

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairman Donald Dahl at 9:00 a.m. on January 31, 2003 in Room 521-S of the Capitol.

All members were present except: Representative Mike Burgess, Unexcused  
Representative Don Hill, Unexcused  
Representative Todd Novascone, Unexcused  
Representative Rick Rehorn, Unexcused  
Representative Dale Swenson, Excused

Committee staff present: Renae Jefferies, Revisor of Statutes  
June Evans, Secretary

Conferees appearing before the committee: James Garner, Acting Secretary, Kansas Department of Human Resources  
Claude Lee, Deputy Secretary, Kansas Department of Human Resources

Others attending: See attached sheet

The Chairman opened the meeting at 9:00 a.m. and stated that Minutes for January 15, 21 and 24 had been distributed. If there are any changes or corrections, please contact either the Chairman or the secretary by Wednesday, February 6. If there aren't any changes, the Minutes will stand as written.

The Chairman asked if there was anyone wishing to introduce bills.

The Chairman announced next week's schedule. The Chairman welcomed Secretary Garner back to the committee.

James Garner, Acting Secretary, Kansas Department of Human Resources (KDHR), stated when he attended a committee briefing earlier the Chairman asked if any legislation would be forthcoming. Two proposals might be coming: (1) making sure that limited liability companies fall under the unemployment insurance laws and (2) a parity issue relating to unemployment insurance.

Secretary Garner introduced Claude Lee, Deputy Secretary, KDHR. Mr. Lee said appearing with him were the Chief of Appeals, Steve Markley, and Chief Unemployment Insurance Judge, Tom Henderson. Backing them up is Chief of Benefits, Marge Baker.

Mr. Lee said he served as the department's Chief of Appeals and before that as an administrative judge for a number of years. Mr. Lee recently returned as a temporary unemployment insurance judge to help with the backlog.

## CONTINUATION SHEET

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The “Due Process” federal law requires adjudication of unemployment insurance (UI) benefits under the standard of “pay when due.” The Unemployment Insurance Call Center examiners find facts and decide whether to pay each claimant UI benefits under K.S.A. 44-706. They also decide whether to charge base period employer’s experience rating account under K.S.A. 44-710C). Each of those decisions is called a “determination.” The Call Centers are located in Topeka, Kansas City and Wichita. Aggrieved claimants and employers may file an appeal with the Office of Appeals if they do so within 16 days from the mailing date of the examiner’s determination.

The Appeals unit docketed 10,200 appeals in 1999; 10,500 appeals in 2000; and 11,637 appeals in 2001. The count rose sharply to 15,500 appeals in 2002 and was second only to the all-time high count in 1992 of 17,200 appeals. At the close of 2002, we had received, but not docketed, a number of new appeal files that, if counted, would have caused 2002 to be a record year. Whether projected on a fiscal or calendar basis, 2003 would undoubtedly be the all-time record high year of approximately 18,500 appeals.

The federal standard is that 60% of all decisions on appeals be in the mail within 30 days after the appeal’s first postmark. It is a tough but necessary standard.

As the caseload soared, the budget was cut causing staff shrinkage by 18%. A normal docket for each judge was 25 new cases each week. Most judges accepted 35 cases per week. In October budget constraints required layoff of three temporary judges that had been brought in to help. A part-time judge retired. The higher caseload brought greater pressures and two full-time judges were off most of the quarter for medical reasons. On the administration side, the department had to reduce a full-time contract administrative staff person by half. In October, a full-time administrative employee retired. Requests were denied to fill these positions due to the budget.

In two weeks, using the overtime and extra staff, the backlog dropped to 1,900. Today the backlog is down to a level thought impossible just one week ago – 1,680 appeals have not yet been heard.

The department is exploring options to find approximately \$180,000 to help with Appeals’ inevitable record numbers. Permanent administrative and law clerk positions are being requested to support judges at a much lower cost. It is estimated that by mid-June the normal workload will be back to 300 cases per week with each set for hearing within two weeks. A decision should be mailed to the parties on the 28<sup>th</sup> day after the new appeal is dropped into the U.S. mailbox (Attachment 1).

Secretary Garner stated the department is funded through federal funds and their normal fiscal year begins October 1. The federal budget has not been enacted but it is hopeful when Congress reconvenes it will be passed. It is unknown how much money the department will receive, perhaps around \$15.4M. The number of cases are so high the department will get contingency funding. After that is received some additional personnel may be hired. We are trying to get \$180,000 from the Advisory Fund .

The Chairman stated next week would be busy with hearings. The meeting adjourned at 9:30 a.m. The next meeting will be February 3, 2003.

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