

SESSION OF 2009

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2374

As Amended by Senate Committee on
Ways and Means

Brief*

HB 2374 would make changes to the Kansas Employment Security Law to allow the State of Kansas to receive federal disbursements under the American Recovery and Reinvestment Act (ARRA) for state unemployment benefits. Under current law, unemployment benefits are calculated using a base period of paid employment. The bill would amend current law to enact the application of the alternative base period to workers who would not otherwise qualify for unemployment benefits.

The bill, as amended, would provide for an additional 26 weeks of unemployment insurance coverage for persons who are otherwise qualified to receive unemployment compensation and are enrolled in either a state approved training program or a job training program authorized under the Workforce Investment Act of 1998. Kansas currently provides a maximum of 26 weeks of coverage for individuals enrolled in Workforce Investment Act approved training programs.

Background

Representative Goyle, the sponsor of the bill, appeared before the Committee to support the bill. The Kansas Department of Labor was represented by Wayne Maichel, Director of Employment Security, who spoke in favor of the bill and answered questions regarding the implementation of the alternative wage base period. Charles A. Krider, a professor at the University of Kansas School of Business and member of the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Employment Security Advisory Council, recommended adoption of the amended HB 2374. Professor Krider stated that the alternative wage base period modernizes the calculation of unemployment compensation in Kansas and that the workforce retraining provision recognizes alterations in the nature of unemployment from cyclical to structural and was important during a period of increased unemployment. No neutral or adverse parties spoke to the bill during Committee.

The Senate Committee on Ways and Means amended the bill to adopt the House version of HB 2374 for the calculation of the alternative wage base period and to add the extended workers training benefits. By enacting this provision of the alternate base period, the State's Employment Administration Security Fund would receive approximately \$23 million, which is one-third of the total amount of the Act available for Kansas.

According to the original fiscal note, the bill will qualify the State for the full \$69.0 million in ARRA funding from the federal government. The Department of Labor estimates that the annual cost of implementing both the alternative wage base periods and the job training provisions will be between \$7.1 million and \$8.0 million per year, to be fully funded by the Employment Administration Security Fund. The \$69.0 million will be exhausted in 13 years or by 2023.