

## MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman Nick Jordan at 8:35 on February 3, 2005 in Room 123-S of the Capitol.

Committee members absent: Jim Barone-excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department  
Helen Pedigo, Kansas Legislative Revisor of Status  
Jackie Lunn, Committee Secretary

Conferees appearing before the committee: Reggie Robinson, President and CEO of the Kansas Board of Regents  
Secretary Jim Garner, Department of Labor

Others attending:

See attached list

Chairperson Jordan opened the meeting by introducing Reggie Robinson, President and CEO of the Kansas Board of Regents. President Robinson gave a presentation entitled "Entrepreneurship in Kansas: The Role of the State's Postsecondary Education System" (Attachment 1). President Robinson gave an informative overview regarding the range of activities that the state's public universities and community colleges are currently undertaking to support the development of entrepreneurship in Kansas. He also noted how excited they are about the new Center of Entrepreneurship created through enactment of the Kansas Economic Growth Act during the last legislative session. They are particularly excited about the roles the educational institutions of Kansas are playing as this initiative moves forward.

A positive discussion followed President Robinson's presentation. The committee discussed whether a person was born with certain characteristics that make them entrepreneurs or could these characteristics be developed through education on entrepreneurship. The point was made by President Robinson that possibly education could bring out the entrepreneurship characteristics in a person that maybe they did not know existed. Through education these skills could be enhanced.

Chairperson Jordan introduced Secretary Jim Garner, Department of Labor, to give an update of the activities within the Department of Labor. (Attachment 2) Secretary Garner stated that the Department of Labor has been going through several changes during the past year due to the implementation of ERO 31. Secretary Garner gave a brief overview of a major project which is under way to rewrite and bring up to date the computer programming system which has been in place since 1967. Secretary Garner presented a copy of "Kansas Job Vacancy Survey" (Attachment 3) along with the Department of Labor's Annual Report of 2004. (Attachment 4) Secretary Garner introduced Dorothy Stites, recently named the new director for Labor Market Information Services Division. Secretary Garner stated progress has been made in their backlog of appeals unit to reduce the number. They are also focusing on improving customer service by promoting online services with employer customers. The Department of Labor deals with 69,000 employers in Kansas who pay unemployment taxes. It would be beneficial if the majority would file their reports and make their payments electronically. The Department of Labor now has in place a 24 hours a day, seven days a week system which will better meet the needs of their employer customers. Secretary Garner feels one of their biggest hurdles with this system is to compensate their employer customers for the charge of \$3.00 they must pay to do an electronic payment. The Department of Labor's Director of Unemployment Insurance has developed a plan to compensate our employer clients for this charge out of the penalty interest fund. They have asked for legislation be put in place allowing the permanent use of these funds for that purpose. In closing he stated the Trust Fund Unemployment Insurance System is in better shape than a year ago.

After Secretary Garner concluded, there was discussion on the Unemployment Trust Fund and how it was managed. Secretary Garner stated the Fund is housed at this time through Federal Funds at the National level with a return rate of 6% annually. Secretary Garner agreed to produce documentation regarding the fund for the committee members. There was also some discussion of using debit cards for payment of benefits.

## CONTINUATION SHEET

MINUTES OF THE Senate Commerce at 8:35 on February 3, 2005 in Room 123-S of the Capitol.

Chairperson Brownlee wanted to discuss the Workcomp Advisory Counsel stating the Counsel is not effective; the meetings are cancelled because they do not have a quorum. Secretary Garner feels the Counsel is a needed group and could be very beneficial. Secretary Garner agreed there are problems that need to be addressed regarding the Workcomp Advisory Counsel.

The next topic of discussion was on the cost of updating the new computer system. Secretary Garner stated the cost would be \$21 million dollars. He further explained that the funding would come from the Reed Act Distribution monies received from the US Department of Labor 3 years ago. These monies are earning a 6% rate annually and Secretary Garner feels the interest earned on these monies will be enough to pay off the bonds within 3 or 4 years while keeping the principal intact.

It was asked if the bid was a competitive bid and the answer was yes. Secretary Garner stated the Department will make periodic appearances before the Joint Committee on information Technology. The Department of Labor met with them before they issued the bids. So far, they have been very supportive of how the Department of Labor is proceeding with the project. Secretary Garner stated the Department of Labor included language in the bid process that they would give preference to companies that employ people in the United States of America.

Chairman Jordan adjourned meeting at 9:30 a.m. The next meeting will be held Friday, February 4, 2005 at 8:30 a.m. in room 123S.