

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 a.m. on January 20, 2004 in Room 241-N of the Capitol.

All members were present except:

Representative Don Hill- absent
Representative Joe Humerickhouse- absent

Committee staff present:

Jerry Ann Donaldson, Legislative Research Department
Melissa Alishahi, Legislative Research Department
Norm Furse, Revisor of Statutes
Renaë Jefferies, Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee: James Garner, Secretary, Kansas Department of Human Resources

Others attending:

See Attached List.

The Chairman called the meeting to order at 9:00 a.m., and stated we have a great program for everybody today. The Chairman asked if any of the members had any questions about anything so far?

The first item on the agenda is a special briefing by Jerry Donaldson, Kansas Legislative Research, briefing the committee on what transpired during the summer on the Joint Commerce and Labor Committee.

Jerry Donaldson, Kansas Legislative Research, stated there were four topics assigned to the Interim Committee and a draft of the only statutory legislation that came out of the Interim. There was no interest from the public sector in studying the taxable wage base; therefore, that issue was not covered. The three topics studied were: (1) Federal Reed Act Funds - the Committee concluded the Kansas Department of Human Resources (KDHR) should pursue an allocation of Congressional Earmark Grant funds but the Committee did not suggest how these monies should be spent. (2) State Occupational Safety and Health Agency - recommended that the current federal Occupational Safety and Health Agency (OSHA) system be maintained. (3) The last topic (Workers Compensation) is in draft form and will be presented tomorrow. The conclusions and recommendations contained that after discussion and deliberation the Committee made the following proposals: (a) That a bill be drafted that requires the Workers Compensation Advisory Council to meet by February 1 of each year for the purpose of reviewing proposed legislation and strongly encourages quarterly or more meetings thereafter, if needed. (b) A provision that a quorum of the council meet by a simple majority of each side. (c) That a follow-up post audit on the 1999 post audit be conducted to see whether the problems of fraud and abuse that existed then were resolved. Further, that post-audit should conduct a state-wide review of workers compensation cases in order to compile statistics on the number of cases, investigations conducted, prosecutions involved and settlement or the outcome of the cases. The audit should also look at the number of cases settled in favor of the claimant as opposed to the employer. (d) Also included should be the examination of the pay scale and retirement plans for administrative law judges. (e) That the legislature deal with the issues of pre-existing conditions, date of injury, work disability based on 15 year review, level of benefits for injured employees and whether drug or alcohol abuse exists on part of the employer similar to the provisions in place for the employee. (f) All actions adopting recommendations regarding the workers compensation act or any other matter referred to the advisory committee under subsection shall be by option adopted by the affirmative vote in open meeting of three of the five voting members who are appointed as representatives of employers and three of the five voting members who are appointed as representatives of employees.

Representative Pauls asked if the obsolete language would be put into any other place.

Jerry Donaldson said she would check that out.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE at 9:00 a.m. on January 20, 2004 in Room 241-N of the Capitol.

The Chairman said during the Interim a comment was made by the Secretary of KDHR that every state but Kansas was receiving earmarked money.

The Secretary said that was correct.

Representative Ruff asked who would be introducing the bill, the Senate or the House? We already have a full plate on workers compensation.

The Chairman said there was a question in his mind about how this should be done, but we could probably take care of it in a day or two.

Jim Garner, Secretary, Department of Human Resources (KDHR), gave a brief update of their activities during the legislative interim. The department is promoting "on-line" filing of unemployment insurance taxes and pay. This is the way of the future. The department is currently working with libraries to pursue utilizing computers in public libraries as an access point for unemployment claimants to file "on line" at the libraries.

KDHR has been engaged with efforts over the past months working with the Kansas Department of Commerce preparing for the Governor's recent Executive Reorganization Order (ERO) which will relocate the Division of Employment and Training from KDHR to Commerce. This recommendation is a part of the Governor's Economic Revitalization Plan. Workforce development efforts will be elevated and improved by aligning the responsibilities for job training with the demands of industry for a trained workforce.

The total number of unemployment benefits paid out in 2003 was \$518M and the trust fund balance is \$288.5M. We have been working hard to improve the Customer Service Center and would like to invite the committee to tour the Call Center (Attachment 1).

An annual report for the Division of Workers Compensation will be forthcoming.

Representative Pauls voiced concerns about spending \$518M and having \$288.5 M in the unemployment fund.

Secretary Garner stated KDHR is monitoring the fund and it is fine for another year but we need to look down the road for long term stability.

Representative Grant asked how much money businesses have saved with the moratorium over the last five years?

Secretary Gardner said he would answer that later.

Chairman Dahl questioned if unemployment benefits could be paid to anyone in the penal system and if there was any type of red flag in place?

Secretary Garner stated incarcerated persons would not qualify as they have to be able to work, but he would look at the mechanism in place so that would not be possible.

Representative Lane asked about the Federal Future Report. Is that money funneled back to Kansas?

Secretary Garner stated we do benefit by having that. There is a return but could have a staff person give a run-through on that.

The Chairman stated that **ERO 31 Executive Reorganization of KDHE** might be taken up very quickly by this Committee.

The meeting adjourned at 9:45 a.m. and the next meeting will be January 21.