

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Brownlee at 8:30 a.m. on January 17, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present:       April Holman, Legislative Research Department  
                                      Robert Nugent, Revisor of Statutes  
                                      Lea Gerard, Secretary

Conferees appearing before the committee:     Secretary Rick Beyer, Department of Human Resources

Others attending:                See attached list.

Chairperson Brownlee introduced Secretary Rick Beyer, Department of Human Resources. Mr. Beyer presented information about the Kansas Department of Human Resources and their mission of cultivating a supply of labor to field commerce in the State of Kansas. Mr. Beyer stated they have an economic role that is very critical to the success of the State of Kansas. KDHR provides leadership on subjects such as Workers Compensation issues to Minimum Wage issues, etc. Mr. Beyer stated that their role is to find meaningful work for the unemployed, find better work for the under-employed and to improve the quality of work life for everyone working in the State of Kansas. Mr. Beyer highlighted briefly the strategic objectives of what the game plan is and what their program of work is through November 1, 2002 time frame (Attachment 1).

Secretary Beyer explained the concept of making Kansas workers readily available for business enterprises. The "labor exchange" program is to work in conjunction with existing state agencies to make the necessary workers available to meet the needs of businesses in the State.

Secretary Beyer stated the present labor exchange system in Kansas has been driven by several federally funded programs that often work against each other. An important objective in the Kansas labor market is to make it more user friendly, both for the employer and employee. As a result of restructuring our labor available market, there could be reductions in unemployment and an increase in state tax revenues each year. One of our most important current objectives is to make the labor exchange system more user friendly and to organize it into a one stop career service center. The center will have no "wrong" door and will be ready and available for service for job seekers and business customers. So, as job seekers are looking for meaningful work they can go to a one stop center for service and that one stop center will have all these various partners under one roof. If a business customer needs help, they will be able to go to the "one stop" career service center as a place to begin to fill their talent needs. Mr Beyer states we can reduce unemployment, or keep it relatively lower as a result of a career service strategy that improves the efficiency in the labor exchange. Mr. Beyer gave one small example of how they view the work. There are 100,000 openings in the State of Kansas at present. We know that the average Kansan earns \$30,000 a year so that means to the State of Kansas individuals and families are losing out on about three billion dollars of individual income. The average employee produces \$50,000 of net bottom line income to a business, that means with 100,000 openings, businesses are losing out on five billion dollars of bottom line income. Now obviously both sets of income streams are taxable and it means if you tax those two streams to the current state tax rate the state is losing out on one half billion dollars of tax revenue every year.

We have taken a hard look at what it will take in the State of Kansas to build a better labor exchange system. We think that we would need to invest about twenty million more dollars a year for this labor exchange system to be fully functioning and to provide the labor talent for businesses that is required at the present time. Mr. Beyer stated we will be coming to you in the near future with a creative way to raise capital that will not place further demands on state general funds nor will it place additional demands on our federal income stream. Currently, employers pay 100% of the federal unemployment taxes into Washington D.C. but the state only receives back forty-three cents on the dollar in the labor exchange system. All states across American are only getting back fifty or sixty cents on the dollar. We can create a state trust fund and keep our taxes at home.

Mr. Beyer explained that in order to create these one stop career service centers, we need to bring the partners

together under one roof. We have twenty-five one-stop career service centers strategically located in five regents throughout the state. As we pull partners together to create that “no wrong door” environment, we need to have a operating platform, a technology platform, and a computer system that will link all of the partners together. As a client comes into the “door”, they register once instead of having to register with the Kansas Department of Human Resources and then the Department of Social & Rehabilitation Services and other service agencies. Mr. Beyer stated we are building a technology platform called Kansas Job Link ([www.kansasjoblink.com](http://www.kansasjoblink.com)). It is a electronic job service office. What we are doing is forming an alliance called American’s Job Link with other states so we can advertise the cost of our technology investments over multiple states. We have formed an alliance already with the State of Ohio and the possible additions of Oklahoma and Vermont. This enables us to take the relatively few resources that we have and join together and leverage our dollars so that we can build these expensive systems and make them more cost effective.

Chairperson Brownlee opened the meeting for questions from committee members.

Secretary Rick Beyer introduced Roger Aeschliman, Deputy Secretary. Mr. Aeschliman introduced the directors of the Kansas Department of Human Resources. A. J. Kotich, Chief Counsel, Labor Law and four commissions or offices in the department that focus on providing services to disadvantage groups of Kansas citizens. Brad Hamilton, Director of Kansas Office of Native American Affairs; Pamela Johnson-Betts, Director of Kansas African-American Affairs; Martha Gabehart, Director of Kansas Commission on Disability Concerns and Tina DeLaRosa, Director of Kansas Advisory Committee on Hispanic Affairs.

Bill Layes, Chief of Labor Market Information Services, handles all of the statistics and unemployment information that is driven by the Bureau of Labor Statistics at the federal level. Director-Personnel, Janet Palmer; Director of Marketing and Communications, Kathy Ketchum; Chief Financial Officer, Jerry Schneider; Director of Employment and Training, Steve Jack; Director of Workers Compensation, Phil Harness and Chief Information Officer and Director of Employment Security, William Sanders ([Attachment 2](#)).

The meeting was turned over to Phil Harness, Director of Workers Compensation. Mr. Harness stated the first most important thing is Workers Compensation does not write checks but takes care of claims between the employer and/or it’s insurance carrier. Mr. Harness presented an organizational chart of the Division of Workers Compensation. Workers Comp has a full time physician on staff. One of the biggest responsibilities of that section is the drafting of a maximum medical fee schedule. Mr. Harness stated they control all the fees. There are two components to Workman’s Comp, the medical indemnity component and an income indemnity component. The medical indemnity is different than standard health insurance in that there is no deductible and no co-pay. Workman’s Comp pays all medical benefits ([Attachment 3](#)).

Steve Jack, Director Division of Employment and Training, Department of Human Resources presented an overview of his division ([Attachment 4](#)). Following Bill Layes, Chief of Labor Market Information Services. Mr. Layes gave a brief overview of the LMIS Labor Market Information Services and his division ([Attachment 5](#)).

Conferee Roger Aeschliman introduced William Sanders, Chief Information Officer and Director of Employment Security. William Sanders stated the purpose of their division is to provide transition pay for those that lose their jobs due to no fault of their own. The program receives its money from the federal government which receives it from an employer tax. The unemployment division is to deliver initial claim services and inquiries through call centers in Topeka, Wichita and Kansas City.

The meeting adjourned at 9:30 a.m. The next scheduled meeting is January 18, 2001.