

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 9, 2007 in Room 123-S of the Capitol.

All members were present except:
Susan Wagle- excused

Committee staff present:
Norm Furse, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:
Joe Lawhon, Post Audit
Secretary Garner, Department of Labor

Others attending:
See attached list.

Chairperson Brownlee called the Committee's attention to two confirmations on reappointments to K DFA regarding Tim Schaller and Brett Reber.

Senator Jordan made a motion to reappoint Tim Schaller to K DFA. Senator Teichman seconded. Motion carried.

Senator Emler made a motion to reappoint Brett Reber to K DFA. Senator Teichman seconded. Motion carried.

Senator Jordan made a motion to approve the Senate Commerce Committee minutes for January 23rd, January 24th, and January 30th. Senator Teichman seconded. Motion carried.

Chairperson Brownlee announced to the Committee that starting next week, the Senate Commerce Committee will be asking for an electronic copy of testimony along with paper copies.

Chairperson Brownlee introduced Joe Lawhon, Post Audit to review the "Error Rates for Unemployment Benefit Payments". (On file) Mr. Lawhon reviewed the report for the Committee. Mr. Lawhon stated the Kansas Governmental Operations Accountability Law (KGOAL) requires Legislative Post Audit to conduct a performance audit of specified state agencies each year. Legislative Post Audit chose to audit the Department of Labor on its high error rates for unemployment benefit payments. The performance audit answers the following questions:

- What factors have contributed to the high overpayment rate for Kansas unemployment benefits reported by the U.S. Department of Labor?
- What actions has the Kansas Department of Labor taken to reduce the overpayment rates and have those steps been effective?
- What steps have states with low overpayment rates taken to keep their overpayment rates low and could Kansas use some of those methods to reduce its overpayment rates?

Post Audit made the following recommendations to help reduce the number of overpayment errors caused by unemployed workers failing to register for job services, ensure that unemployed workers continue to take advantage of the benefits they receive from registering for job services, and keep Kansas' requirements in line with what other states are doing.

- The Department of Labor should revoke administrative regulation 50-3-2a, and require all unemployed workers, except those exempt by regulation 50-3-2, register for job services.
- The Department of Labor should establish and enforce a registration deadline.

CONTINUATION SHEET

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- The Department of Labor should work toward implementing a computerized system that automatically registers unemployed workers for job services when they apply for unemployment benefits.
- The Department of Labor should require more supervisory spot checks on data entered into the database.

Questions followed Mr. Lawhon's review.

Chairperson Brownlee introduced Secretary Garner, Department of Labor to respond to the Post Audit Report; "Error Rates for Unemployment Benefit Payments". Secretary Garner called the Committee's attention to "Unemployment Benefits: Eligibility and the Registration Requirement" dated February 9, 2007, ([Attachment 1](#)); "Kansas Department of Labor", ([Attachment 2](#)); and "Reply To This Address", ([Attachment 3](#)). Secretary Garner reviewed the "Unemployment Benefits: Eligibility and the Registration Requirement". He stated there are two types of errors: fraudulent and technical. The claimants with technical errors in the audit did not register with the Public Workforce Centers, but they met all other federal eligibility requirements. Claimants must look for work while on unemployment. The work search requirement is separate from the Workforce Center registration requirement. Every month, a form is mailed to all claimants asking for records of their work search. Benefits are stopped if claimants don't provide appropriate documentation of their work search. The Department of Labor is preparing to look into developing a way to automatically register claimants but this will take time and resources.

Questions followed. Chairperson Brownlee asked Secretary Garner what he needed to move forward on the automation of the unemployment process. The Secretary did not have those figures but stated he could present them in about a month.

Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next meeting scheduled for February 12th, at 8:30 a.m. in room 123 S.