bites you when you least expect it so let's do something about it and make it somewhat more reasonable for those in need when they are at a point in their life that is most desperate. It is difficult enough finding dealing with the loss of a job on ones self esteem but the financial worries can be overwhelming in today's economy.**

PLEASE INCREASE UNEMPLOYMENT FOR THOSE ON SOCIAL SECURITY TO 100% INSTEAD OF 50%.

**Testimony Before the Senate Commerce Committee
on House Bill 2332
by A. J. Kotich, Chief Counsel
Kansas Department of Human Resources
March 19, 2003 - 8:30 a.m. - Room 123-S**

Good morning, Chairperson Brownlee and Members of the Committee. Thank you for the opportunity to appear this morning. My name is A. J. Kotich, Chief Counsel for the Kansas Department of Human Resources (Department).

I am here this morning to discuss House Bill 2332. This bill would discontinue the present practice of reducing unemployment benefit payments by 50% of any social security pension benefits received.

Over the past several months, I and others in the Department have received inquiries from the public seeking a change in this provision. The Department supports such legislation. The House Commerce Committee, at the Department's recommendation, amended the original bill to also discontinue the present practice of reducing unemployment benefit payments by 50% of any railroad retirement pension benefits received. I would also advise this Committee that the Employment Security Advisory Council has considered such a proposal and has expressed support of such legislation.

Madam Chair and Members of the Committee, thank you again for this opportunity. I would be happy to stand for any questions you may have.



March 19th, 2003

Senator Brownlee: Chairperson Senate Commerce Committee

Good morning Senator Brownlee and Members of the Senate Commerce Committee. My name is Dr. Ernie Pogge and I am the Chair of the Topeka Advocacy Satellite Group for AARP Kansas. AARP Kansas represents the views of our more than 345,000 members in the state of Kansas. Thank you for this opportunity to express our *support* and comments on House Bill 2332.

Kansas is one of 20 states, plus the District of Columbia, that reduces unemployment benefits for workers collecting Social Security, even though they have become unemployed through no fault of their own and intend to return to work when that becomes possible.

This practice penalizes older workers who need or wish to remain productive and continue to receive earnings from employment beyond the time when most Americans are retired. These are people who have earned their Social Security retirement benefits based on their past work experience and have chosen to receive them as early as age 62; they have also, based on their work experience, earned the right to receive unemployment compensation when they are laid off due to employer difficulties or economic recession.

Grandparenting is one of the reasons that seniors are returning to the workplace. The number of grandparents and other relative is raising grandchildren has been increasing rapidly over the past decade. Kansas ranks #16 in the states when ranked by the percentage increase from 1990 to 2000 for children living in grandparent-headed households. During that 10-year period there was an increase of 43.4 percent living with grandparents bringing the year 2000 total to 29,026. Making financial decisions may involve a grandparent's reemployment or applying for benefits like Medicaid or foster care.

Kansans today are confronted with three fundamental facts:

- They are going to have to work longer, on average, than their parents' generation did.

- They are going to have to do more saving for their own retirement and rely relatively less on employer pensions and public programs such as Social Security.
- They may require state assistance in meeting their needs during health and financial crisis.

The Kansas law K.S.A. 44-706 (n) that reduces unemployment benefits because of Social Security retirement benefits forces people to spend more of their own resources during bouts of unemployment, thereby reducing the savings available to them when they finally do stop working. And it deprives them of an earned benefit that comes with employment—a reduction that does not apply to workers who are not receiving Social Security.

In Kansas, during fiscal year 2002 this law affected 754 claimants and saved the Unemployment trust Fund Some \$1.2 million. However, if this offset were eliminated, and full benefits paid to eligible unemployed workers, the positive economic effect to communities and the state would be magnified greatly.

The current law in Kansas and other states makes little sense in the context of an aging population, an aging workforce, and significant changes in how long we work and how we pay for retirement.

Solution:

- Kansas has the authority to stop the reductions of unemployment insurance benefits of retired workers receiving Social Security and certain other retirement benefits.
- Legislation should be passed to eliminate reductions in unemployment benefits due to the receipt of Social Security benefits.

The Governor of the state of Wyoming as just signed a bill eliminating the Social Security/ unemployment offset in that state. The state of Virginia has also passed a bill this session reducing that states unemployment offset from 100 percent to 50 percent and will continue working to reduce the offset to eliminate the offset.

Therefore AARP supports language in HB 2332 that would eliminate the Social Security/ Unemployment Insurance offset for Kansans. We respectfully ask for your support on this issue.

Thank you for this opportunity to express our support of HB 2332. I will stand for questions.

Dr. Ernie Pogge

**TESTIMONY OF KANSAS DEVELOPMENT FINANCE AUTHORITY
PRESENTED BY K DFA PRESIDENT, STEVEN R. WEATHERFORD
TO THE SENATE COMERCE COMMITTEE REGARDING HOUSE BILL 2289 OF
THE 2003 LEGISLATIVE SESSION
MARCH 19, 2003**

Madam Chairman and Honorable Members of the Committee, Kansas Development Finance Authority ("K DFA") appreciates this opportunity to testify before you concerning proposed House Bill ("H.B.") 2289.

- House Bill 2289 seeks to amend the K DFA Enabling Act to authorize the Authority to issue bonds for certain projects both within and outside the State of Kansas.
- The authorization is sought in part at the request of the Sisters of Charity, Health Services Corporation, based in Leavenworth, Kansas. The Sisters maintain a triple "AAA" rated hospital system with facilities in a number of states.
- Large hospital systems with facilities in numerous states have increasingly determined it is most economically efficient to use a single issuer to access the tax-exempt markets for their long term capital needs.
- The Sisters of Charity/Health Services Corporation recently borrowed approximately \$200 million dollars to finance capital projects, and used the Colorado Health Facilities Finance Authority as their single issuer for these projects in many states, including Kansas.
- The surrounding states of Colorado, Missouri, and Nebraska all now have multi-state issuance authority to facilitate these kinds of financings. K DFA is now a rare state-wide issuer in this region who currently has no multi-state authority.
- K DFA has in the past issued bonds for the Sisters of Charity/Health Services Corporation for their facilities located in Kansas. The Sisters have requested that K DFA seek the multi-state authority so that they may use K DFA as their "Home Issuer" for future finance projects.
- While K DFA anticipates that health care financings will be the predominant use of the authority, it is possible the authority could also be used to, for example, finance a bridge or road that extends into another state's jurisdiction.
- The multistate authorization would only be used upon a finding of the K DFA board that the financing is of significant benefit to the State of Kansas.