

Approved: SRB 2/10/07
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:04 A.M. on February 02, 2007 in Room 231-N of the Capitol.

All members were present except:
Brenda Landwehr- excused
Ronnie Metsker- excused

Committee staff present:
Jerry Ann Donaldson, Kansas Legislative Research Department
Dustin Slinkard, Office of Revisor of Statutes
Stephen Bainum, Committee Assistant

Conferees appearing before the committee:
Jim Garner, Secretary, Department of Labor

Others attending:
See attached list.

The Chairman reminded the committee of the schedule for next week.

The Chairman introduced the guest speaker, Jim Garner, Secretary, Department of Labor and asked him to continue his remarks from yesterday's meeting.

The Secretary spoke of the need and the Department's efforts to modernize the computer systems and the problems that were associated with the US Congress extension of benefits to the aviation industry. Then he proceeded to explain the Department's reactions to the Post Audit recommendations.

Recommendation # 1 was to revoke the November 6th regulation and enforce registration and automate the process. His reply stressed the social and political consequences of denying benefits to eligible recipients based on this recommendation. He also said that automation of the process takes time and resources and also involves the Department of Commerce.

Recommendation # 2 was to improve the registration process and simplify it. He expressed a desire to do this but stressed again that it requires time and resources and involves the Department of Commerce. He mentioned the difficulty encountered in updating the computer programs for the November 6th regulations.

Recommendation # 3 was to have supervisory staff spot check compliance. He said that the supervisory staff were working supervisors doing the same things that the regular staff does plus supervisory work. He mentioned the 5% reduction in funding for Unemployment Insurance and the 3.5% increase in wages for the staff which reduced available resources by 8.5%.

At this point the floor was opened for questions.

Representative Goico: Can people get services online?

There is no law requiring the people to get services, only to register. There are limited slots for training. The program you are asking about is in the Department of Commerce.

Representative Ruff: Can you give us the cost of the computer upgrade? Answer: No. Where did the "technical overpayment" language come from?

It is the vernacular used by the US Department of Labor. The technical overpayments are not a violation or fraud. Those receiving them are not freeloaders or gold diggers. They represent legitimate benefits.

Representative Tietze: Could a connection to other job services be made that would eliminate the problem? Answer: That is a good idea.

Representative Gordon: How can we get this data earlier?

I am really worried about the system crashing. The state is slow to keep up with technology.

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:04 A.M. on February 02, 2007 in Room 231-N of the Capitol.

Representative Huntington: Can we determine what is need and the cost to do it?
Some other states have automated the process and we can discover the cost from them.

Representative Ruiz gave the committee copies of the letter from the Office of the Attorney General indicating that the Secretary had the authority to change the regulation (Attachment 1).

Representative Kiegerl mentioned the Olathe News article and ask if the Department was considering any other solutions (Attachment 2)? The Secretary indicated that would require a policy decision of the legislature. He said that they had considered modifying the November 6th regulation.

Representative Grant: Asked a question about connecting the two programs.
The Commerce web site requires more information that the Labor web site does. However there is duplication of information required. If we can work on that it would be helpful.

Representative Grange: Who paid for the aviation extension. Answer: The Federal Government. We need to stress getting in contact with Work Force. The perception is that Labor is only concerned with the benefits and not job search.
The funds are in trust and may only be used for benefits.

Representative Huntington: Is it possible to record other work search activity?
I don't know if we are doing that now. I do know that we are in the middle of a philosophy change to a more employer based effort.

Representative Roth made a motion that the committee thank the Secretary and take no action regarding the Post Audit report. Representative Grant seconded. Discussion followed. The vote was called and passed unanimously.

The Chairman adjourned the meeting at 10:15 A.M.



STATE OF KANSAS
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PHILL KLINE
ATTORNEY GENERAL

June 5, 2006

Glen Griffeth
Kansas Department of Labor
Legal Department
427 SW Topeka Blvd.
Topeka, Kansas 66603

Re: K.A.R. 50-3-2a

Dear Mr. Griffeth:

Pursuant to K.S.A. 77-420(b), we have determined that the above-referenced regulation is within the statutory authority of the agency and does not present any other legal issues of concern. We have therefore approved this regulation for legality.

Sincerely,

OFFICE OF THE ATTORNEY GENERAL
PHILL KLINE

Theresa Marcel Bush
Assistant Attorney General

TMB:jm

Enclosure: Original documents

cc: Senator Vicki Schmidt, Chair, Joint Committee on Rules and Regulations
Representative Carl Holmes, Vice Chair, Joint Committee on Rules and Regulations
Raney Gilliland, Legislative Research, State Capitol, Room 545N

House Commerce & Labor

2-2-07
(Attach 1)

RECEIVED
LEGAL SECTION

JUN 07 2006

50-3-2a. Waiver of requirement to register for work, exceptions. (a) Except as provided by subsection (b) of this regulation, the requirements of K.S.A. 44-705(a), and amendments thereto, shall be waived for all claimants.

(b) Each claimant who is identified by the secretary as likely to exhaust benefits and who is selected to participate in reemployment services through the system established under K.S.A. 44-705(f), and amendments thereto, shall comply with the requirements of K.S.A. 44-705(a), and amendments thereto, requiring the claimant to register for work and to report at an employment office in order to meet the eligibility requirements of K.S.A. 44-705, and amendments thereto, unless the secretary determines the claimant has satisfied the criteria of paragraphs (1) or (2) of K.S.A. 44-705(f), and amendments thereto.

(c) Nothing in this regulation shall be deemed to waive the requirement in subsection (c) of K.S.A. 44-705, and amendments thereto, that all claimants are to be able to work, available for work, and pursuing employment in accordance with the provisions of K.S.A. 44-705(c), and amendments thereto. (Authorized by and implementing K.S.A. 2005 Supp. 44-705; effective P-
_____.)

ATTORNEY GENERAL

JUN 02 2006

APPROVED BY *TMB*

DEPT. OF ADMINISTRATION

MAY 24 2006

APPROVED BY FDL




KANSAS

DEPARTMENT OF LABOR
Jim Garner, Secretary

KATHLEEN SEBELIUS, Governor

MEMORANDUM


Memo To: Faith Loretto
% Department of Administration

Date: May 23, 2006

Memo From: Judy Bishop
Legal Services

Subject: Regulation 50-3-2a

Hi, Faith –

Thanks so much for your phone call this morning. I'm so pleased we were able to save some time and work in the changes needed to this regulation. Hopefully, I have made the appropriate corrections.

Enclosed is Regulation 50-3-2a in its latest form.

Thanks so much!

JPB
Enclosure

cc: Glenn Griffeth



1-3

Who's responsible for overpayments?

Gov. Kathleen Sebelius campaigned on the billion dollars her administration supposedly saved Kansas in her first term. The legislative post audit just found another \$115 million that a member of her cabinet overspent. If she only knew she could have saved us another \$115 million. She might have gotten 75 percent of the vote.

The Kansas Department of Labor paid more than \$115 million in unemployment benefits to ineligible recipients in 2005. When questioned about it, department officials downplayed the significance. Like the state has \$115 million to give away.

What is the point of doing an audit if you just ignore the results? More important, what's the point of having a law if state government isn't going to abide by it?

What could the state have done with \$115 million? How about provide \$1,500 worth of job or motivational training to the 75,000 unemployed Kansans in 2005, the most recent year data was available? That's a lot of Tony Robbins seminars.

We could have given \$30,000 for the first 3,800 Kansas businesses hiring a previously unemployed Kansan. That would have paid their first-year salary in their new job and not cost the business a dime.

We could have hired 4,030 new teachers at the state average of \$28,530. Divided evenly, that's 13 teachers per district. Not that every district needs 13, but we doubt western Kansas would have allowed the fastest-growing districts their fair share no matter what.

We could have paid \$11,500 for day care for those seeking a job. That would have paid for a year of it and allowed the unemployed the opportunity to find work, go to school or get training.

Or we could have bought every single Kansan a \$40 gift certificate to spend as they saw fit. And thanks to the new state law that prevents those gift cards from having expiration dates, we could have spent that money whenever we wanted!

In other words, \$115 million is a big deal. The state's overpayment rate is the worst in the nation. The worst! Arizona was second in the country in overpayments, and it was a full 10 percent better than us. More than half the states had overpayments in the single digits. Kansas' overpayment rate was 45 percent.

Has anyone been fired for this dubious achievement? Has the department been scaled back? Any directors sent to jail for willfully dodging the law?

Secretary Jim Garner, a Sebelius cabinet member, made excuses for the overpayment. Changes in regulation don't allow a department to ignore a law. Just because you don't like a law doesn't mean you don't have to enforce or follow it.

Equally ridiculous was the response from Sebelius' guard dog and party leader Anthony Hensley, Topeka. He called for the chair of the post audit to resign. Talk about kill the messenger.

Someone in the state Department of Labor should be on unemployment soon. The legislative audit results should be cause for someone to be fired. Then he or she can start receiving inappropriate benefits.

Meanwhile, careerbuilder.com had 4,934 full-time jobs in Kansas on its site yesterday afternoon. One of them should have been for a secretary of labor.

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H Commerce + Labor

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(Attach 2)