

2005 State of Labor Address Jim Garner, Kansas Secretary of Labor

I am Jim Garner, Secretary of the Kansas Department of Labor. It is my pleasure to once again bring you the best Labor Day wishes from Governor Kathleen Sebelius and Lt. Governor John Moore. I am pleased to present this report on the State of Labor in Kansas in 2005.

A Growing Labor Market

The Kansas labor market can be best described in one word – growing. The Kansas economy continues to realize solid improvement. July marked the 17th consecutive month of job growth in our state. This and other indicators show the Kansas economy on a continual upward trend.

Over the year we have seen diverse job growth in both goods-producing and service-providing sectors, nearing pre-9/11/2001 levels. Data for June 2005 shows 9 of 11 industry sectors adding jobs, including professional and business services, leisure and hospitality, manufacturing and construction. In all, June 2005 saw an addition of more than 16,000 jobs over the year. Simply put, Kansas businesses are hiring more people and business activity is expanding.

For the twelve-month period that ended on June 30, 2005, the state's unemployment rate averaged 5.4 percent, down from 5.7 percent a year ago. Additionally, the number of claims for unemployment has steadily dropped over the last year. Kansas has recorded 24 percent fewer jobless claims than the year before.

Governor Sebelius has made expanding the Kansas economy and creating jobs a top priority of her administration and we are starting to see the fruits of this commitment.

Since FY 2003, 56 large- to medium-sized new businesses have moved to Kansas and 25 businesses have expanded or stayed in Kansas thanks to state action. These new and growing businesses have created an increase in capital investments in Kansas of more than \$725 million.

These businesses alone have meant 13,512 jobs for Kansas, and these new jobs have an average hourly wage of \$18.68.

As we know, the business climate in Kansas has received national recognition.

A study for *Forbes* magazine ranked Kansas number 1 in economic freedom. The *Forbes* study considered 143 factors and concluded Kansas was the best for locating new businesses. *Expansion Management* magazine ranked Kansas first in its Health Care Cost Quotient, meaning health care costs are more manageable for businesses here than anywhere else. And, Kansas' bond rating is at its highest level since 2002 and is among the highest rated states in the country.

While this is all good news and job trends are moving in the right direction, there is still work to be done. We must build upon the progress already made. This year, the Governor once again will bring together business leaders and policy makers from across the state in a series of regional Prosperity Summits to build upon the success of the previous Summits and explore ways to further invigorate the economy in every region of the state.

Focus on Workplace Safety

Every year, the legislature engages in the same tired, old divisive debate about Workers Compensation. Some groups insist that we have a crisis in our workers compensation system and mechanically propose initiatives to reduce benefits to injured workers.

Many proposals are tossed about. However, the common sense answer, which is traditionally lost in the debate, is workplace safety. Although Kansas' workplace injury and illness rate has declined over the past decade, there is definitely room for improvement. Work-related fatalities in Kansas rose to 57 in 2005, up from 44 in 2004. In addition, Kansas businesses reported 66,277 illnesses and injuries in the workplace in 2005. These numbers remain far too high.

A focus on safer workplaces offers a true win-win-win scenario. Safer workplaces result in fewer injuries to workers. Safer workplaces reduce the number of claims paid by insurance companies. And safer workplaces should result in lower premiums charged to employers.

The fact remains that Kansas enjoys some of the lowest Workers Compensation premium rates in the nation. If we wish to maintain this advantage, we should resist proposals that seek to pit the interests of employers against the interests of employees, and instead promote efforts to bring those interests together to focus on improving workplace safety.

At the Kansas Department of Labor we have recently taken steps to elevate our industrial safety and health programs. These programs were once a sub-unit buried in the Division of Workers Compensation. Now, it is a stand alone division reporting directly to the Secretary of Labor. This new Division of Industrial Safety and Health will provide better visibility and access to the workplace safety programs we offer.

Businesses in the private sector can use our free programs to help identify and abate potential safety hazards and improve the conditions of their work sites. Our programs are delivered by well-trained safety and health professionals who can help establish or strengthen an employee safety and health program. Also, we will sponsor our annual workplace safety and health conference on October 11-14. This conference brings together safety and health professionals from across the state to learn more about the safety and health issues that are so important in the workplace.

Under our Safety and Health Achievement Recognition Program, more Kansas businesses have joined a very elite group of companies recognized by OSHA for their commitment to health and safety. In all, 31 work sites in Kansas have received this special designation. There are only about 790 such sites in the entire nation.

Time and again, we hear from businesses that have participated in these programs. They tell us that a strong safety and health program in their workplace did much more than lower the number of accidents on the job site.

Let me share some of their own words about the true effectiveness of safe workplaces:

Flame Engineering, Inc of La Crosse – "A safety program doesn't cost you money, it saves – we are more productive, there is better morale and our workers comp payments are less."

American Maplan Corporation of McPherson – "We now have an absolutely fabulous safety record. Our workers compensation rates have reduced by 50 percent and profit margins have improved."

Lowen Corporation of Hutchinson – "Production and quality ultimately reap the rewards when employee morale is improved by a company which gives precedence to employee safety."

"A safety program doesn't cost money, it saves. These businesses have established a partnership with their employees that works to everyone's benefit. Now is the time to shift the focus of the workers compensation debate to promoting safer work places. I encourage businesses to take advantage of our services and the safety expertise we offer.

Commitment to Continuous Improvement

This year, the Department of Labor continued our commitment to serving Kansans more efficiently. We are striving to improve our services to the agency's customers – the 69,000 employers and the 1.4 million workers in Kansas.

This year we worked for the successful enactment of legislation to prevent tax avoidance in the unemployment insurance system. The "SUTA Dumping" bill meets new federal requirements and allows for enhanced efforts for the detection of fraudulent attempts by unscrupulous operations seeking to avoid payment of UI taxes. It will benefit the overwhelming majority of Kansas employers who play by the rules.

This summer we launched a new on-line service that will allow our customers (workers, contractors, employers, lawyers and medical providers) to verify electronically whether a business operating in Kansas has workers compensation coverage. This new service is part of our continuing efforts to provide more customer self-service options.

And this year we began work on the multi-year Unemployment Insurance Modernization project. This project will result in major improvements in the unemployment insurance system and will allow us to better respond to the demands of our customers.

Conclusion

As we approach this last holiday of summer, I encourage everyone to take time to recognize and honor the hard working men and women of Kansas who do their part each day to make our state a better place. We know that by working together – businesses, workers and government – we can create and retain good jobs in our state and create higher expectations for safer workplaces.

Thank you.

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