Approved: March 06, 2001

Date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on February 19, 2001 in Room 123-S of the Capitol.

All members were present except: Senator Brungardt (Excused)

Senator Jordan (Excused) Senator Wagle (Excused)

Committee staff present: April Holman, Legislative Research Department

Bob Nugent, Revisor of Statutes

Lea Gerard, Secretary

Conferees appearing before the committee: Richard Beyer, Secretary HR

Roger Aeschliman, Deputy Secretary of HR Wayne A. White, Kansas Legal Services

Wayne Maichel, AFL-CIO

Paul Johnson, Public Assistant Coalition of Kansas

Others attending: See attached list.

SB 307 - Act concerning the employment security law; relating to job training funds.

Richard Beyer, Secretary, Department of Human Resources testified in support of <u>SB 307</u> stating that the purpose of the bill is to develop a TARGET initiative fund to improve the Kansas workforce development system through training, assessment, recruitment of labor, to provide a gateway to services, improve employment centers and offer transition support for employers and employees. The bill would establish a fund that would allow control of contribution dollars to be maintained within the State of Kansas (<u>Attachment 1</u>).

Roger Aeschliman, Deputy Secretary, Human Resources testified in support of SB 307 (Attachment 2). He stated Kansans pay two taxes regarding unemployment insurance. The distinction between the two is 1).8 percent on the first \$7,000 wages for each employee or a maximum of \$56.00 per employee paid to the IRS; and 2) is an experience rating tax of up to 5.4 per cent (for most employers) on the first \$8,000 or a maximum of \$432.00 per employee paid to the KDHR. This is the Federal Unemployment Tax (FUTA) to pay unemployment insurance. The money that goes into FUTA, one hundred per cent of that money is designed to go to the states and to the federal government to fund the labor exchange processes and fund the operations of unemployment insurance. Under the TARGET plan, Kansas will retain some of their tax dollars to be used by employers to put people back to work.

Wayne White, Kansas Legal Services, testified in support of <u>SB 307</u> (<u>Attachment 3</u>). The Kansas Legal Services is a private non-profit state-wide organization that helps people get the skills they need to have sustainable employment. There is a serious gap in the context of welfare reform in the State of Kansas and our ability to provide employment preparation services to welfare recipients and dislocated workers. Welfare recipients are being asked to leave the state welfare roles and move into employment. There are limited funds to provide start-up costs for non-profit and for profit organizations that were creating job training programs. Under the Workforce Investment Act, there is no flexibility and the Kansas Department of Social and Rehabilitation also has no funding to assist in the development and implementation of new programs. The TARGET bill would get the resources available to address this serious gap.

Wayne Michael, AFL-CIO testified in support of **SB 307** (Attachment 4).

Paul Johnson, Public Assistant Coalition of Kansas, testified in support of <u>SB 307</u> (<u>Attachment 5</u>). Mr. Johnson stated the State of Kansas needs to offer better job training for the people who are making the transition off welfare. Kansas would join 29 other states who have a state trust fund that would be maintained by

the state. This is a vital step to find more resources to help people with their training needs. Terry Leatherman, KCCI, testified in opposition to SB 307 stating there are four principle concerns with the bill (Attachment 6). 1) It is contrary to fundamental purpose of unemployment compensation; 2) the bill will cause several million dollar increase; 3) there is uncertainty of the bill as far as delivering workforce development goals; and 4) there is potential for economic down turn that we are facing in the near future.

Meeting adjourned.

Next meeting scheduled February 20 at 8:30 a.m.