

Approved: 3/1/07
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 01, 2007 in Room 231-N of the Capitol.

All members were present except:

Brenda Landwehr- excused
Candy Ruff- excused
Kasha Kelley- excused
Terrie Huntington- 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 that this is the last day for a committees to request to have bills drafted. The Chairman asked the committee if there were any bill introductions. Seeing none he introduced a bill about contractors unemployment liability. It was received without exception.

The Chairman reminded the committee about next week's schedule and passed out copies of the Agenda for the week of February 5, 2007.

An outline of the process unemployed workers have to follow was passed out to the committee.

The Chairman introduced the guest speaker, Jim Garner, Secretary, Department of Labor. His testimony and reports were passed out to the committee. He began by reviewing some of the requirements an unemployed worker has to meet to be able to draw unemployment benefits..

Representative Goico asked in the case of a person fired for cause if there was a time when they would become eligible. Secretary Garner replied that there was a whole system of hearings in the case of a dispute. Appeals are conducted in a court like atmosphere and a decision rendered.

The work search requirement is separate and distinct from the requirement to file for benefits. Every month the Department sends out a form to each claimant asking them to document where they have been looking for work. Benefits are stopped if they do not supply this information.

Representative Grant asked if the Department audits the monthly reports. The Secretary said that random audits were made.

The Secretary talked about the profiling of unemployed workers that has been required by the federal government since 1993. Some of the things they look at are the occupation and industry involved, whether it is declining or growing. They look at the area of residence and the unemployment rate. Those that are considered at a high risk of exhausting their benefits are scheduled for additional services such as resume writing and interview skills.

Representative Grant asked if taking this training would disqualify them for receiving benefits since they would not be available to work during the training. It was explained that if it was approved training it did not disqualify them.

The Chairman asked who initiates the interview process since it is in the Department of Commerce. The Secretary said that the Department of Labor sends the letter and the Department of Commerce reports whether they kept the appointment or not.

The Secretary described the changes that have taken place in the process of registering for

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unemployment benefits since the regulations were made in 1937. He described the reduction in unemployment offices and the many job service organizations that did not exist in 1937.

The Secretary presented statistics on unemployment fraud. The Kansas rate is lower than the national average.

Representative Ruiz asked about the about the waiting period for benefits if the claim was contested by the employer. The Secretary said that the Department is required to make these determinations quickly. If it is determined that benefits are due then back payment must be made. If they were not due then there is a collection process to recover the funds.

Representative Goico asked if they examine the social security numbers to determine if they match the person and what action is then taken. The answer was that they could not now match the social security numbers but they expect to have that ability within eight months.

Attention was then turned to the technical error rate. They are called technical because the claimant meets all the other requirements except registering with the work force system. The high technical error rate came to his attention in the summer of 2005. At first he was angry and outraged. Then he discovered that it was caused by a law in force since 1937 that had not been enforced for decades. It became a major issue when people no longer walked into the unemployment center to register for benefits. Then he considered the best way to handle this problem. That is why he began the process to make a regulation that would bring practice into sync with the law. He proposed the new regulation. It was reviewed by the Department of Administration, the Attorney General's office, the Joint Committee on Administrative Rules and Regulations and the U.S. Department of Labor.

Representative Grange asked, "Would it be safe to say that none of the effect of the November 2006 regulation is reflected in this report." The Secretary agreed that the results reflected data from 2005. This new regulation should cause a major reduction in our technical overpayment rate.

Representative Goico asked why the Department did not go to the legislature to change the state law. The Secretary said that the law allowed the Secretary to exempt whomever he wanted from this requirement. The change in the regulation occurred during the summer when the legislature was not in session. The Secretary emphasized the social and political consequences of enforcing the state law.

Representative Pauls said that the state statute was unusual but that it did give the Secretary authority to exclude people from the requirement of the law, therefore the regulation was legal. The Secretary agreed that was correct.

Representative Goico said that an easy fix would be to send a certified letter to those who did not register indicating that they would lose their benefits if they did not comply with the law. There were two options and we felt that since the process was so cumbersome we would make the decision not to deny people their benefits. The other thing was that the process was not impacting the people's ability to find jobs. Our duration rate is lower than the national average. There are many other job service options available to the unemployed and it did not seem wise to deny their benefits because they did not register with the State's Job Service program.

Representative Roth asked if the Secretary was denying that the states surrounding Kansas were correct in keeping their registration requirements. The Secretary emphasized that the states resources would be best spent on the people who had the greatest need of services and not on the public as a whole. The Secretary said that he was very open to the automatic registration process. However it will take time and money. We have a very antiquated system with 1100 cobal programs working together.

Representative Grange asked if people were advised of the other ways to find jobs? The Secretary was not aware that this was being done.

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Representative Sharp brought in an example of someone who had problems with the collection side of unemployment taxes.

Representative Ruiz said that he thought that the November 6th regulation was the proper way to handle this problem.

The Chairman advised the committee that we would continue this discussion tomorrow and the committee was adjourned at 10:19 A.M.