

KANSAS DEPARTMENT OF LABOR

FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2022 – FY 2024

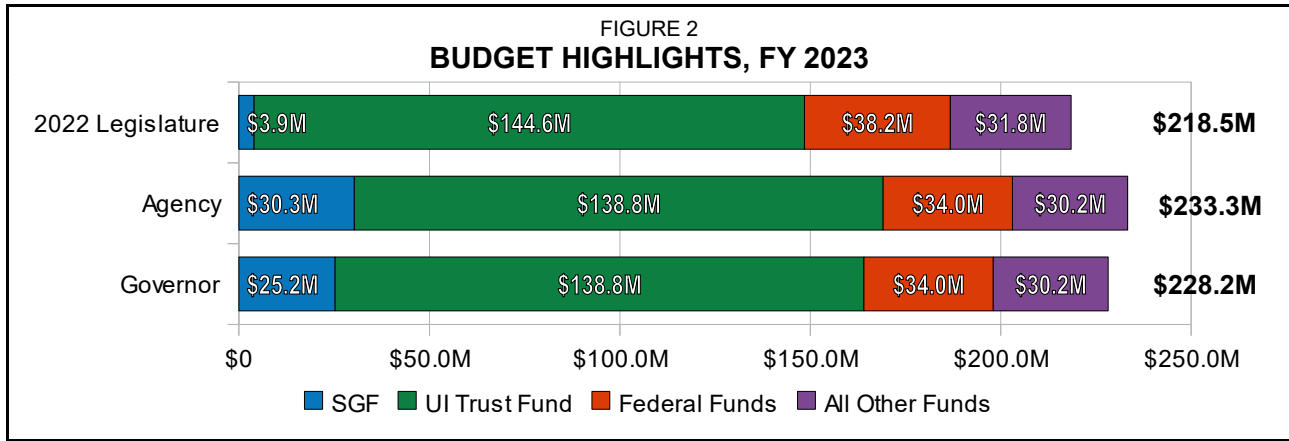
	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Operating Expenditures:					
State General Fund	\$ 1,540,019	\$ 29,505,548	\$ 24,438,872	\$ 21,279,641	\$ 3,968,199
Federal Funds	68,688,018	33,447,705	33,447,705	16,979,809	16,979,809
All Other Funds	390,777,412	169,029,569	169,029,569	157,891,432	157,891,432
<i>Subtotal</i>	<u>\$ 461,005,449</u>	<u>\$ 231,982,822</u>	<u>\$ 226,916,146</u>	<u>\$ 196,150,882</u>	<u>\$ 178,839,440</u>
Capital Improvements:					
State General Fund	\$ -	\$ 792,000	\$ 792,000	\$ 795,000	\$ 795,000
Federal Funds	591,498	528,000	528,000	530,000	530,000
All Other Funds	175,500	-	-	-	-
<i>Subtotal</i>	<u>\$ 766,998</u>	<u>\$ 1,320,000</u>	<u>\$ 1,320,000</u>	<u>\$ 1,325,000</u>	<u>\$ 1,325,000</u>
TOTAL	<u>\$ 461,772,447</u>	<u>\$ 233,302,822</u>	<u>\$ 228,236,146</u>	<u>\$ 197,475,882</u>	<u>\$ 180,164,440</u>
Percentage Change:					
State General Fund	6.8 %	1,867.3 %	1,538.3 %	(27.1) %	(81.1) %
All Funds	(77.1) %	(49.5) %	(50.6) %	(15.4) %	(21.1) %
FTE Positions	442.3	442.3	442.3	442.3	442.3

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

The Kansas Department of Labor's mission is to provide workers and employers with information and services that are accurate and timely, efficient and effective, and fair and impartial. The agency has six programs to assist with the agency's mission: Administration and Support Services, Labor Market Information Services, Unemployment Insurance Services, Industrial Safety and Health, Workers Compensation, and Labor Relations and Employment Standards.

EXECUTIVE SUMMARY

The 2022 Legislature approved a budget of \$218.5 million in on-budget expenditures and 511.9 on-budget FTE positions for the Kansas Department of Labor in FY 2023, including \$3.9 million from the State General Fund (SGF) and \$144.6 million from the Unemployment Insurance (UI) Trust Fund. Subsequent to the 2022 Session, \$2,754 in unspent SGF moneys was reappropriated from FY 2022 into FY 2023. This changes the current year approved amount without any legislative action required.



The **agency** submits a revised estimate of \$233.3 million in on-budget expenditures and 442.3 on-budget FTE positions in FY 2023, including \$30.3 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The revised estimate represents an increase of \$14.8 million, or 6.8 percent, above the amount approved by the 2022 Legislature. The revised estimate includes seven supplemental requests, totaling \$25.6 million in additional spending. The largest request is for **\$16.5 million SGF to support continued Pandemic Unemployment Assistance (PUA) operations** in FY 2023. The agency indicates this funding would allow it to repay the U.S. Department of Labor for an overage of PUA costs and continue to work through its backlog of pandemic program claims throughout the unemployment process, including adjudications and appeals.

The agency also requests **\$3.0 million SGF for the unfunded portion of the UI modernization project** in FY 2023. The agency estimates the cost for modernization to be \$17.9 million in FY 2023, \$14.9 million of which is currently funded. Project tasks scheduled for FY 2023 include developing a requirements management tool, system design, system build and configuration, system testing, and data migration.

Additionally, the revised estimate also includes **\$3.9 million SGF for UI program positions** in FY 2023. These positions were established to address the backlog resulting from the COVID-19 pandemic, and the agency indicates other funding sources are not currently available to be allocated for these positions. This funding would support UI program operations as some existing personnel are diverted to the UI modernization project. This funding also provides salary increases to certain positions that the agency has found to be inequitable compared to other positions.

Lastly, the agency requests **\$1.5 million SGF to repay overpayment of unemployment benefits owed to the Federal Emergency Management Agency (FEMA) for the Lost Wages Assistance (LWA) Program** in FY 2023. The LWA Program allowed states to provide up to \$400 in additional weekly unemployment benefits to eligible claimants. Of that amount, \$300 was funded through a \$44.0 billion allocation from the FEMA Disaster Relief Fund. Repayment of overpaid benefits is a requirement of the FEMA grant.

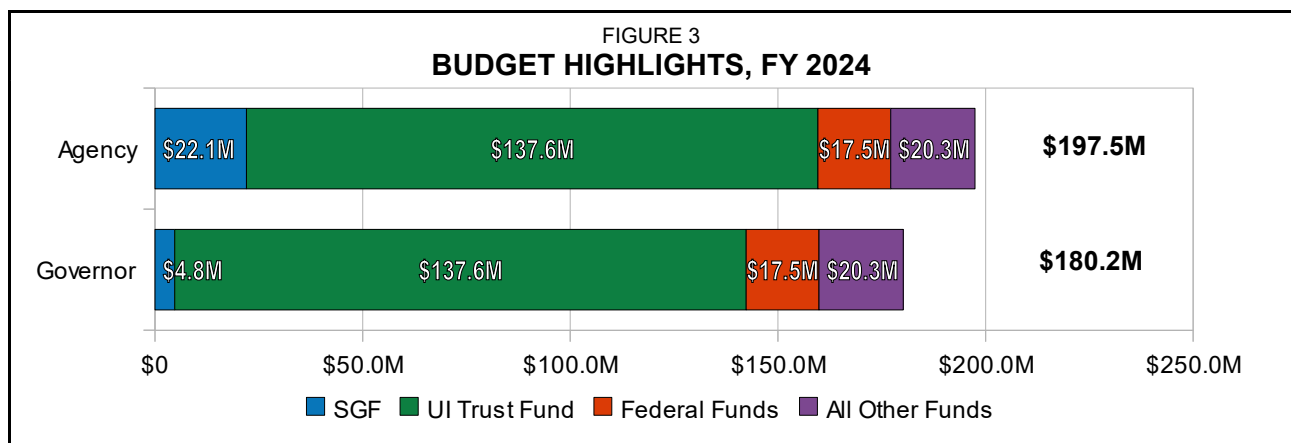
The FY 2023 revised estimate also includes \$378,516 in off-budget expenditures and 2.9 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state agency to another. In FY 2023, off-budget expenditures decrease by \$110,968, or 22.7 percent, below the approved amount.

The **Governor** recommends \$228.2 million in on-budget expenditures and 445.2 on-budget FTE positions in FY 2023, including \$25.2 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The recommendation is a decrease of \$5.1 million, or 2.2 percent,

below the agency’s revised estimate and is primarily due to **the Governor's recommendation not to adopt the following supplemental requests:** increased funding for UI program personnel (\$3.9 million SGF), additional law enforcement personnel (\$422,786 SGF), salary increases for the IT department (\$211,224 SGF), funding to repay overpayment of unemployment benefits (\$1.5 million SGF), and funding to support continued PUA operations (\$16.5 million SGF).

The decrease is partially offset by the Governor's recommendation for **\$20.5 million SGF in one-time expenditures for the unfunded portion of the UI modernization project** in FY 2023, instead of the agency request of \$3.0 million SGF in FY 2023 and \$10.0 million SGF for FY 2024. In total, the Governor recommends \$7.5 million SGF more than the amount requested by the agency. The Governor also recommends lapsing up to \$20.5 million SGF if federal funding, in excess of federal funds currently encumbered for the project, are available.

The recommendation also includes \$378,516 in off-budget expenditures and 2.9 off-budget FTE positions, which is the same as the agency’s revised estimate in FY 2023.



The **agency** requests \$197.5 million in on-budget expenditures and 443.2 on-budget FTE positions for FY 2024, including \$22.1 million SGF, \$137.6 million from the UI Trust Fund, and \$17.5 million from federal funds. This represents a decrease of \$35.8 million, or 15.4 percent, below the revised estimate in FY 2023. The request includes enhancement funding for five items, totaling \$17.3 million in additional spending. The largest request is for **\$10.0 million SGF for the unfunded portion of the UI modernization project** for FY 2024. This is an increase of \$7.0 million SGF above the amount requested for the same purpose in FY 2023. The agency estimates the cost for modernization to be \$16.3 million for FY 2024, \$6.3 million of which is currently funded. Project tasks scheduled for FY 2024 include user acceptance testing, end-to-end testing, training, and go-live operations.

The agency also requests **\$6.7 million SGF for UI program positions** for FY 2024. This is an increase of \$2.8 million SGF above the amount requested for the same purpose in FY 2023. These positions were established to address the backlog resulting from the COVID-19 pandemic, and the agency indicates other funding sources are not currently available to be allocated for these positions. This funding would support UI program operations as some existing personnel are diverted to the UI modernization project. This funding also provides salary increases to certain positions that the agency has found to be inequitable compared to other positions.

The request also includes \$418,262 in off-budget expenditures and 2.9 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2024, off-budget expenditures increase by \$39,746, or 10.5 percent, above the revised estimate in FY 2023.

The **Governor** recommends \$180.2 million in on-budget expenditures and 443.3 on-budget FTE positions for FY 2024, including \$4.8 million SGF, \$137.6 million from the UI Trust Fund, and \$34.0 million from federal funds. The recommendation is a decrease of \$17.3 million, or 78.4 percent, below the agency request and is primarily due to **funding the unfunded portion of the UI modernization project in FY 2023 instead of FY 2024** (\$10.0 million SGF). The decrease is also due to **the Governor's recommendation not to adopt the following enhancement requests**: increased funding for UI program personnel (\$6.7 million SGF), additional law enforcement personnel (\$404,656 SGF), and salary increases for the IT department (\$211,224 SGF).

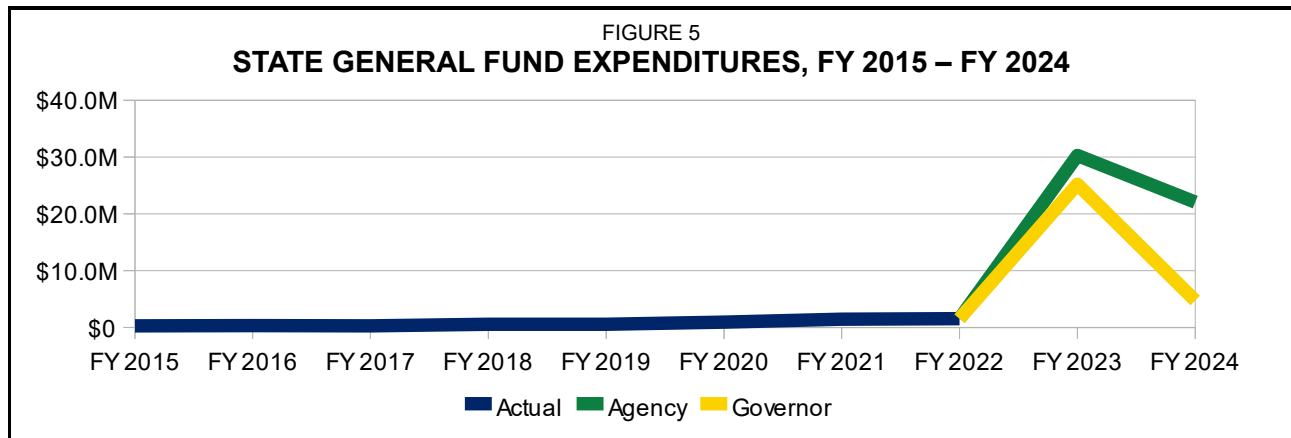
The recommendation also includes \$418,262 in off-budget expenditures and 2.9 off-budget FTE positions, which is the same as the agency's request for FY 2024.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE (ON-BUDGET), FY 2022 – FY 2024

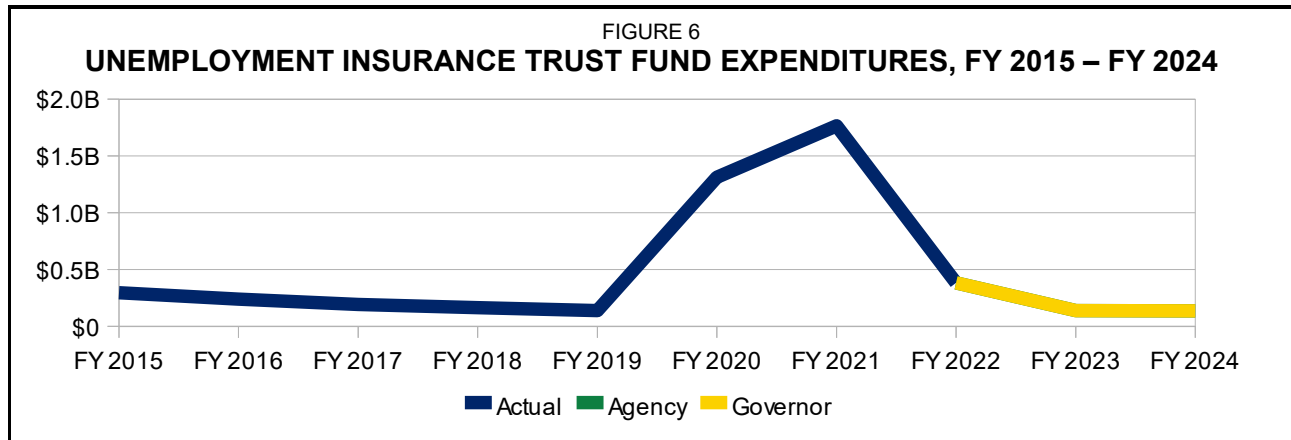
Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Salaries and Wages	\$ 29,629,107	\$ 33,875,830	\$ 29,344,859	\$ 33,957,459	\$ 26,655,567
Contractual Services	44,742,884	30,892,212	14,387,212	13,690,452	13,685,452
Commodities	122,892	274,859	270,309	273,136	268,586
Capital Outlay	14,773,552	26,611,157	44,069,326	10,630,913	630,913
Debt Service Interest	12,680	-	-	-	-
<i>Subtotal</i>	<u>\$ 89,281,115</u>	<u>\$ 91,654,058</u>	<u>\$ 88,071,706</u>	<u>\$ 58,551,960</u>	<u>\$ 41,240,518</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	371,724,334	140,328,764	138,844,440	137,598,922	137,598,922
<i>Subtotal—Operating</i>	<u>\$ 461,005,449</u>	<u>\$ 231,982,822</u>	<u>\$ 226,916,146</u>	<u>\$ 196,150,882</u>	<u>\$ 178,839,440</u>
Capital Improvements	496,998	1,320,000	1,320,000	1,325,000	1,325,000
Debt Service Principal	270,000	-	-	-	-
TOTAL	<u>\$ 461,772,447</u>	<u>\$ 233,302,822</u>	<u>\$ 228,236,146</u>	<u>\$ 197,475,882</u>	<u>\$ 180,164,440</u>
Financing:					
State General Fund	\$ 1,540,019	\$ 30,297,548	\$ 25,230,872	\$ 22,074,641	\$ 4,763,199
UI Trust Fund	371,397,652	138,844,440	138,844,440	137,598,922	137,598,922
Federal Funds	69,279,516	33,975,705	33,975,705	17,509,809	17,509,809
All Other Funds	19,555,260	30,185,129	30,185,129	20,292,510	20,292,510
TOTAL	<u>\$ 461,772,447</u>	<u>\$ 233,302,822</u>	<u>\$ 228,236,146</u>	<u>\$ 197,475,882</u>	<u>\$ 180,164,440</u>
FTE Positions	442.3	442.3	442.3	442.3	442.3

STATE GENERAL FUND



Prior to FY 2022, the Kansas Department of Labor primarily used SGF moneys to fund salaries and wages in the Industrial Safety and Health program and for the Labor Relations program. The 2022 Legislature added \$2.2 million SGF and 30.0 FTE positions for additional staffing in the Administration and Unemployment Insurance Services programs in FY 2023 to continue duties performed by contracted staff during the pandemic. The agency is also requesting \$26.4 million SGF in FY 2023 and \$18.1 million SGF for FY 2024 for a variety of supplemental and enhancement requests. Those requests include funding the unfunded portion of the UI modernization project, continued funding for unemployment and investigative positions created during the pandemic, salary increases for IT personnel, repayments for the Lost Wages Assistance Act, continued support for the Pandemic Unemployment Assistance program, and a funding source shift for capital improvements projects.

UNEMPLOYMENT INSURANCE TRUST FUND



The Unemployment Insurance Trust Fund includes the benefits, taxes, and interest of unemployment insurance benefits. Different accounts within the fund collect moneys from a variety of sources: the benefit account contains transfers from the UI Trust Fund to pay unemployment insurance benefits, the clearing account contains unemployment insurance taxes collected from employers, and the trust account contains transfers from the clearing account along with interest earnings. On September 17, 2022, the balance of the UI Trust Fund was \$1.0 billion. The agency estimates it will pay \$136.0 million in UI benefits in FY 2023 and \$134.7 million for FY 2024.

The 2021 Legislature passed Senate Sub. for Sub. for HB 2196 (HB 2196), which authorized \$250.0 million to be transferred to the UI Trust Fund and \$250.0 million to the Legislature Employment Security Fund (LESF) of the Legislative Coordinating Council (LCC) during FY 2021 and FY 2022. The transfers were made using moneys identified by the Director of the Budget to be unencumbered COVID-19 relief funds that could be spent at the discretion of the State.

HB 2196 also authorized the Unemployment Compensation Modernization and Improvement Council (Council) to select an independent firm to conduct an audit examining the effects on the Kansas Department of Labor and the UI system of fraudulent claims and improper payments from March 15, 2020, to March 31, 2022. After that amount of improper payments was determined, the Council was required to report the dollar amount to the Division of the Budget. The bill also authorized the LCC to transfer funds from the LESF to the UI Trust Fund on the basis of the information determined by the audit. Furthermore, HB 2196 also provided for a subsequent transfer of funds from the LESF to the UI Trust Fund on the basis of improper payments made between April 1, 2022, and December 31, 2022.

The Council selected FORVIS (formerly BKD) to conduct the audit and received a report from FORVIS at a meeting held on September 7, 2022. The Council requested additional information from FORVIS necessary to determine the dollar amount of improper payments and received this information at a meeting held on September 19, 2022. At that meeting, the Council (1) concluded the audit determined that \$358.0 million in improper payments were made between March 15, 2020, and March 31, 2022, (2) recommended an additional \$108.0 million of federal COVID-19 relief aid be transferred to the UI Trust Fund, and (3) recommended an additional \$20.0 million of federal COVID-19 relief aid be retained for a future transfer to account for improper payments occurring from April 1, 2022, to December 31, 2022.

On November 28, 2022, the Director of the Budget certified a total amount of \$357.9 million to the LCC, including \$292.0 million in net improper payments estimates and \$65.9 million in non-fraud overpayment. On December 30, 2022, the LCC approved the transfer of \$107.9 million from the LESF to the UI Trust Fund, bringing the total amount transferred from the LESF to \$357.9 million.

FY 2023 ANALYSIS

FIGURE 7
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE*
Legislative Approved:				
Amount Approved by 2022 Legislature	\$ 3,936,118	\$ 214,568,744	\$ 218,504,862	516.0
1. SGF Reappropriation	2,754	-	2,754	--
<i>Subtotal—Legislative Approved</i>	<i>\$ 3,938,872</i>	<i>\$ 214,568,744</i>	<i>\$ 218,507,616</i>	<i>516.0</i>
Agency Revised Estimate:				
2. Supplemental – UI Modernization	\$ 3,021,831	\$ -	\$ 3,021,831	--
3. Supplemental – UI Program Staff	3,926,511	-	3,926,511	--
4. Supplemental – Law Enforcement Staff	422,786	-	422,786	--
5. Supplemental – IT Department Salaries	211,224	-	211,224	--
6. Supplemental – LWA Overpayments	1,484,324	-	1,484,324	--
7. Supplemental – PUA Development	16,500,000	-	16,500,000	--
8. Supplemental – Capital Improvements	792,000	(792,000)	-	--
9. UI Modernization Hardware	504,358	10,347,689	10,852,047	--
10. Unemployment Insurance Benefits	-	(9,720,137)	(9,720,137)	--
11. Pandemic Programs Ending	225,498	(9,082,793)	(8,857,295)	--
12. Personnel Adjustments	(270,196)	(2,663,552)	(2,933,748)	(70.9)
13. All Other Adjustments	(459,660)	347,323	(112,337)	--
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 30,297,548</i>	<i>\$ 203,005,274</i>	<i>\$ 233,302,822</i>	<i>445.2</i>
Governor’s Recommendation:				
14. Supplemental – UI Modernization	\$ 17,478,169	\$ -	\$ 17,478,169	--
15. All Other Supplemental Requests	(22,544,845)	-	(22,544,845)	--
TOTAL	\$ 25,230,872	\$ 203,005,274	\$ 228,236,146	445.2

* Staff Note: This number represents both on- and off-budget FTE positions.

LEGISLATIVE APPROVED

Subsequent to the 2022 Session, one adjustment were made to the \$218.5 million in on-budget expenditures appropriated to the Kansas Department of Labor for FY 2023. This adjustment changes the current year approved amount without any legislative action required and includes the following:

1. **SGF REAPPROPRIATION.** \$2,754 in unspent SGF moneys was reappropriated from FY 2022 into FY 2023.

AGENCY ESTIMATE

The **agency** submits a revised estimate of \$233.3 million in on-budget expenditures and 442.3 on-budget FTE positions in FY 2023, including \$30.3 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The revised estimate represents an increase of \$14.8 million, or 6.8 percent, above the amount approved by the 2022 Legislature.

The revised estimate includes \$25.6 million for the following supplemental requests:

2. **SUPPLEMENTAL – UI SYSTEM MODERNIZATION.** The revised estimate includes \$3.0 million SGF in supplemental funding for the unfunded portion of the UI modernization project in FY 2023. The agency estimates the cost for modernization to be \$17.9 million in FY 2023, \$14.9 million of which is currently funded. Project tasks scheduled for FY 2023 include developing a requirements management tool, system design, system build and configuration, system testing, and data migration.

3. **SUPPLEMENTAL – UI PROGRAM STAFF.** The revised estimate includes \$3.9 million SGF in supplemental funding for UI program positions in FY 2023. These positions were established to address the backlog resulting from the COVID-19 pandemic, and the agency indicates other funding sources are not currently available to be allocated for these positions. This funding would support UI program operations as some existing personnel are diverted to the UI modernization project. This funding also provides salary increases to certain positions that the agency has found to be inequitable compared to other positions.
4. **SUPPLEMENTAL – LAW ENFORCEMENT STAFF.** The revised estimate includes \$422,786 SGF in supplemental funding for law enforcement staff in FY 2023. This request includes funding for salaries (\$393,236), supplies and training (\$9,550), and the purchase of an additional vehicle for the program (\$20,000). These positions help investigate unemployment fraud and forward cases to courts for prosecution. During the COVID-19 pandemic, the agency increased its roster from two positions to eight. The agency indicates the unemployment grant that funded those positions no longer supports additional staffing in that area.
5. **SUPPLEMENTAL – IT DEPARTMENT SALARIES.** The revised estimate includes \$211,224 SGF in supplemental funding to increase salaries for IT staff in FY 2023. The agency continues to experience high turnover in its IT Department and seeks to fill several vacant positions, including Applications Developer, IT Manager, and Project Manager. The agency indicates making salaries more competitive with comparable private sector positions would allow it to attract and retain quality personnel.
6. **SUPPLEMENTAL – LWA OVERPAYMENTS.** The revised estimate includes \$1.5 million SGF in supplemental funding to repay overpayment of unemployment benefits owed to the Federal Emergency Management Agency (FEMA) for the Lost Wages Assistance (LWA) Program in FY 2023. The LWA Program allowed states to provide up to \$400 in additional weekly unemployment benefits to eligible claimants. Of that amount, \$300 was funded through a \$44.0 billion allocation from the FEMA Disaster Relief Fund. Repayment of overpaid benefits is a requirement of the FEMA grant.
7. **SUPPLEMENTAL – PUA DEVELOPMENT.** The revised estimate includes \$16.5 million SGF in supplemental funding to support continued Pandemic Unemployment Assistance (PUA) operations in FY 2023. The agency indicates this funding would allow it to repay the U.S. Department of Labor for an overage of PUA costs and continue to work through its backlog of pandemic program claims throughout the unemployment process, including adjudications and appeals.
8. **SUPPLEMENTAL – CAPITAL IMPROVEMENTS.** The revised estimate includes a \$792,000 shift in funding source from the Workmen's Compensation Fee Fund to the SGF, for capital improvements funding sources in FY 2023. The approved budget funds capital improvements entirely from the Workmen's Compensation Fee Fund. However, the agency indicates its federal grants do not allow for capital improvement expenditures and requests 60.0 percent of the total amount (\$792,000 of \$1.3 million) be covered by SGF moneys. This adjustment would result in a net zero change in overall expenditures.

Absent the supplemental requests, the revised estimate includes a decrease of \$10.8 million below the approved amount. Significant adjustments are as follows:

9. **UI MODERNIZATION HARDWARE.** The revised estimate includes an increase of \$10.9 million, including \$504,358 SGF, for capital outlay expenditures within the Administration program in FY 2023. The majority of these expenditures are to purchase additional computers, servers, hardware, and software for the UI modernization project.
10. **UNEMPLOYMENT INSURANCE BENEFITS.** The revised estimate includes a decrease of \$9.7 million, all from the UI Trust Fund, for unemployment insurance benefits in FY 2023, as the number of claims begins to return to normal levels.
11. **PANDEMIC PROGRAMS ENDING.** The revised estimate includes a decrease of \$8.9 million, including a decrease of \$9.1 million from the UI Trust Fund and an increase of \$225,498 SGF, for contractual services expenditures within the Administration Program in FY 2023. The majority of the change is due to the end of programming for pandemic programs, partially offset by increased spending for the new UI system.
12. **PERSONNEL ADJUSTMENTS.** The revised estimate includes a decrease of \$2.9 million, including a decrease of \$270,196 SGF, for personnel adjustments throughout the agency in FY 2023. The majority of these adjustments are due to anticipated reductions in staff, as the agency transitions to post-pandemic operations where fewer staff in Administration and Unemployment Insurance Services programs are needed.
13. **ALL OTHER ADJUSTMENTS.** The FY 2023 revised estimate includes a decrease of \$112,339, including a decrease of \$459,662 SGF, for a variety of other expenditures, including decreased capital improvement expenditures (\$235,000) and purchases of office supplies for pandemic program communications (\$66,100).

The revised estimate also includes \$378,516 in off-budget expenditures and 2.9 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state agency to another.

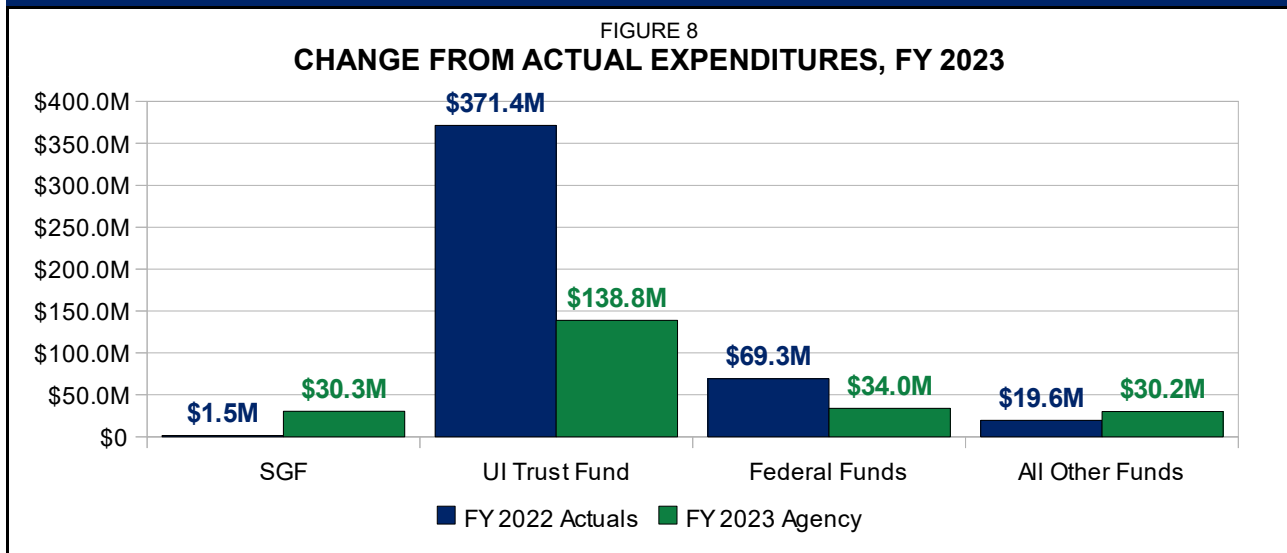
GOVERNOR'S RECOMMENDATION

The **Governor** recommends \$228.2 million in on-budget expenditures and 442.3 on-budget FTE positions in FY 2023, including \$25.2 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The recommendation is a decrease of \$5.1 million, or 2.2 percent, below the revised estimate and is due to the following items:

14. **SUPPLEMENTAL – UI SYSTEM MODERNIZATION.** The Governor recommends one-time expenditures of \$20.5 million SGF for the unfunded portion of the UI modernization project in FY 2023 (Item 2), instead of the agency request of \$3.0 million SGF in FY 2023 and \$10.0 million SGF for FY 2024. Furthermore, the Governor also recommends lapsing up to \$20.5 million SGF if federal funding, in excess of federal funds currently encumbered for the project, are received.
15. **ALL OTHER SUPPLEMENTAL REQUESTS.** The Governor concurs with the supplemental request to shift capital improvements funding sources from the Workmen's Compensation Fee Fund to the SGF (Item 8) but does not recommend adoption of the remaining supplemental requests, including funding for UI program personnel (Item 3), law enforcement personnel (Item 4), salary increases for the IT department (Item 5), funding to repay overpayment of unemployment benefits (Item 6), and funding to support continued PUA operations (Item 7).

The recommendation also includes \$378,516 in off-budget expenditures and 2.9 off-budget FTE positions, which is the same as the agency's revised estimate in FY 2023.

FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The **agency** requests a revised estimate of \$233.3 million in on-budget expenditures and 443.2 on-budget FTE positions in FY 2023, including \$30.3 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The revised estimate represents an overall decrease of \$228.5 million from all funding sources, including an increase of \$28.8 million SGF, from actual expenditures in FY 2022. The reduction is primarily due to the following items:

- UNEMPLOYMENT INSURANCE BENEFITS.** The revised estimate includes \$228.1 million less in spending from the UI Trust Fund on unemployment insurance benefits, as the number of claims begins to return to normal levels.
- FEDERAL COVID-19 RELIEF FUNDS.** The revised estimate includes \$20.6 million less in spending from federal COVID-19 pandemic relief funds, as allocations for FY 2022 do not continue into FY 2023. This includes \$11.0 million from the Coronavirus Relief Fund and \$9.6 million from the federal American Rescue Plan Act. These funds were primarily used for surge staffing support.
- FEDERAL UI ADMINISTRATION.** The revised estimate includes \$14.6 million less in spending from federal funds to administer the Unemployment Insurances Services program in FY 2023. From FY 2020 to FY 2022, the agency received additional contingency funds as workloads increased in order to administer new federal benefit programs. These programs ended in FY 2022 and do not continue into FY 2023.

These reductions are partially offset by supplemental funding requests for seven items, totaling \$25.6 million in additional spending. These requests include additional funding to support continued Pandemic Unemployment Assistance operations (\$16.5 million), UI program positions established to address the backlog resulting from the pandemic (\$3.9 million), the unfunded portion of the UI modernization project (\$3.0 million), and repayment of excess unemployment benefits owed to the Federal Emergency Management Agency for the Lost Wages Assistance Program (\$1.5 million).

FY 2024 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE*
Agency Revised Estimate, FY 2023	\$ 30,297,548	\$ 203,005,274	\$ 233,302,822	445.2
Agency Request:				
1. Enhancement – UI Modernization	\$ 6,978,169	\$ -	\$ 6,978,169	--
2. Enhancement – UI Program Staff	2,769,051	-	2,769,051	--
3. Enhancement – Law Enforcement Staff	(18,130)	-	(18,130)	--
4. Enhancement – IT Department Salaries	-	-	-	--
5. Enhancement – Capital Improvements	3,000	(3,000)	-	--
6. Unemployment Insurance Benefits	-	(1,245,518)	(1,245,518)	--
7. State UI Administration	-	(9,978,164)	(9,978,164)	--
8. Federal UI Administration	-	(16,495,697)	(16,495,697)	--
9. All Other Adjustments	(17,954,997)	118,346	(17,836,651)	1.0
<i>Subtotal–Agency Estimate</i>	\$ 22,074,641	\$ 175,401,241	\$ 197,475,882	446.2
Governor's Recommendation:				
10. Enhancement Requests	\$ (17,311,442)	\$ -	\$ (17,311,442)	--
TOTAL	\$ 4,763,199	\$ 175,401,241	\$ 180,164,440	446.2

* Staff Note: This number represents both on- and off-budget FTE positions.

AGENCY REQUEST

The **agency** requests \$197.5 million in on-budget expenditure and 443.3 on-budget FTE positions for FY 2024, including \$22.1 million SGF, \$137.6 million from the UI Trust Fund, and \$17.5 million from federal funds. This represents a decrease of \$35.8 million, or 15.4 percent, below the revised estimate in FY 2023.

The request includes \$17.3 million for the following enhancement requests:

1. **ENHANCEMENT – UI SYSTEM MODERNIZATION.** The agency requests \$10.0 million SGF in enhancement funding for the unfunded portion of the UI modernization project for FY 2024. This is an increase of \$7.0 million SGF above the amount requested for the same purpose in FY 2023. The agency estimates the cost for modernization to be \$16.3 million for FY 2024, \$6.3 million of which the agency has identified a funding source for. Project tasks scheduled for FY 2024 include user acceptance testing, end-to-end testing, training, and go-live operations.
2. **ENHANCEMENT – UI PROGRAM STAFF.** The agency requests \$6.7 million SGF in enhancement funding for UI program positions for FY 2024. This is an increase of \$2.8 million SGF above the amount requested for the same purpose in FY 2023. These positions were established to address the backlog resulting from the COVID-19 pandemic, and the agency indicates other funding sources are not currently available to be allocated for these positions. This funding would support UI program operations as some existing personnel are diverted to the UI modernization project. This funding also provides salary increases to certain positions that the agency has found to be inequitable compared to other positions.
3. **ENHANCEMENT – LAW ENFORCEMENT STAFF.** The agency requests \$404,656 SGF in enhancement funding for law enforcement staff for FY 2024. This is a decrease of \$18,130 SGF below the amount requested for the same purpose in FY 2023. This

request includes funding for salaries (\$395,106) and supplies and training (\$9,550). These positions help investigate unemployment fraud and forward cases to courts for prosecution. During the COVID-19 pandemic, the agency increased its roster from two positions to eight. The agency indicates the unemployment grant that funded those positions no longer supports additional staffing in that area.

4. **ENHANCEMENT – IT DEPARTMENT SALARIES.** The agency requests \$211,224 SGF in enhancement funding to increase salaries for IT staff for FY 2024. This is the same as the amount requested in FY 2023. The agency continues to experience high turnover in its IT Department and seeks to fill several vacant positions, including Applications Developer, IT Manager, and Project Manager. The agency indicates making salaries more competitive with comparable private sector positions would allow it to attract and retain quality personnel.
5. **ENHANCEMENT – CAPITAL IMPROVEMENTS.** The request includes a \$795,000 shift in funding source, from the Workmen's Compensation Fee Fund to the SGF, for capital improvements for FY 2024. This shift is a \$3,000 difference from the amount requested for the same purpose in FY 2023. Similarly, this adjustment would result in a net zero change in overall expenditures. The agency indicates its federal grants do not allow for capital improvement expenditures and requests 60.0 percent of the total amount (\$795,000 of \$1.3 million) be covered by SGF moneys.

Absent the enhancement requests, the request includes a decrease of \$27.6 million in base budget expenditures. Significant adjustments are as follows:

6. **UNEMPLOYMENT INSURANCE BENEFITS.** The request includes a decrease of \$1.2 million, all from the UI Trust Fund, for unemployment insurance benefits for FY 2024, as the number of claims continues to return to normal levels.
7. **STATE UI ADMINISTRATION.** The request includes a decrease of \$10.0 million, all from the Special Employment Security Fund, for FY 2024. The Special Employment Security Fund receives revenue from penalties paid by employers who are untimely in paying their contribution tax. KSA 44-716a states that these funds must be expended on costs that cannot be covered by federal funds for the administration of the employment security law. This fund shall be used to cover administration costs in excess of what federal funds are able to cover. Expenditures for this fund are budgeted entirely under the Administration program. These funds may be budgeted relative to the federal funds received for administration of the Unemployment Insurance Services program.
8. **FEDERAL UI ADMINISTRATION.** The request includes a decrease of \$16.5 million, all from federal funds, for the administration of the Unemployment Insurance Services program for FY 2024. From FY 2020 to FY 2022, the agency received additional contingency funds as workloads increased in order to administer new federal benefit programs. As those programs end, receipts and expenditures from this fund will decrease.
9. **ALL OTHER ADJUSTMENTS.** The request includes a decrease of \$17.8 million, including a decrease of \$18.0 million SGF, for a variety of other expenditures. The majority of these are attributable to supplemental requests in FY 2023 that do not extend into FY 2024, including continued support for PUA operations (\$16.5 million) and LWA repayments (\$1.5 million). The request also includes additional personnel for the Workers Compensation program (2.0 FTE increase), offset by a decrease in staffing within the communications department (1.0 FTE decrease).

The request also includes \$418,262 in off-budget expenditures and 2.9 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2024, off-budget expenditures increase by \$39,746, or 10.5 percent, above the revised estimate in FY 2023.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends \$180.2 million in on-budget expenditures and 443.3 on-budget FTE positions for FY 2024, including \$4.8 million SGF, \$137.6 million from the UI Trust Fund, and \$34.0 million from federal funds. The recommendation is a decrease of \$17.3 million, or 78.4 percent, below the agency request and is due to the following item:

10. **ENHANCEMENT REQUESTS.** The Governor concurs with the enhancement request to shift capital improvements funding sources from the Workmen's Compensation Fee Fund to the SGF (Item 5) and recommends funding the unfunded portion of the UI modernization project in FY 2023 instead of FY 2024 (Item 1) but does not recommend adoption of the remaining enhancement requests, including funding for UI program personnel (Item 2), law enforcement personnel (Item 3), and salary increases for the IT department (Item 4).

The recommendation also includes \$418,262 in off-budget expenditures and 2.9 off-budget FTE positions, which is the same as the agency's request for FY 2024.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

In addition to its base budget estimate, the Kansas Department of Labor requests supplementary funding totaling \$25.6 million in FY 2023 and \$17.3 million for FY 2024.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS, FY 2023 – 2024				
ALL FUNDS				
Request	FY 2023		FY 2024	
	Agency	Governor	Agency	Governor
UI System Modernization	\$ 3,021,831	\$ 20,500,000	\$ 10,000,000	\$ -
UI Program Staff	3,926,511	-	6,695,562	-
Law Enforcement Staff	422,786	-	404,656	-
IT Department Salaries	221,224	-	211,224	-
LWA Overpayments	1,484,324	-	-	-
PUA Development	16,500,000	-	-	-
Capital Improvements	-	-	-	-
TOTAL	\$ 25,576,676	\$ 20,500,000	\$ 17,311,442	\$ -

UI SYSTEM MODERNIZATION

The **agency** requests \$3.0 million SGF in FY 2023 and \$10.0 million SGF for FY 2024 for the unfunded portion of the UI modernization project. The agency estimates the cost of modernization to be \$17.9 million (\$14.9 million funded, \$3.0 million unfunded) in FY 2023 and \$16.3 million (\$6.3 million funded, \$10.0 million unfunded) for FY 2024. Project tasks include developing a requirements management tool, system design, system build and configuration, system testing, data migration, user acceptance testing, end-to-end testing, training, and go-live operations.

The **Governor** recommends one-time expenditures of \$20.5 million SGF for the unfunded portion of the UI modernization project in FY 2023, instead of the agency request of \$3.0 million SGF in FY 2023 and \$10.0 million SGF for FY 2024. In total, the Governor recommends \$7.5 million SGF more than the amount requested by the agency. Furthermore, the Governor also recommends lapsing up to \$20.5 million SGF if federal funding, in excess of federal funds currently encumbered for the project, are received.

UI PROGRAM STAFF

The **agency** requests \$3.9 million SGF in FY 2023 and \$6.7 million SGF for FY 2024 for UI program positions. These positions were established to address the backlog resulting from the COVID-19 pandemic, and the agency indicates other funding sources are not currently available to be allocated for these positions. This funding would support UI program operations as some existing personnel are diverted to the UI modernization project. This funding also provides salary increases to positions that the agency has found to be inequitable compared to other positions.

The Governor does not recommend adoption of this request.

LAW ENFORCEMENT STAFF

The **agency** requests \$422,786 SGF in FY 2023 and \$404,656 SGF for FY 2024 for law enforcement staff. This request includes funding for salaries, supplies and training, and the purchase of one additional vehicle for the program. These positions help investigate unemployment fraud and forward cases to courts for prosecution. During the COVID-19 pandemic, the agency increased its roster from two positions to eight. The agency indicates the unemployment grant that funded those positions no longer supports additional staffing in that area.

The Governor does not recommend adoption of this request.

IT DEPARTMENT SALARIES

The **agency** requests \$211,224 SGF to increase salaries for IT staff in FY 2023 and for FY 2024. The agency continues to experience high turnover in its IT Department and seeks to fill several vacant positions, including Applications Developer, IT Manager, and Project Manager. The agency indicates making salaries more competitive with comparable private sector positions would allow it to attract and retain quality personnel.

The Governor does not recommend adoption of this request.

LWA OVERPAYMENTS

The **agency** requests \$1.5 million SGF to repay overpayment of unemployment benefits owed to the Federal Emergency Management Agency (FEMA) for the Lost Wages Assistance (LWA) Program in FY 2023. The LWA Program allowed states to provide up to \$400 in additional weekly unemployment benefits to eligible claimants. Of that amount, \$300 was funded through a \$44.0 billion allocation from the FEMA Disaster Relief Fund. Repayment of overpaid benefits is a requirement of the FEMA grant.

The Governor does not recommend adoption of this request.

PUA DEVELOPMENT AND OPERATIONS

The **agency** requests \$16.5 million SGF to support continued Pandemic Unemployment Assistance (PUA) operations in FY 2023. The agency indicates this funding would allow it to repay the U.S. Department of Labor for an overage of PUA costs and continue to work through its backlog of pandemic program claims throughout the unemployment process, including adjudications and appeals.

The Governor does not recommend adoption of this request.

CAPITAL IMPROVEMENTS

The **agency** requests a \$792,000 funding source shift in FY 2023 and a \$795,000 funding source shift for FY 2024, from the Workmen's Compensation Fee Fund to the SGF, for capital improvements. The approved budget funds capital improvements entirely from the Workmen's Compensation Fee Fund. However, the agency indicates its federal grants do not allow for capital improvement expenditures and requests 60.0 percent of the total amount (\$792,000 of \$1.3 million) be covered by SGF moneys. This adjustment would result in a net zero change in overall expenditures.

The Governor concurs with the agency and recommends adoption of this request.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

FIGURE 10
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024

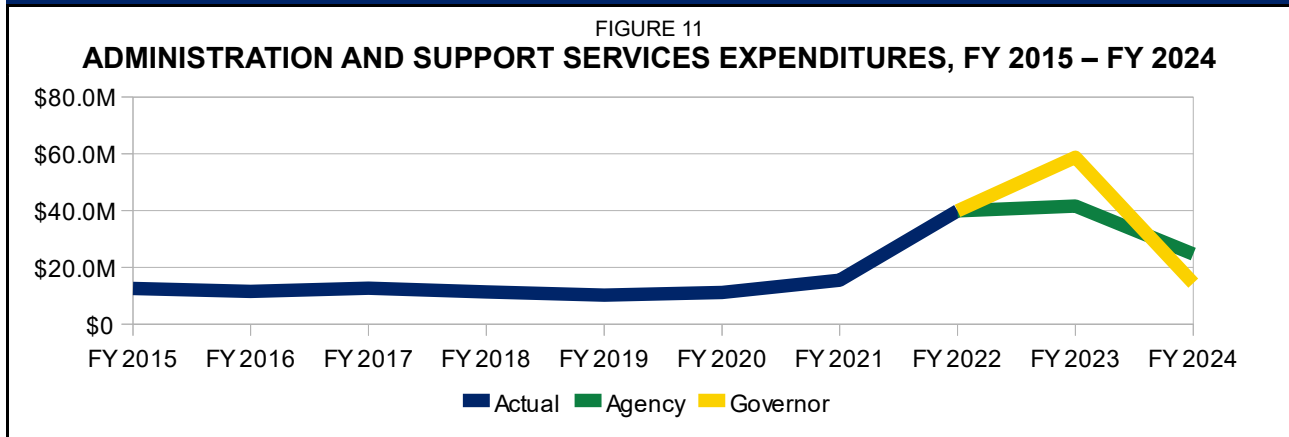
Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Expenditures:					
Administration	\$ 39,906,355	\$ 41,575,230	\$ 58,834,318	\$ 24,747,749	\$ 14,528,668
Unemployment Insurance	410,282,685	179,011,995	156,686,231	159,656,859	152,564,498
Labor Market Information	1,060,256	1,116,954	1,116,954	1,134,393	1,134,393
Industrial Safety and Health	1,831,375	1,929,081	1,929,081	1,959,027	1,959,027
Workers Compensation	7,666,116	8,075,029	8,075,029	8,374,966	8,374,966
Labor Relations	245,982	274,533	274,533	277,888	277,888
Capital Improvements	282,680	1,320,000	1,320,000	1,325,000	1,325,000
Debt Service	496,998	-	-	-	-
<i>Total-On-Budget</i>	<u>\$ 461,772,447</u>	<u>\$ 233,302,822</u>	<u>\$ 228,236,146</u>	<u>\$ 197,475,882</u>	<u>\$ 180,164,440</u>
Off-Budget*	423,872	378,516	378,516	418,262	418,262
GRAND TOTAL	\$ 462,196,319	\$ 233,681,338	\$ 228,614,662	\$ 197,894,144	\$ 180,582,702
FTE Positions:					
Administration	103.8	103.8	103.8	102.8	102.8
Unemployment Insurance	235.1	235.1	235.1	235.1	235.1
Labor Market Information	15.0	15.0	15.0	15.0	15.0
Industrial Safety and Health	19.2	19.2	19.2	19.2	19.2
Workers Compensation	66.0	66.0	66.0	68.0	68.0
Labor Relations	3.2	3.2	3.2	3.2	3.2
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	-	-
<i>Total-On-Budget</i>	<u>442.3</u>	<u>442.3</u>	<u>442.3</u>	<u>443.3</u>	<u>443.3</u>
Off-Budget*	2.9	2.9	2.9	2.9	2.9
GRAND TOTAL	445.2	445.2	445.2	446.2	446.2

* Staff note: Off-Budget expenditures represent payments from one state agency to another and are categorized as such to avoid double counting. These expenditures are not represented in charts and tables unless specified.

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

ADMINISTRATION AND SUPPORT SERVICES



STATUTORY BASIS: • KSA 75-5701 through 75-5740

PROGRAM GOALS: • Provide support to program staff to ensure the agency fulfills its mission.

The Administration and Support Services Program includes the central management and administrative support function of the Kansas Department of Labor. The program is composed of six subprograms:

GENERAL ADMINISTRATION

The Office of the Secretary consists of five employees: the Secretary of Labor, Deputy Secretary, Chief of Staff, Compliance Officer, and Executive Assistant. Its budget is relatively small and primarily consists of salaries, travel, and normal office operational expenses.

LEGAL

The Legal Division provides legal services to the agency, which includes providing legal counsel to the agency, its boards and divisions, officials generally, and to state and federal courts as required.

FISCAL

The Fiscal Department provides budgetary information to agency staff. This department is also responsible for maintaining the facilities and grounds for the agency and currently retains three employees for this purpose.

HUMAN RESOURCES

The Human Resources Department is responsible for providing human resource information and assistance throughout the agency.

COMMUNICATIONS

The Communications Division is responsible for a wide variety of services, such as agency-wide emails, email monitoring, internal and external-facing materials, ordering business-related materials, drafting and maintaining agency forms, creating presentation materials, coordinating public relations, maintaining social media platforms, supporting events, and translations.

The Communications Division will also develop internal and external communications material for the modernization process with Tata Consultancy Services (TCS) until its completion in June 2024 and assist all divisions with improving and modernizing material and processes.

INFORMATION TECHNOLOGY

The IT division supports the work of the agency, helps manage government resources, and provides broad access to public information and services throughout the State of Kansas. This division is also responsible for computing services, including application development of mainframe, web, and client server systems, IT infrastructure, telephony, and strategic planning.

FIGURE 12
ADMINISTRATION AND SUPPORT SERVICES, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Average Number of Days to Process Vouchers for Payment	4.0	3.0	3.0	2.0	2.0
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 937,116	\$ 1,028,629		\$ 23,894,152	\$ 3,419,581
Federal Funds	9,027,490	10,093,158		14,365,123	2,605,049
All Other Funds	5,573,678	28,784,568		20,575,043	8,504,038
TOTAL	\$ 15,538,284	\$ 39,906,355		\$ 58,834,318	\$ 14,528,668
Percentage Change:					
SGF	141.5 %	9.8 %		2,222.9 %	(85.7) %
All Funds	38.3 %	156.8 %		47.4 %	(75.3) %
FTE Positions	117.7	103.8		103.8	102.8

BUDGET ANALYSIS

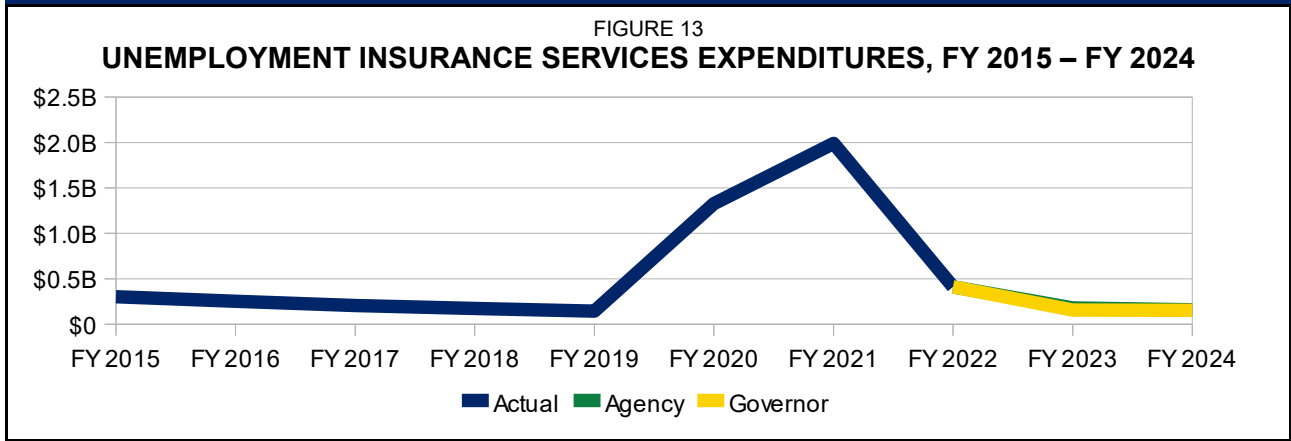
The **agency** requests \$24.7 million in expenditures, including \$13.6 million SGF, and 102.8 FTE positions for the Administration and Support Services program for FY 2024. The request is an overall decrease of \$16.8 million from all funding sources, including an increase of \$7.0 million SGF, from the revised estimate in FY 2023.

The decrease is primarily due to hardware and software purchases for the UI modernization project that occur in FY 2023 but do not extend into FY 2024. That amount includes an increase of \$7.0 million SGF that is attributed to the unfunded portion of the project. The agency estimates the total cost for modernization to be \$17.9 million in FY 2023 and \$16.3 million for FY 2024. Of those amounts, \$14.9 million is funded in FY 2023 and \$6.3 million is funded for FY 2024. Accordingly, the agency requests an additional \$3.0 million SGF in FY 2023 and \$10.0 million SGF for the project, totaling an SGF increase of \$7.0 million.

The agency request also includes enhancement funding for increased salaries for the IT Department (\$211,224) and a portion of unemployment position backlog funding (\$7,857) in both FY 2023 and FY 2024.

The **Governor** recommends \$14.5 million, including \$3.4 million SGF, and 102.8 FTE positions for the Administration and Support Services program for FY 2024. This is a decrease of \$10.2 million, or 41.3 percent, below the agency request and is primarily due to funding the unfunded portion of the UI modernization project in FY 2023 instead of FY 2024 (\$10.0 million SGF). The remainder of the decrease is due to the Governor's recommendation to not adopt the agency's enhancement requests for increased salaries for the IT Department (\$211,224) and unemployment position backlog funding (\$7,857).

UNEMPLOYMENT INSURANCE SERVICES



STATUTORY BASIS: • KSA 44-701, *et seq.*

PROGRAM GOALS:

- Continue to improve and enhance the levels of customer service provided to Kansas employers and workers who interact with the agency.
- Continue to build upon recent successes in meeting and exceeding federally mandated program performance standards.
- Continue to work with the Office of Information Technology Services to make incremental improvements in existing technology platforms that support the unemployment system in Kansas.

The Unemployment Insurance Services program provides benefits to eligible applicants to replace part of wages lost from involuntary unemployment. The agency has four primary goals for this program:

1. Improve and enhance the levels of customer service provided to Kansas employers and workers who interact with the agency;
2. Build upon recent successes in meeting and exceeding federally mandated program performance standards;
3. Work with the Office of Information Technology Services to make improvements in the existing technology platforms that support the unemployment system in Kansas; and

4. Meet the Secretary of Labor's mandate to protect the integrity of the unemployment insurance trust and ensure necessary funds are available to provide reemployment assistance to unemployed Kansans who meet the legal requirements to receive them.

The agency collects funds for benefits from employer contributions and deposits the revenue into the UI Trust Fund. Additionally, the federal Employment Security Administration Fund (ESAF) provides funding for Unemployment Insurance Services Administration expenditures. The federal Unemployment Tax Act allows the Internal Revenue Service to collect taxes from employers to administer the Unemployment Insurance program. Unemployment Insurance Services receives a base budget from the ESAF and can also receive contingency funds from ESAF in proportion to increases in workload.

FIGURE 14
UNEMPLOYMENT INSURANCE SERVICES, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Percent of Intrastate Claimants to be Issued First Payments within 14 Days	72.8 %	64.4 %	72.2 %	80.0 %	87.0 %
2. Percent of Employers Audited within Year*	0.4 %	1.1 %	0.8 %	1.2 %	1.2 %
Output Measure:					
3. Hourly Cost per Initial Claim Filed*	\$ 15.03	\$ 7.39	\$ 12.46	\$ 8.34	\$ 8.34
4. Number of Initial Claims Filed for Benefits**	949,454	104,897	476,813	99,685	99,324
5. Number of Weeks Claimed for Benefits*	2,294,740	475,135	1,480,086	537,033	532,845
6. Average Duration of Unemployment Benefits (In Weeks)**	8.1	13.9	10.0	12.6	12.5
7. Number of Claimants Exhausting Unemployment Benefits**	52,541	10,867	25,879	12,642	12,542
Financing					
	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2025
SGF	\$ 862	\$ 335		\$ -	\$ -
Federal Funds	227,163,666	38,886,099		17,841,791	13,106,168
All Other Funds	1,763,682,800	371,396,251		138,844,440	139,458,330
TOTAL	\$ 1,990,847,328	\$ 410,282,685		\$ 156,686,231	\$ 152,564,498
Percentage Change:					
SGF	(29.9) %	(61.1) %		-- %	-- %
All Funds	50.0 %	(79.4) %		(61.8) %	(2.6) %
FTE Positions	262.8	235.1		235.1	235.1

* The Governor's Office does not utilize this measure for evaluation purposes.

** Does not include any extended benefit or COVID-19 pandemic related programs.

BUDGET ANALYSIS

The **agency** requests \$159.7 million, including \$7.1 million SGF, and 235.1 FTE positions for the Unemployment Insurance Services program for FY 2024. The request is an decrease of \$19.4 million from all funding sources, including a decrease of \$15.2 million SGF, below the revised estimate in FY 2023.

The decrease is mainly due to supplemental requests in FY 2023 that do not extend into FY 2024. These requests include funding for continued Pandemic Unemployment Assistance operations (\$16.5 million) and repayment of unemployment benefits owed to FEMA (\$1.5 million) that are not present for FY 2024.

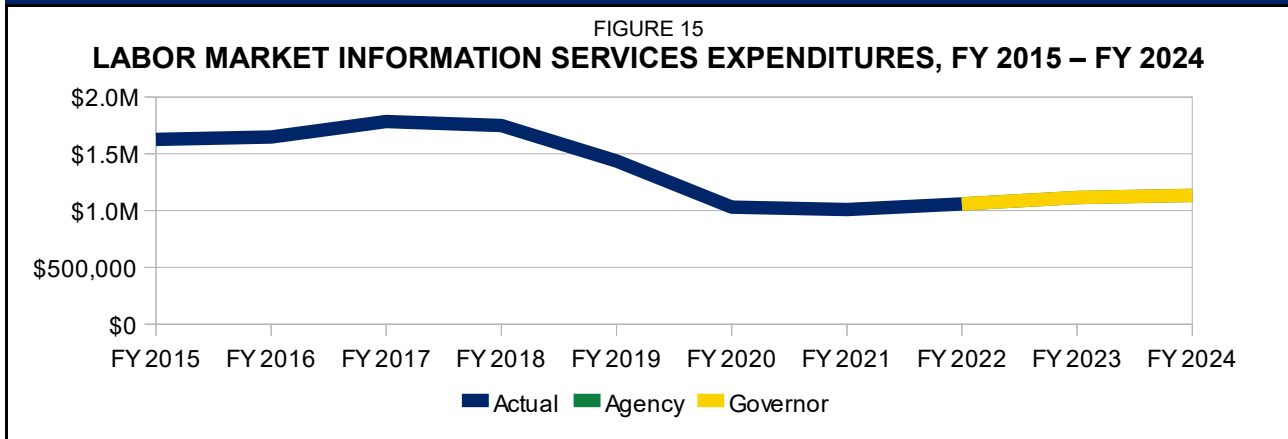
The decrease is partially offset by enhancement funding to continue to fund UI program positions due to the backlog from the COVID-19 pandemic. The agency requests an additional \$3.9 million SGF in FY 2023 and \$6.7

million for FY 2024 for those purpose, which is an increase of \$2.8 million.

The request includes enhancement funding for law enforcement staff that was expanded during the pandemic. These positions help investigate unemployment fraud and forward cases to courts for prosecution. The agency requests \$422,786 in FY 2023 and \$404,656 for FY 2024 to continue funding these positions.

The **Governor** recommends \$152.6 million and 235.1 FTE positions for the Unemployment Insurance Services program for FY 2024. This is a decrease of \$7.1 million, or 4.4 percent, below the agency request and is entirely due to the Governor's recommendation to not adopt the agency's enhancement requests for UI program positions (\$6.7 million) and law enforcement staff (\$404,656).

LABOR MARKET INFORMATION SERVICES



STATUTORY BASIS: • KSA 75-5701 through 75-5740

PROGRAM GOALS: • Provide accurate and timely labor market information in response to user requests and disseminate data using appropriate media.

The Labor Market Information Services program is the research and statistical arm of the agency. The program maintains the State's reporting requirements for the U.S. Department of Labor Bureau of Labor Statistics. The program is also responsible for calculating and reporting unemployment rates for the State of Kansas, each of its counties, and metropolitan statistical areas of the state.

Additionally, this program also calculates and analyzes the number of people employed in each industrial sector. Other responsibilities include preparing reports and surveys concerning the labor market in Kansas and serving as the actuarial trustee for the UI Trust Fund.

FIGURE 16

LABOR MARKET INFORMATION SERVICES, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Percent of Requests Processed within 3 Days	86.9 %	95.3 %	92.5 %	95.0 %	95.0 %
2. Percent of Requests Processed in More than 3 Days*	13.1 %	4.7 %	7.5 %	5.0 %	5.0 %
Output Measure:					
3. Number of Requests Received	609	577	474	500	500
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2025
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	928,822	997,619		1,050,779	1,067,555
All Other Funds	80,561	62,637		66,175	66,838
TOTAL	\$ 1,009,383	\$ 1,060,256		\$ 1,116,954	\$ 1,134,393
Percentage Change:					
SGF	(100.0) %	-- %		-- %	-- %
All Funds	(2.0) %	5.0 %		5.3 %	1.6 %
FTE Positions	16.5	15.0		15.0	15.0

* The Governor's Office does not utilize this measure for evaluation purposes.

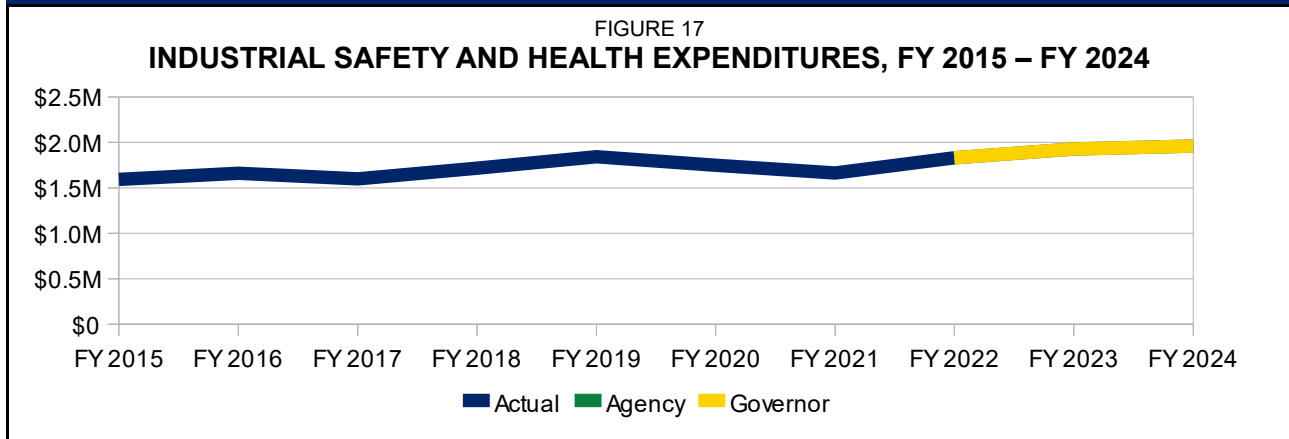
BUDGET ANALYSIS

The **agency** requests \$1.1 million and 15.0 FTE positions for the Labor Market Information Services program for FY 2024. The request is an increase of \$17,439 above the revised estimate in FY 2023.

The **Governor** concurs with the agency request and recommends \$1.1 million for the Labor Market Information Services program for FY 2024.

The increase is primarily due to employer contributions for group health insurance (\$12,962) and expenditures for computer repair and servicing (\$3,234).

INDUSTRIAL SAFETY AND HEALTH



STATUTORY BASIS: • KSA 44-5,104, 44-575, 44-1601, *et seq.*

- PROGRAM GOALS:**
- Assist and encourage employers in their efforts to assure safe and healthful workplaces in Kansas.
 - Maintain availability of on-site consultation services pursuant to federal contract.
 - Encourage employers to develop, use, and maintain workplace safety and health plans related to the nature of the employment.
 - Review maintenance, operations, and qualifications of inspections conducted by third parties in accordance with the Kansas Amusement Ride Act.

The Industrial Safety and Health Program works to reduce the frequency and severity of workplace injuries and illnesses, checking for compliance with state and federal laws, such as the Occupational Safety and Health Act (OSHA), Kansas Workers Compensation Law, and the Kansas Amusement Ride Act.

KANSAS 21(D) CONSULTATION

The Kansas 21(d) Consultation Program is partially funded by a federal grant and offers free and confidential advice to small- and medium-sized businesses with priority given to high-hazard work sites. Agency consultants work with employers to identify workplace hazards, provide advice on compliance with OSHA standards, and assist in establishing safety and health management systems.

SAFETY AND HEALTH

The Kansas Safety and Health Achievement Recognition Program (SHARP) offers workplace health and safety education and training education for employers, employees, emergency personnel, and safety professionals. Kansas currently has 145 active SHARP sites. SHARP approved companies have exemplary safety and health programs, low injury rates, and exceed regulatory requirements.

PUBLIC SECTOR

The Public Sector Program is responsible for safety and health related issues associated with public entities in the State. These entities include cities, counties, Unified School Districts, and water districts.

ACCIDENT PREVENTION

The Accident Prevention Program is responsible for reviewing the quantity and quality of safety and health services provided by insurance companies. The Workers Compensation Act required insurance carriers to provide these services for their clients. This program is administered by the Industrial Safety and Health program, but is funded through the Workmen's Compensation Fee Fund.

AMUSEMENT RIDE SAFETY

The Division is also responsible for administration and enforcement of the Kansas Amusement Ride Act. The Amusement Ride Safety Unit is responsible for registering amusement ride entities, issuing amusement ride permits, and conducting compliance audits.

WORKPLACE HEALTH AND SAFETY

The State Workplace Health and Safety Program investigates safety and health related issues associated with Kansas state agencies.

FIGURE 18
INDUSTRIAL SAFETY AND HEALTH, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Percent of Consultation Requests Performed Under Federal Consultation Contract*	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
2. Percent of Serious Hazards Identified and Corrected*	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
3. Percent of Serious Hazards Abated*	100.0 %	100.0 %	96.7 %	100.0 %	100.0 %
Output Measure:					
4. Cost per Consultation Performed Under Federal Contract*	\$ 3,438	\$ 2,872	\$ 3,337	\$ 3,745	\$ 3,781
5. Number of Consultations Performed Under Federal Contract	304	378	315	300	300
6. Number of Serious or Imminent Hazards Identified	657	1,342	853	1,200	1,200
7. Number of Projected Registered Amusement Ride Owners*	129	129	123	125	125
8. Number of Project Amusement Ride Audits Conducted*	87	123	95	100	100
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2025
SGF	\$ 260,289	\$ 265,147		\$ 270,187	\$ 270,730
Federal Funds	698,239	611,230		718,012	731,037
All Other Funds	704,667	940,882		940,882	957,260
TOTAL	<u>\$ 1,663,195</u>	<u>\$ 1,817,259</u>		<u>\$ 1,929,081</u>	<u>\$ 1,959,027</u>
Percentage Change:					
SGF	10.5 %	1.9 %		1.9 %	0.2 %
All Funds	(4.9) %	9.3 %		6.2 %	1.6 %
FTE Positions	18.3	19.2		19.2	19.2

* The Governor's Office does not utilize this measure for evaluation purposes.

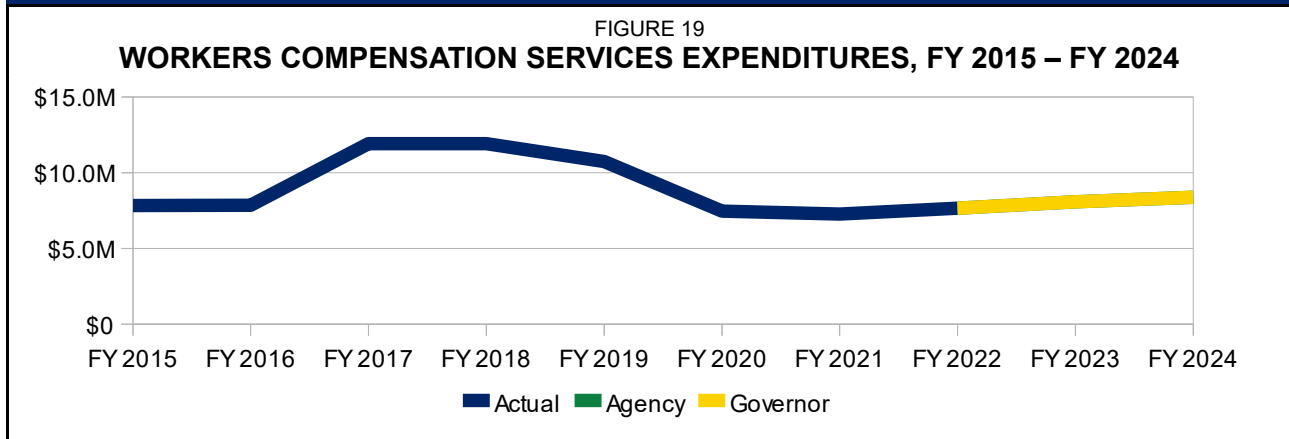
BUDGET ANALYSIS

The **agency** requests \$2.0 million, including \$270,730 SGF, and 19.2 FTE positions for the Industrial Safety and Health program for FY 2024. The request is an overall increase of \$29,946 from all funding sources, including \$543 SGF, above the revised estimate in FY 2023. The increase is primarily due to employer contributions for group health insurance (\$15,497) and non-subsistence travel expenses (\$6,146). The request also includes increased expenditures for communications (\$3,636) and

miscellaneous contractual service fees (\$7,041), largely attributed to continued improvements to software applications used for amusement ride inspections.

The **Governor** concurs with the agency request and recommends \$2.0 million for the Industrial Safety and Health program for FY 2024.

WORKERS COMPENSATION SERVICES



STATUTORY BASIS: • KSA 44-501, *et seq.*

- PROGRAM GOALS:**
- Provide a statewide judicial system for workers' compensation claims that operates in a fair and efficient manner.
 - Establish and publish a medical fee schedule for care involving injured workers.
 - Regulatory oversight, including employer compliance with mandatory workers' compensation insurance coverage, self-insurance permitting, and insurer accident prevention programs.

The Workers Compensation Services Program administers and enforces the Kansas Workers Compensation Act. Pursuant to the Act, this Division files and maintains required reports of industrial accidents and discretionary notices of employment of disabled workers; directs and audits physical and vocation rehabilitation for injured workers; provides the trial court, appellate review, and records repository for contested workers' compensation claims; certifies qualified employers as self-insured; and, through its Claims Advisory

Section, provides information and claims assistance to injured workers, insurance carriers, employers, and attorneys.

The Division has offices in Topeka, Wichita, Lenexa, Salina and Garden City. The office in Wichita includes a hearing room for the Workers Compensation Appeals Board to hear appeals in addition to hearing appeals in Topeka. All judges and the Appeals Board also have the ability to hold virtual hearings.

FIGURE 20
WORKERS COMPENSATION SERVICES, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Average Number of Days from Initial Report of Fraud or Abuse to Investigation Completion*	181	342	311	342	342
2. Hourly Cost per Case Investigated for Fraudulent or Abusive Acts that Closed within the Fiscal Year*	\$ 390.46	\$ 91.87	\$ 237.40	\$ 91.87	\$ 91.87
3. Number of Employers Contacted about Missing Workers Compensation Insurance Coverage during the Fiscal Year*	438	451	322	451	451
Output Measure:					
4. Average Number of Days Between the Time an Application for Benefits is Filed and the Time an Award is Issued	940	1,134	1,034	1,134	1,134
5. Number of Preliminary Hearings Held During the Fiscal Year*	1,113	1,194	1,093	1,194	1,194
6. Number of Accident Reports	42,221	47,590	44,425	47,590	47,590
7. Number of Fraud Abuse Cases Investigated	134	699	344	699	699
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2025
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	7,272,513	7,666,116		8,075,029	8,374,966
TOTAL	<u>\$ 7,272,513</u>	<u>\$ 7,666,116</u>		<u>\$ 8,075,029</u>	<u>\$ 8,374,966</u>
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(2.5) %	5.4 %		5.3 %	3.7 %
FTE Positions	67.5	66.0		66.0	68.0

* The Governor's Office does not utilize this measure for evaluation purposes.

BUDGET ANALYSIS

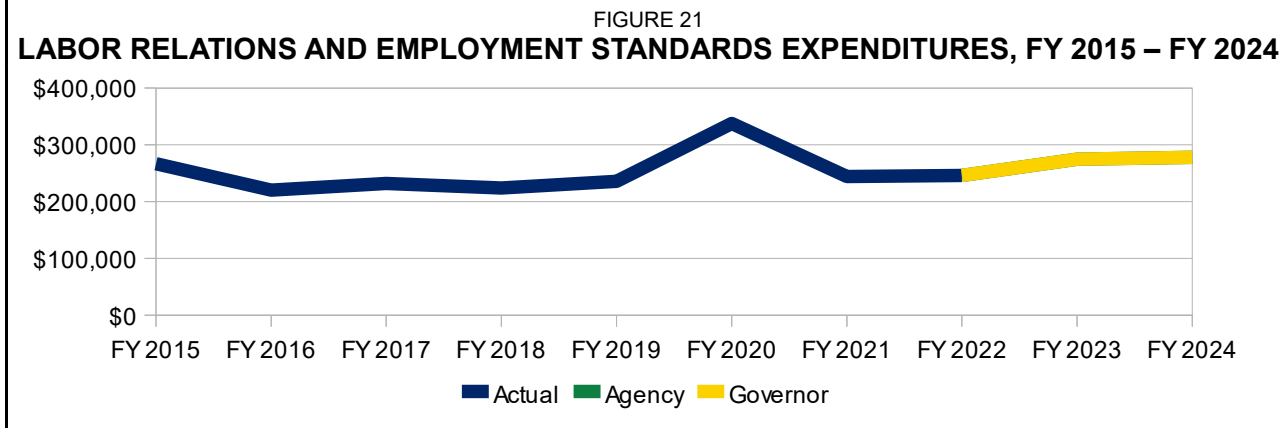
The **agency** requests \$8.4 million and 68.0 FTE positions for the Workers Compensation Services program for FY 2024. The request is an increase of \$299,937 and 2.0 FTE positions above the revised estimate in FY 2023.

The increase is primarily due to higher salary and wage expenditures, including for employee pay (\$93,250) and employer contributions for group health insurance (\$79,414) and Medicare (\$18,263). The agency indicates it is actively

recruiting to fill vacant positions within the program. The request also includes higher contractual services expenditures (\$90,240), primarily for increased costs for information technology.

The **Governor** concurs with the agency request and recommends \$8.4 million for the Workers Compensation Services program for FY 2024.

LABOR RELATIONS AND EMPLOYMENT STANDARDS



STATUTORY BASIS: • KSA 75-4321, *et seq.*, KSA 22-5413 *et seq.*

- PROGRAM GOALS:**
- Continue to administer both the Kansas Professional Negotiations Act and the Kansas Public Employer-Employee Relations Act in a timely, effective, and unbiased manner consistent with legislative intent for enacting these laws.
 - Promote harmonious and cooperative employer/employee relationships and enforce laws providing protection to the Kansas workforce through due process of administration proceedings.

The Labor Relations and Employment Standards Program enforces laws relating to the following areas:

LABOR RELATIONS

The Labor Relations Unit administers Kansas labor relations statutes, including the Kansas Public Employer-Employee Relations Act (PEERA) and the Kansas Professional Negotiations Act (PNA). PNA governs labor relations activities between public-school teachers and other professional employees in public schools and their employers while PEERA governs labor relations between other State of Kansas public sector employees and their employers, as well as those of local governmental units whose governing bodies opt-in to coverage by PEERA.

Assistance provided by staff includes holding bargaining unit determination hearings, conducting elections, and holding hearings to resolve prohibited practice charges.

EMPLOYMENT STANDARDS

The Employee Standards Unit is primarily responsible for the enforcement of minimum wages, wage payment, and child labor laws and regulates private employment agencies. Additionally, this Unit also addresses inquiries that do not specifically relate to statutes under its purview but nonetheless require knowledge of programs within the agency and other governmental entities.

These inquiries include complaints relating to alleged violations of KSA 44-1131 through 44-1133. Since 2006, the agency has been tasked with enforcing violations of these statutes, which prohibit employers from terminating, discriminating, or retaliating against victims of domestic violence or sexual assault for taking statutorily authorized leave from work.

FIGURE 22

LABOR RELATIONS AND EMPLOYMENT STANDARDS, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Number of Days After Service of Petition to Hold Mediation Conference in All Disputed Determination Cases*	45	45	45	45	45
2. Number of Months After the Date of Service of Petition to Conduct Unit Determination Hearings*	3	3	3	3	3
3. Percent of Unit Certification and Representation Elections Held within 45 Days of the Verification of the Showing of Interest*	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Output Measure:					
4. Number of Impasse Cases Processed	8	8	11	10	10
5. Number of Prohibited Practice Cases Processed	11	8	11	10	10
6. Number of Wage Claims Filed	478	656	579	600	600
7. Amount of Wages Collected/Recovered	\$ 502,525	\$ 489,680	\$ 595,802	\$ 500,000	\$ 500,000
8. Hourly Cost of Claims Served*	\$ 626.74	\$ 354.63	\$ 485.96	\$ 373.33	\$ 376.46
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2025
SGF	\$ 244,018	\$ 245,908		\$ 274,533	\$ 277,888
Federal Funds	-	-		-	-
All Other Funds	74	74		-	-
TOTAL	<u>\$ 244,092</u>	<u>\$ 245,982</u>		<u>\$ 274,533</u>	<u>\$ 277,888</u>
Percentage Change:					
SGF	(27.6) %	0.8 %		11.6 %	1.2 %
All Funds	(27.7) %	0.8 %		11.6 %	1.2 %
FTE Positions	3.2	3.2		3.2	3.2

* The Governor's Office does not utilize this measure for evaluation purposes.

BUDGET ANALYSIS

The **agency** requests \$277,888 SGF and 3.2 FTE positions for the Labor Relations and Employment Standards program for FY 2024. The request is an increase of \$3,355 above the revised estimate in FY 2023, primarily due to employer contributions for group health insurance (\$2,879).

The **Governor** concurs with the agency request and recommends \$277,888 SGF for the Labor Relations and Employment Standards program for FY 2024.

CAPITAL IMPROVEMENTS

The Kansas Department of Labor owns and maintains five properties in Topeka. Its capital improvements primarily involve its offices at the following three locations—**401 SW Topeka**, **1309 SW Topeka**, and **2650 East Circle Drive South**. In addition to regular maintenance and repair work, the agency is also in the process of ongoing renovations at those buildings.

The agency does not own any properties outside of Topeka but does lease space in Garden City, Lenexa, Salina, and Wichita. No costs are incurred outside of overhead for the leased spaces outside of Topeka.

FIGURE 23
CAPITAL IMPROVEMENTS, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Capital Projects:					
Rehabilitation and Repair	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
Renovation Projects	321,998	-	-	-	-
Parking Lot Seal/Overlay	-	80,000	80,000	-	-
Double-Entry Entrance	-	15,000	15,000	-	-
HVAC Repair/Replacement	-	300,000	300,000	300,000	300,000
Boiler Replacement	-	250,000	250,000	-	-
Eastman Third Floor	-	500,000	500,000	-	-
Eastman Basement	-	-	-	450,000	450,000
Roof Replacement	-	-	-	400,000	400,000
<i>Subtotal–Projects</i>	<i>\$ 496,998</i>	<i>\$ 1,320,000</i>	<i>\$ 1,320,000</i>	<i>\$ 1,325,000</i>	<i>\$ 1,325,000</i>
Debt Service Principal:					
401 SW Topeka Remodel	\$ 270,000	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 766,998	\$ 1,320,000	\$ 1,320,000	\$ 1,325,000	\$ 1,325,000
Financing:					
SGF	\$ -	\$ 792,000	\$ 792,000	\$ 795,000	\$ 795,000
Workmen's Compensation Fee Fund	591,498	528,000	528,000	530,000	530,000
Special Employment Security Fund	175,500	-	-	-	-
TOTAL	\$ 766,998	\$ 1,320,000	\$ 1,320,000	\$ 1,325,000	\$ 1,325,000

FY 2023 CAPITAL IMPROVEMENTS

The **agency** submits a revised estimate of \$1.3 million in capital improvement expenditures in FY 2023, including \$792,000 SGF and \$528,000 from the Workmen's Compensation Fee Fund. The revised estimate includes the following capital projects:

REHABILITATION AND REPAIR

The revised estimate includes \$175,000, including \$105,000 SGF, for general rehabilitation and repair work in FY 2023. These

expenditures reflect yearly requirements to perform general repair work on agency-owned buildings in Topeka, such as roofing, sidewalk repair, painting, carpeting, and caulking. These funds also serve as a contingency for needs that materialize during the year.

PARKING LOT SEAL/OVERLAY

The revised estimate includes \$80,000, including \$48,000 SGF, for parking lot maintenance and repair work in FY 2023. The

agency owns three office buildings in Topeka with significantly sized parking lots, 174,600 square feet in total, spread between **401 SW Topeka**, **1309 SW Topeka**, and **2650 East Circle Drive South**. This project would apply a seal coating and potential overlays on various sections of those lots.

DOUBLE-ENTRY ENTRANCE

The revised estimate includes \$15,000, including \$9,000 SGF, to construct a double-entry employee entrance at **401 SW Topeka** in FY 2023. The agency implemented double badge entries and exits at its office buildings during recent improvement projects. This project would remove the existing storefront style entryway and construct a double-entry door system with an updated electronic control system and push bars for exiting the building.

HVAC VENT REPAIR/REPLACEMENT

The revised estimate includes \$300,000, including \$180,000 SGF, to repair or replace the ventilation system at **2650 East Circle Drive South** in FY 2023. The agency indicates renovations are needed because of the building's construction and structural design. This project is expected to be completed over a two-year period.

FY 2024 CAPITAL IMPROVEMENTS

The **agency** requests \$1.3 million in capital improvement expenditures for FY 2024, including \$795,000 SGF and \$530,000 from the Workmen's Compensation Fee Fund. The request includes the following capital projects:

REHABILITATION AND REPAIR

The request includes \$175,000, including \$105,000 SGF, for general rehabilitation and repair work for FY 2024. These expenditures reflect yearly requirements to perform general repair work on agency-owned buildings in Topeka, such as roofing, sidewalk repair, painting, carpeting, and caulking. These funds also serve as a contingency for needs that materialize during the year.

HVAC VENT REPAIR/REPLACEMENT

The request includes \$300,000, including \$180,000 SGF, for the continued repair of the ventilation system at **2650 East Circle Drive**

BOILER REPLACEMENT

The revised estimate includes \$250,000, including \$150,000 SGF, to replace the existing boiler system at **2650 East Circle Drive South** with a hydronic system in FY 2023. The current system is approximately 20 years old and uses parts that are being phased out, resulting in growing maintenance costs. This project would remove existing boilers and plumbing, install new boilers and hydronic pumps, and replace heating coils in air handlers. The agency also anticipates needing new control units for the system.

EASTMAN THIRD-FLOOR RENOVATIONS

The revised estimate includes \$500,000, including \$300,000 SGF, for continued renovations at **2650 East Circle Drive South** in FY 2023. This project would remodel the third floor of the building by reconfiguring the floor plan, improving the HVAC system, renovating bathrooms, and replacing ceiling, lighting, and carpeting.

The **Governor** concurs with the agency's FY 2023 revised estimate and recommends \$1.3 million in capital improvement expenditures in FY 2023.

South for FY 2024. The agency indicates renovations are needed because of the building's construction and structural design. This project is expected to be completed over a two-year period, starting in FY 2023.

EASTMAN BASEMENT RENOVATIONS

The request includes \$450,000, including \$270,000 SGF, to complete renovations in the basement of **2650 East Circle Drive South** for FY 2024. Part of this renovation project is already completed.

The remainder involves replacing lighting and carpeting, removing walls, renovating bathrooms, and applying paint to the basement of the building.

ROOF REPLACEMENT

The request includes \$400,000, including \$240,000 SGF, to replace the roof at **2650 East**

Circle Drive South for FY 2024. The agency indicates the current roof is approximately 15 years old and is beginning to show signs of wear. This project would replace the entire roof and remove old roofing material.

The **Governor** concurs with the agency's FY 2024 request and recommends \$1.3 million in capital improvement expenditures for FY 2024.