

Testimony for House Government Efficiency Committee

February 7, 2012

KDOL Secretary Karin Brownlee

KDOL CFO Rick Gudenkauf

Chairman Burgess and members of the committee: Thank you for this opportunity to discuss with you the progress we are making at the Kansas Department of Labor. We are pleased to share with you several steps we have taken in our everyday processes to become more efficient in addition to starting the Management Information System (MIS).

The following initiatives have been completed or are underway to reduce expenses or improve efficiencies:

- Staffing levels were reduced during 2011 through attrition and a reduction in force. Overall salary expense has been reduced from levels exceeding \$850,000 per pay period in January of 2011, and our current pay period expense is approximately \$500,000 (a 40 percent decrease). We started at about 615 employees about one year ago and now have about 412.
- Renegotiated two IT licensing contracts saving \$549,755
- Moving to IP phone system at 401 Topeka Blvd and at the Contact Center which results in an estimated annual savings of \$17,000 and \$166,000, respectfully. Additionally, our agency led the renegotiation of the AT&T contract state-wide, which lowered long distance rates on VoIP rates by 33 percent, as well as overall service to \$18.50 per call path. These savings can be enjoyed by all state agencies.
- Streamlined mainframe computer processes and storage, which has reduced mainframe expenses by \$360,000 annually.
- Migrated from mailing employer Quarterly Wage Report forms and employer newsletters to electronic delivery, which reduced mailing expense by \$39,200, and nearly \$1,000 in paper expense.
- Identified and stopped processes where forms were printed to paper, scanned to electronic format, then shred the scanned items. This resulted in reduced printing by more than 400,000 items annually, reduced salary expense by eliminating processes, and reduced postage expense as the electronic files are e-mailed.
- Contract employees have been significantly reduced as all contractors working on the UIM project are no longer on staff.
- Consolidated all agency departments into agency owned property, which has eliminated rent expense for Workers Compensation and Industrial Safety divisions, which reduced rent and data communication expenses by \$325,000 annually. Additionally, the effort will result in reduced expenses for all divisions as occupancy expense and data communications expenses of agency properties will be shared by all divisions.
- All divisions were directed to reduce travel expense by at least 25 percent.

Other initiatives that are under consideration or underway include the following:

- Workers Compensation will be moving to electronic filing, which will result in lower operating and storage expense.
- Our agency is working with the Department of Administration to reduce the 17 percent fee charged in the offset program, which would reduce expenses in all programs.

- Our agency also has ongoing discussions with the Office of Business Process Improvement to determine if paperless processes can be implemented for travel and payment vouchers. Such an effort would reduce paper and create efficiencies in the processing of these items.
- We have begun scanning our incoming checks on-site which results in an immediate deposit and reducing staff time.
- We will be changing away from KANPAY (for online payments) with INK to a service with our bank, UMB, which will save about \$240,000/yr.

Rick Gudenkauf, CFO, will now demonstrate the MIS system. We look forward to your questions.