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Amber Shultz, Secretary

Laura Kelly, Governor

September 15, 2023

Mr. Adam Proffitt, Director
Division of the Budget
900 SW Jackson, Suite 504-N
Landon State Office Building
Topeka, KS 66612

Dear Mr. Proffitt:

As Secretary of the Department of Labor, I hereby submit for your consideration the Fiscal Year 2025 budget document for the Department. It has been prepared in accordance with the instructions transmitted with your letter of July 6, 2023. To the best of my knowledge and belief, the information and explanation included in this budget request are correct and complete.

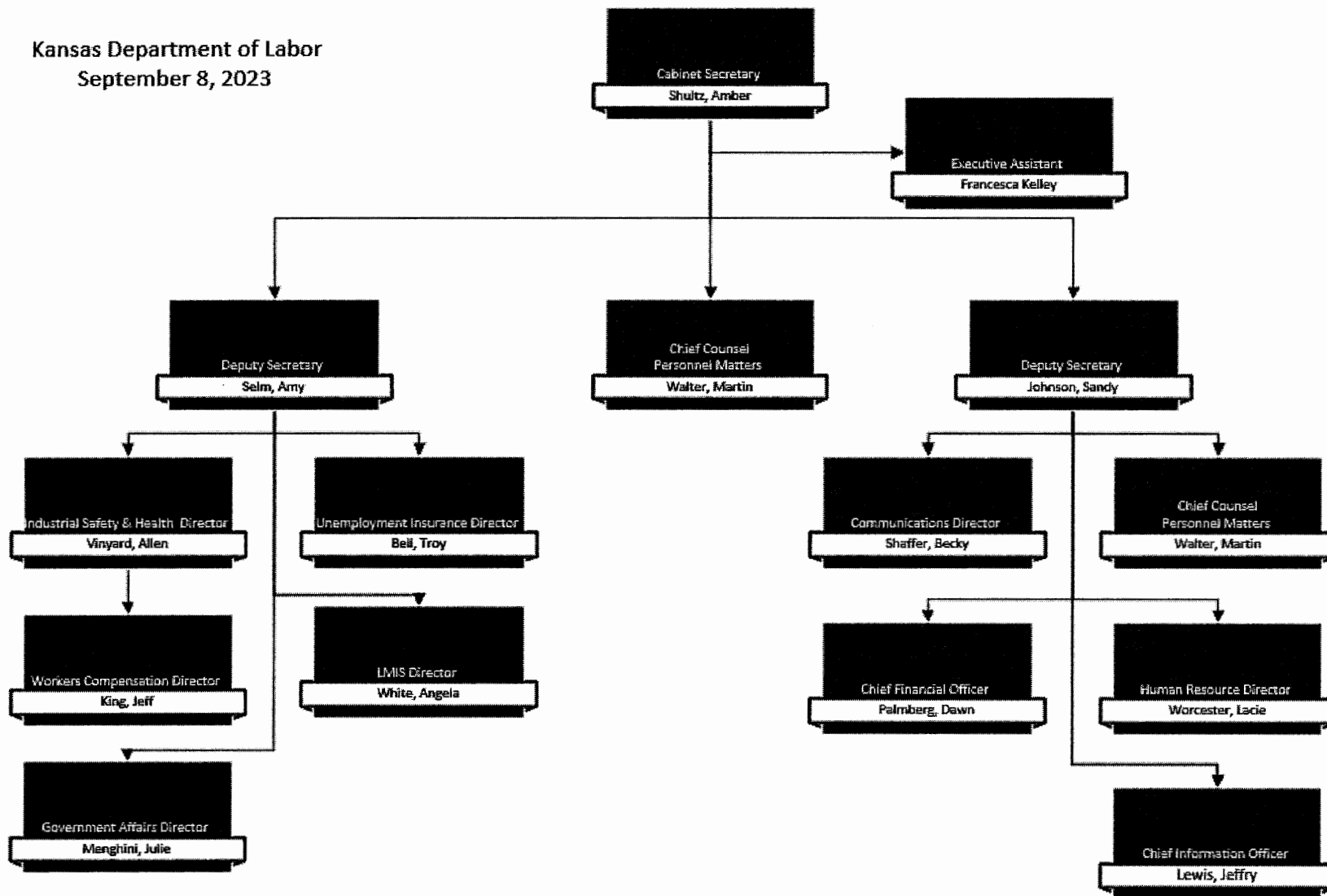
As always, my staff and I are prepared to provide any additional information which you or our budget analyst may require.

Sincerely,

A handwritten signature in black ink that reads "Amber Shultz".

Amber Shultz
Secretary

Kansas Department of Labor
September 8, 2023



Narrative Information ---- DA-400

Division of the Budget
State of Kansas

Agency: Kansas Department of Labor

AGENCY MISSION:

The Kansas Department of Labor provides workers and employers with information and services that are accurate and timely, efficient and effective, fair and impartial. Administered by employees that understand the value and importance of public service to their fellow Kansans.

AGENCY VISION:

An empowering employer providing resources and economic security to all Kansans.

AGENCY PHILOSOPHY AND VALUES:

We are dedicated to providing professional services to all Kansans while holding ourselves to the highest possible levels of integrity and accountability. Our work is characterized by:

- Respect for one another and for those we serve
- Emphasis on quality and accountability
- Clear and concise internal and external communication
- Stewardship of public resources
- Collaborative partnerships internally and externally on local, state and national levels

PROGRAMS ESTABLISHED TO ASSIST WITH AGENCY MISSION:

- Administration and Support Services include the Secretary of Labor, Legal Services, Fiscal Management, Facilities, Human Resources, Communications and Information Systems and Technology.
- Labor Market Information Services (LMIS) – LMIS maintains labor force and economic data. LMIS is also the actuarial trustee of the state's Employment Security Trust Fund.
- Unemployment Insurance Services – Employer payroll taxes are collected under this program and unemployment benefits are paid to eligible individuals. This program is financed by federal funds and operated in accordance with federal laws and regulations.
- Industrial Safety and Health – This program coordinates a variety of safety and health sub-programs with the common goal of reducing the frequency and severity of workplace accidents and illnesses.
- Workers Compensation Services – Under the Workers Compensation Act, the Department conducts hearings on contested matters and negotiates settlements, advises claimants of their rights, receives accident reports and directs and audits the vocational and physical rehabilitation needs of injured workers.
- Employment Standards & Labor Relations – These two program areas are responsible for the enforcement of minimum wage, wage payment and child labor laws as well as the regulation of private employment agencies. Collective bargaining assistance is given to employees in both private as well as public sectors. Laws governing the Professional Negotiations Act are administered as well.

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Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

STATUTORY HISTORY:

The Department of Labor was renamed the Kansas Department of Human Resources in 1975. Executive Reorganization Order (ERO) No. 31 changed the name back to the Kansas Department of Labor in 2004. The Legislature enacted the change to implement the order, and it became effective on July 1, 2004. The ERO transferred the Division of Employment and Training to the Department of Commerce and transferred the Kansas Advisory Commission on Hispanic/Latino Affairs and the Kansas African American Affairs Commission to the Department of Administration. In July 2005, America's Job Link Alliance - Technical Services (AJLA-TS) was also transferred to the Department of Commerce to be more in line with workforce development and the Employment and Training programs.

The law establishing the agency is found in sections 75-5701 through 75-5740 of Kansas Statutes Annotated. The Department administers the Kansas Employment Security Law, K.S.A. 44-701, *et seq.*; the Workers Compensation Act, K.S.A. 44-501, *et seq.*; the Wage Payment Act, K.S.A. 44-313, *et seq.*; Minimum Wage and Maximum Hours Act, K.S.A. 44-1201, *et seq.*; Child Labor Act, K.S.A. 38-601, *et seq.*; the Agricultural Labor Relations Act, K.S.A. 44-820, *et seq.*; laws regulating private employment agencies, K.S.A. 44-401, *et seq.*; labor relations, K.S.A. 44-801, *et seq.*; Public Employer-Employee Relations Act, K.S.A. 75-4321, *et seq.*; Professional Negotiations Act, K.S.A. 72-2218, *et seq.*; Kansas Amusement Ride Act, K.S.A. 44-1601, *et seq.*; an act prohibiting discrimination and retaliation against an employee who is a victim of domestic violence or sexual assault from taking time off work under certain circumstances, K.S.A. 44-1131-33; several statutes concerning inspections and safety at work sites, including K.S.A. 44-631, 44-634, 44-636 through 44-638; providing consultation to the human trafficking advisory board, K.S.A. 75-757; and investigates complaints and issue final orders concerning violations of HB 2001 (2021 Special Session) related to employer-imposed COVID-19 vaccination requirements.

The Department receives a large amount of federal funding, and must comply with numerous federal laws, including Titles III and IX of the Social Security Act; the Federal Unemployment Tax Act (FUTA); Families First Coronavirus Response Act, specifically Division D; the Emergency Unemployment Insurance Stabilization and Access Act of 2020; and Title II, Subtitle A of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, as amended; the American Rescue Plan Act (ARPA) of 2021; and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA). The Department also receives federal funds from the Occupational Safety and Health Administration to administer the OSHA Section 21(d) workplace safety consultation program, and from USDOL to fund certain Bureau of Labor Statistics programs.

Explanation of Receipt Estimates ---- DA 405

Division of the Budget
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Agency: Kansas Department of Labor

Revenue Estimates

FUND: 2041

The fund was established in FY 2004 to separate the state funds from the federal funds that had previously been grouped together in one fund. This fund contains the registration fees collected by KDOL for the Industrial Safety and Workers Compensation Conferences.

FUND: 2120

The statutory authority for the Special Employment Security Fund is found in K.S.A. 44-716a. The revenue into the fund (K.S.A. 44-717) is penalties (.05% of total wages paid by the employer during the quarter, except that no penalty shall be less than \$25 and no more than \$200 for each untimely return) and the interest (1% per month on unpaid balance) paid by employers who are untimely in paying their contribution tax. Revenue also includes interest (1.5% per month or fraction thereof) paid by individuals on benefit overpayments that are the result of fraud, misrepresentation, or willful nondisclosure of required information (K.S.A. 44-719).

FUND: 2124

The fund is authorized under K.S.A. 74-715. The revenue for the Workers Compensation Fund is from an annual assessment applied to calendar year claims paid by insurance companies admitted and authorized to write workers compensation insurance in Kansas, qualified employers that self-insure its workers compensation exposure, and deductible amounts paid by insurance carrier policyholders. The assessment rate is a product of the total amount of revenue needed for the state fiscal year divided by the total amount of claims paid. The Assessment rate for FY 2024 is 2.75%.

FUND: 2204

Whenever the agency takes assignment of a wage claim for an individual, the agency is to charge a fee as fixed in K.A.R. 49-21-1. The maximum fee allowable is \$25.00. No revenue is estimated for SFY 2024 or SFY 2025.

FUND: 2224

The fund is authorized under K.S.A. 75-4215. The revenue for the Amusement Ride Safety Fund is from permits and licensing of amusement rides in Kansas. The fee schedule is contained within the statute.

FUND: 2302

No revenue is collected in this fund. Money received into this fund is a transfer from the Special Employment Security Fund based on the agency's need to supplement SGF. The authorization for this transfer is found in K.S.A. 44-716a. At this time no transfers are budgeted for SFY 2024, or SFY 2025. USDOL states that the maximum transfer allowed is equal to the SWCAP rate for the corresponding year.

Explanation of Receipt Estimates ---- DA 405

Division of the Budget
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Agency: Kansas Department of Labor

FUND: 2771

Section 1201 of the Social Security Act (SSA) provides for "Title XII advances" to states that have depleted their unemployment funds. Unless Congress passes legislation requiring otherwise, Section 1202(b) (3) (A) of the Social Security Act requires the payment of interest on Title XII advances. Section 303(c) (3) of the SSA and Section 3304(a) (17) of the Federal Unemployment Tax Act prohibit paying interest directly or indirectly from the State's unemployment fund. Therefore, an employment security interest assessment fund has been established in the state treasury to be administered by the secretary. Receipts from employers are deposited into this fund to pay the interest due on Title XII advances from the federal government. The State authorization for this fund is found in K.S.A. 44-710.

FUND: 2781

This fund was established in FY 2015 and is the Agency's indirect cost fund. Revenue is generated by charging the various programs the approved indirect cost rate of 14.61 percent for SFY 2023 and 17.85 percent for SFY 2024. The indirect cost rate has not been established for SFY 2025. The indirect cost fund provides funding for administrative costs of the agency.

| Revenue Estimates for Fee Funds | | | | |
|--|-------------------------------------|---------------------|----------------------|----------------------|
| Fund | Name | SFY 2023 Actual | SFY 2024 Estimate | SFY 2025 Estimate |
| 2041 | KDOL Special Projects Fund | \$115,446 | \$227,001 | \$227,150 |
| 2120 | Special Employment Security Fund | \$2,864,626 | \$3,000,000 | \$3,000,000 |
| 2124 | Workers Compensation Fund | \$10,978,870 | \$12,258,250 | \$11,500,000 |
| 2204 | Wage Claims Assignment Fee Fund | \$1,067 | \$0 | \$0 |
| 2224 | Amusement Ride Safety Fee Fund | \$84,872 | \$80,000 | \$80,000 |
| 2302 | Federal Indirect Cost Offset Fund | \$0 | \$0 | \$0 |
| 2771 | Employment Security Assessment Fund | \$0 | \$0 | \$0 |
| 2781 | Indirect Cost Fund | \$3,507,012 | \$3,979,476 | \$4,046,013 |
| | Total | \$17,551,893 | \$19,544,727 | \$18,853,163 |

FUND: 3275

The revenue into this fund is a grant from the United State Department of Labor (USDOL) to provide labor market information to the local areas in delivering the Workforce Investment Act.

FUND: 3335

The revenue into this fund is a grant from the USDOL for the administration of the Unemployment Insurance program established under the Social Security Act. The State authorization for this fund is found in K.S.A. 44-716.

FUND: 3336

The buildings owned by the Kansas Department of Labor were built with federal funds for operation of the Unemployment Insurance (UI) and Job Service programs. The federal guidelines regarding the use and disposition of real property acquired with UI and/or Job Service funds is contained in United States Department of Labor General Administration Letter no. 5-94. The guidelines on page

Explanation of Receipt Estimates ---- DA 405

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20 states under section (i) "Proceeds from the disposition of SESA real property must be handled according to Office of Management and Budget Circular A-87 and 29 CFR 97.31. They must be returned to the United States Department of Labor or may be used for UI administrative purposes. No revenue is expected in SFY 2024 or SFY 2025.

FUND: 3339

The revenue into this fund is a grant from the USDOL to perform workplace safety consultation to private employers. The grant does not pay for consultation services with the public sector.

FUND: 3742

The revenue into this fund is a grant from the USDOL/Bureau of Labor Statistics for the operation of the Labor Market Information cooperative statistical programs and activities which provide statistical data on employment, hours, wages, unemployment, and layoffs by occupation and industry for the nation, States, metropolitan areas, and counties. Data can be monthly, quarterly, or annual.

FUND: 3743

The revenues into this fund are grants from the USDOL/Bureau of Labor Statistics for carrying out the responsibilities of collecting information on occupational injury and illness under Section 24 of the Occupational Safety and Health Act of 1970 along with collecting information on occupational fatalities in the state.

FUND: 3756

The revenues into this fund are grants from the U.S. Treasury to assist states with additional funding for recovery efforts of the pandemic. No revenue is expected in SFY 2024 or SFY 2025.

| Revenue Estimates for Grants and Agreements | | | | | |
|--|------|----------------------------|---------------------|----------------------|----------------------|
| CFDA# | Fund | Grant Name | SFY 2023 Actual | SFY 2024 Estimate | SFY 2025 Estimate |
| 17.207 | 3275 | One-Stop LMIS | \$390,966 | \$370,185 | \$376,266 |
| 17.225 | 3335 | Unemployment Insurance | \$28,375,819 | \$32,967,178 | \$23,529,056 |
| 17.225 | 3335 | Reed Act Funds | \$67,000 | \$4,753,902 | \$0 |
| 17.225 | 3336 | Sale of Federal Buildings | \$0 | \$0 | \$0 |
| 17.504 | 3339 | OSHA Consultation | \$1,041,859 | \$883,678 | \$907,953 |
| 17.002 | 3742 | LMIS Cooperative Agreement | \$818,100 | \$954,115 | \$949,555 |
| 17.005 | 3743 | OSHS/CFOI | \$95,450 | \$91,811 | \$91,034 |
| 21.027 | 3756 | American Rescue Plan Act | \$9,601,567 | \$0 | \$0 |
| Total | | | \$40,390,761 | \$40,020,869 | \$25,853,864 |

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FUND: 6112

The revenue into this fund is derived from agreements and contracts with other State agencies for services rendered and from internal payments from agency programs to cover the expenses of maintaining our agency's motor vehicles. Revenue is estimated at \$415,000 in SFY 2024, and \$425,000 in SFY 2025.

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Agency: Kansas Department of Labor

AGENCY-WIDE OVERVIEW:**Current Year 2024:**

The KDOL's SFY 2024 budget includes \$14,608,853 of SGF expenditures. Additionally, KDOL's budget includes fee fund expenditures of \$22,948,765; federal fund expenditures of \$37,108,593; and off budget fund expenditures of \$418,837. The agency's Kansas unemployment insurance benefits are projected to be \$122,658,280 in SFY 2024. The operating budget of the agency generally reflects a wind down of pandemic programmatic operations and improvements to the unemployment insurance technology system.

Budget Year 2025:

The KDOL's SFY 2025 budget includes \$5,059,333 of SGF expenditures. Additionally, KDOL's budget includes fee fund expenditures of \$24,550,230; federal fund expenditures of \$25,853,864; and off budget fund expenditures of \$426,799. The agency's Kansas unemployment insurance benefits are projected to be \$140,054,876 in SFY 2025. The operating budget of the agency generally reflects a continuation of normal operations, as well as the completion of the unemployment insurance modernization.

Enhancement Packages:

A State General Fund enhancement package of \$5,000,000 is requested for SFY 2025. This state general fund enhancement will provide funding for maintenance costs for the updated unemployment system and its required peripheral systems as well as continued hourly contract support post go live as written in the contract.

A State General Fund enhancement of \$3,000 is requested to fund additional official hospitality events conducted by the Secretary of Labor. This additional money will allow the secretary to engage with staff and outside entities and provide refreshments for these events.

SFY 2024-2025 Enhancement Detail

| Description | SFY 2024 | SFY 2025 |
|---------------------------------------|-----------------|-----------------|
| Unemployment Modernization | | |
| Unemployment IT Maintenance | | \$5,000,000 |
| Official Hospitality | | |
| Secretary Shultz official hospitality | | \$3,000 |

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Actual Position Data

The position count is listed below for each major division of the Kansas Department of Labor.

| <u>Program</u> | <u>FTE Positions</u> | <u>Non-FTE Uncl. Perm. Pos.</u> |
|--|----------------------|---------------------------------|
| Administration and Support | 54.51 | 45.15 |
| Labor Market Information | 10.00 | 6.00 |
| Unemployment Insurance Services | 174.60 | 60.00 |
| Industrial Safety and Health | 9.60 | 7.30 |
| Workers Compensation Services | 49.00 | 20.00 |
| Labor Relations and Employment Standards | 2.00 | 1.30 |
| Off-Budget Programs | 1.89 | 1.05 |
| Total Positions | 301.60 | 140.80 |

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ADMINISTRATION AND SUPPORT SERVICES PROGRAM:**GENERAL ADMINISTRATION:**

The Secretary's Office consists of the Secretary, two Deputy Secretaries, and the Executive Assistant. The budget for the Secretary's Office is relatively small and primarily consists of salaries, travel, and normal office operational expenses. Also, included in the budget is \$2,000 from SGF for official hospitality for each budget year.

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 635,837 | 535,452 | 534,855 |
| Contractual Services | 108,987 | 121,886 | 127,880 |
| Commodities | 3,737 | 1,714 | 1,800 |
| Capital Outlay | 2,837 | 2,894 | 2,952 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 0 | 0 |

The decrease in salaries is primarily due to the reduction in staff in the Secretary's Office. The decrease is primarily due to not backfilling the compliance officer and losing a summer intern. The increase in contractual services is related to the increased costs of conducting business and information technology support.

An SGF enhancement amount of \$3,000 is requested for SFY 2025 to fund additional official hospitality events.

LEGAL:

The function of the Legal Division is to provide legal services to the Department of Labor, which includes providing legal counsel to the Department, its boards, divisions, and officials generally, and representation in State and Federal Court, as well as before various administrative tribunals. Specifically, the Legal Division provides legal research, briefing, and advice to the different divisions and executive leadership of the Department regarding compliance with state and federal laws, and the Legal Division reviews all leases, contracts, terms of service, settlement agreements, inter-agency agreements, memorandums of understanding, data-sharing agreements, and major policy or program changes. The Legal Division advises the Secretary, Deputy Secretaries, Division Directors, and other managers and employees of the Department concerning the administration and enforcement of Employment Security Law, including the Families First Coronavirus Response Act and CARES Act, as amended, American Rescue Plan Act, Lost Wages Assistance Program, 2021 Special Session H.B. 2001, the Workers Compensation Act, the Agricultural Labor Relations Act, the Kansas Civil Service Act, the Wage Payment Act, Public Employer/Employee Relations Act, the Kansas Amusement Ride Act and the Professional Negotiations Act, the Kansas Open Records Act, Kansas Open Meetings Act, state ethics laws, the Hatch Act, as well as an act that provides protection against discrimination and retaliation toward an employee who is victim of domestic violence or sexual assault from taking time off work under certain circumstances. The Legal Division also provides legislative support upon request.

Some of the Legal Division's specific services include, but are not limited to: the recovery of unemployment overpayments and delinquent tax obligations; investigation of unemployment fraud; assistance in collecting unpaid wages for members of the public; identification and assistance in implementing methods of preventing overpayments of UI benefits; providing timely legal advice to agency personnel and boards; providing legal

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representation for the agency and agency personnel in their official capacity; enforcement of agency subpoenas and orders; negotiation, drafting and review of agency contracts and interagency agreements; drafting and reviewing of proposed legislation and regulations affecting the agency, and assisting in response to legislative inquiries. In addition, with the enactment of K.S.A. 77-440 in 2022, the Legal Division shall be required to conduct a formal review of all KDOL regulations once every five (5) years.

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|--------------------|--------------------|--------------------|
| Salaries & Wages (net) | 1,077,983 | 1,010,744 | 983,798 |
| Contractual Services | 333,352 | 368,963 | 380,327 |
| Commodities | 3,387 | 3,308 | 3,371 |
| Capital Outlay | 5,386 | 5,995 | 6,125 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 11,005 | 0 | 0 |
| Non-Expense Items | 89,144 | 141,151 | 137,391 |

Operations in the Legal department are expected to be stable over the next two years. The increase in contractual services is related to the increased costs of conducting business and information technology support. Non-expense items include the expense for indirect cost charges.

FISCAL:

The primary responsibility of the Fiscal Department is to provide reliable and timely financial information to various staff throughout the agency. Additional duties include the accurate and timely assessment and payment of all agency expenditures; budgeting activities on both a state fiscal year and federal fiscal year; federal reporting; oversight of the agency's motor pool fund; and procurement services.

The Fiscal Department is responsible for maintaining the facilities and grounds for the agency and currently retains two employees for this purpose. The agency owns and maintains five properties in Topeka. Therefore, the agency's capital improvement budget falls under the Fiscal Department. 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. The Fiscal Department is also responsible for mailroom operations.

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|--------------------|--------------------|--------------------|
| Salaries & Wages (net) | 1,248,767 | 1,099,261 | 916,724 |
| Contractual Services | 94,179 | 252,234 | 263,272 |
| Commodities | (20,851) | 2,125 | 2,231 |
| Capital Outlay | 2,855 | 3,548 | 3,725 |
| Capital Improvements | 0 | 0 | 0 |
| Aid to Locals | 0 | 0 | 0 |
| Other Assistance | 4,650 | 0 | 0 |
| Non-Expense Items | 1,241,986 | 10,300 | 10,299 |

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KDOL is transitioning from in house operations for mail to central mail services during SFY 2024. We believe that the modernized unemployment system will provide efficiencies resulting in less mail being distributed. This transition will reduce the number of staff needed to distribute mail and supplies between buildings. The increase in contractual services is partly due to charging postage to fiscal. Postage is purchased in bulk under the fiscal department and then charged back to the appropriate department as postage is used. Additionally, contractual services increased due to the increased costs of conducting business and information technology support. The negative amount recorded for actual expenditures in SFY 2023 under the category commodities is primarily due to the inventory inflows and outflows for the agency. All supplies that are kept on hand are purchased under the fiscal department and then charged back to the appropriate department as the supply stock is used. The non-expense item category contains indirect cost charges for the agency. When budgeted, these charges fall under various grants and their respective departments.

HUMAN RESOURCES:

The Human Resources Department at the Department of Labor is committed to delivering comprehensive human resource information and support across the agency. Our Human Resource Division is currently composed of two dedicated professionals: a Director and a skilled Human Resource Professional.

The Human Resource Professional functions as a critical support to the Director, overseeing all personnel transactions for the agency. This role extends to efficiently managing agency payroll, administering shared leave, FMLA, and parental leave programs, as well as serving as the primary point of contact for benefit-related inquiries and transactions. Their expertise ensures the seamless flow of essential HR functions within the department.

Meanwhile, the Director's role encompasses recruitment, pre-employment screening, the preparation of offer letters and new hire packages, coordination of new employee orientation functions, and the orchestration of agency-wide training initiatives. In addition, they play a pivotal role in administering KDOL's job shadowing program, facilitating the growth and development of our staff.

Looking ahead, the HR department is in the process of enhancing its capabilities. We are hoping to backfill the Recruiter position while introducing two new strategic roles: Training Coordinator and Internal Communications and Employee Engagement Coordinator. These positions are instrumental in driving our initiatives forward.

The Training Coordinator role will enable the development of targeted training for new employees, undertaking KDOL's employee security badge program, and offering an enhanced array of professional development opportunities for our dedicated KDOL workforce.

Simultaneously, the Internal Communications and Employee Engagement Coordinator will empower us to take on an amplified role in KDOL's engagement program. This coordinator will establish robust communication channels within the organization while ensuring our workforce remains engaged, motivated, and united.

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| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages | 253,137 | 404,319 | 404,090 |
| Contractual Services | 40,812 | 45,000 | 47,252 |
| Commodities | 354 | 385 | 404 |
| Capital Outlay | 1,404 | 32,000 | 7,000 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 0 | 0 |

The increase in salaries is due to the addition of three staff in the human resource department. The increase in contractual services is related to the increased costs of conducting business and information technology support. The increase in capital outlay is due to the anticipated purchase of onboarding software and ongoing maintenance. The expenses outside of these categories are generally stable and reflect normal agency operations.

COMMUNICATIONS:

The Communications Division is responsible for a wide variety of services including, but not limited to agency-wide emails, monitoring the communications email inbox, internal and external facing material from content and graphic, ordering business related materials (business cards, plates, badges, etc.), creating and maintaining agency forms, creating presentation materials, coordinating public relations, maintaining social media platforms, supporting events as needed and translations across all divisions.

The Communications Division currently has six positions: one Director, one Project Specialist, one Visual Designer, and three Communications Officers. The Director oversees and provides direction for the Communications Team. The Project Specialist serves as a backup for the Director, manages/tracks all projects, coordinates community engagement, and provides translation for the entire division. The Visual Designer designs all material that is external facing. The three Communications Officers' responsibilities include developing all internal and external content, managing the comms inbox, continuing the relationship with public media, developing and monitoring all social media content including Facebook, Twitter, YouTube, and LinkedIn, creating and maintaining all content on the KDOL website, creating videos as needed, being the main contact for the state printer, coordinating all outside print jobs, creating/maintaining forms as needed and editing all material.

The current objectives of the Communications Division are to continue to support all KDOL related communication initiatives around the aftermath of the COVID pandemic. Also, the Communications Division will develop internal and external communication material for the modernization process with Tata Consultancy Services (TCS) until its completion in July 2024 as well as assist all divisions with improving and modernizing material and processes. After the completion of modernization, re-evaluating staffing needs to downsize for the start of 2025. The Communications Division will continue to support all divisions with improving and modernizing materials and processes.

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| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|--------------------|--------------------|--------------------|
| Salaries & Wages (net) | 589,565 | 537,354 | 536,041 |
| Contractual Services | 65,200 | 68,460 | 71,882 |
| Commodities | 5,421 | 5,686 | 5,971 |
| Capital Outlay | 1,214 | 1,275 | 1,338 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 0 | 0 |

The decrease in salaries and wages is due to the expected decrease in staffing within the communications department over the next year. The increase in contractual services is related to the increased costs of conducting business and information technology support. All other expenses are expected to be stable and reflect normal operations.

INFORMATION SYSTEMS AND TECHNOLOGY:

The Information Technology (IT) Division at the Kansas Department of Labor (KDOL) serves as the backbone of the agency, empowering it to manage resources effectively, disseminate public information transparently, and deliver high-quality services to the citizens of Kansas.

Our purview encompasses a comprehensive range of technological functions. From day-to-day IT support to strategic oversight, we are responsible for:

- Managing and maintaining all computing services across KDOL
- Onboarding new employees with the necessary hardware and software
- Providing ongoing IT support for KDOL staff
- Ensuring the reliability and accessibility of mission-critical applications, which reside on diverse platforms—ranging from legacy mainframes to web-based solutions.

Additionally, we oversee the core IT infrastructure that sustains the agency's operations. This includes client-server systems, networking solutions, and telecommunication services.

Strategically, the IT Division at KDOL plays a pivotal role in organizational planning.

We are instrumental in shaping:

- Agency-wide Data Strategy: Defining how data is collected, stored, and utilized for informed decision-making.
- Cloud Migration Strategy: Identifying opportunities for secure, cost-effective, and scalable cloud solutions.
- Long-Term Staffing Best Practices: Ensuring the IT team is appropriately staffed and skilled to meet future challenges.

We are committed to the continuous modernization of KDOL's technological ecosystem. Our focus is not only to replace antiquated systems with state-of-the-art technologies but also to do so in a way that adds tangible value to the agency. This modernization allows us to achieve greater operational efficiencies, reduce overall costs, and above all, improve the quality of service delivered to Kansas citizens and businesses.

IT Objective #1: Information Technology Infrastructure Upgrades

One of our most urgent initiatives for the upcoming fiscal year is the comprehensive upgrade of our Windows-based server operating systems. As of now, most of our servers operate on Windows Server 2012, for which Microsoft will discontinue support in October 2023. This represents a critical risk, as a lack of updates will make our servers vulnerable to security breaches, thereby jeopardizing the integrity of our systems and the sensitive information they contain.

The scope of this project is extensive, involving the upgrade of over 200 servers to Windows Server 2019. The process demands meticulous planning, execution, and validation to ensure a seamless transition with minimal disruption to ongoing operations. Given the mission-critical nature of the servers involved, significant downtime is not an option. Thus, the upgrade must be executed without impacting the availability of essential services provided by KDOL.

This upgrade will also necessitate collaboration with our Data Center as a Service (DCaaS) vendor, Unisys, who bring the technical expertise needed for such a large-scale transformation. Additional staff time will be allocated for the planning, monitoring, testing and troubleshooting stages of the project, thereby ensuring that the upgrade aligns with our technical specifications and compliance standards.

The timely and successful completion of this project is imperative for several reasons:

- **Operational Integrity:** Upgrading will eliminate the risks associated with running unsupported operating systems, such as security vulnerabilities and non-compliance penalties.
- **Performance Improvement:** The new operating systems come with enhanced features that will improve the efficiency and performance of our server operations.
- **Future-Readiness:** Transitioning to a more recent version of the operating system positions us better for future upgrades, cloud migrations, and other modernization efforts.

This initiative aligns perfectly with our broader mission of ensuring robust, secure, and efficient IT operations that support KDOL's various functions. Consequently, the resources allocated to this project in the budget are not just expenditures but investments in the resilience and capability of the KDOL IT infrastructure.

IT Objective #2: Data Strategy & Business Intelligence

In alignment with our broader commitment to data-driven decision-making and operational excellence, we are spearheading a Data Strategy initiative at KDOL. To jump start this initiative, we are conducting a workshop facilitated by an external research firm. This week-long workshop aims to engage stakeholders across all agency levels and is structured around four meticulously designed phases:

Phase 1: Establish Business Context and Value

- Understand the organizational data culture.
- Define the vision, mission, and guiding principles of KDOL's data strategy.
- Identify alignment between strategic priorities and data capabilities.
- Explore the core value streams of our business architecture.

Phase 2: Ensure a Strong Data Foundation

- Initialize high-value business-data cases that can significantly impact the agency's performance.

Phase 3: Analyze Gaps and Develop Alignment Strategies

- Assess the current data environment and practices, including skill sets and organizational structures.
- Outline the desired future state for the data environment and data practices.

Phase 4: Formulate the Strategic Plan

- Analyze gaps between the current and target states.
- Develop a detailed plan, complete with initiatives, milestones, and RACI (Responsible, Accountable, Consulted, Informed) charts.

Deliverables

The outputs of this workshop will serve as a foundational framework for formulating an agency-wide Data Strategy. The comprehensive deliverable package will include:

Data Strategy Workshop Report Summary: Overview of the business context, strategic drivers, current data environment, gap analysis, recommendations, and a target state plan for key data initiatives. This will also feature a high-level RACI chart for key functional areas and outline guiding principles.

High-Value Data Use Cases: A list of actionable, high-impact data use cases that align with organizational goals.

Data Culture Diagnostic Results Analysis: A thorough review of our current data culture, helping to pinpoint areas for improvement.

Data Capability Assessment and Road mapping Tool: This tool will facilitate ongoing planning, featuring current state assessments, target state plotting, gap analysis, and high-level roadmaps and RACI charts.

Additional Templates: These may include data practice patterns, data role patterns, or other tools useful for implementing our Data Strategy.

By dedicating budgetary resources to this workshop, we are making a strategic investment in KDOL's future. We anticipate that the insights and frameworks developed will not only advance our data capabilities but also lead to more informed decision-making, greater operational efficiency, and better services for the citizens and businesses of Kansas.

Parallel to our Data Strategy Workshop, we're also focusing on a comprehensive overhaul of our Business Intelligence (BI) approach. BI is a cornerstone of data-driven decision-making, and its modernization will amplify the benefits we stand to gain from a robust Data Strategy.

Key Areas of Focus

- **Data Quality and Integration:** To ensure the data feeding into BI tools is reliable, complete, and timely.
- **User Training:** Equip staff across various departments with the skills needed to use BI tools effectively, thereby democratizing data access and utilization within the organization.
- **Report Standardization:** Develop a set of standardized reports that capture the most vital KPIs, while allowing for customizable views based on department-specific needs.
- **Real-time Analytics:** Transitioning to BI platforms that offer real-time analytics capabilities, enabling faster, more responsive decision-making.

- **BI Tool Optimization:** Conduct an audit of current BI tools and licenses to identify opportunities for cost-saving or performance improvement.

Resource Allocation

Staff time will be allocated for BI-related tasks including but not limited to data cleansing, report development, user training, and tool evaluation. This will be a collaborative effort involving IT, LMIS, and key decision-makers from other departments.

Synergy with Data Strategy

Revamping our BI capabilities will dovetail perfectly with the insights and frameworks expected to emerge from our Data Strategy Workshop. A more sophisticated BI approach will allow us to implement high-value data use cases more effectively and could offer immediate avenues for applying the data architecture and practices developed in the workshop.

IT Objective #3: Large-Scale Modernization and Systems Integration: Multi-Year Transformation Initiative

As part of our strategic commitment to operational excellence and public service quality, we are launching the Kansas Department of Labor (KDOL) UI Modernization Initiative—a multi-year, agency-wide endeavor designed to transcend mere alignment and support, aiming instead for full-scale transformation of our core business processes and technology platforms.

Unemployment Insurance Systems Overhaul

- **Modernization Focus:** This initiative begins with an overhaul of systems responsible for unemployment insurance—both the collection of unemployment taxes and the disbursement of benefits. Existing systems will be replaced with state-of-the-art, Cloud-based scalable platforms that better serve the dynamic needs of our agency and Kansas citizens.
- **Process Transformation:** Beyond just technological upgrades, we'll be revamping the corresponding business processes to exploit the new capabilities of our systems. This ensures that our technological advancements translate directly into operational efficiencies and an improved user experience.

This modernization initiative serves as the linchpin that connects our other strategic efforts, including Data Strategy and Business Intelligence (BI). The upgraded systems will offer richer data and more agile analytics, amplifying the value of our BI efforts and Data Strategy Workshop.

By dedicating budgetary resources to this sweeping Modernization Initiative, we are making an enduring investment in both the future of KDOL and the citizens we serve. This is not merely an expenditure, but a strategic allocation aimed at ensuring the long-term viability, efficiency, and effectiveness of our operations.

The Balancing Act: Supporting Legacy Systems While Pioneering New Ones

As we embark on this transformative journey, it's crucial to recognize that the day-to-day operations of KDOL must continue uninterrupted. Our legacy systems, which currently support critical functions like unemployment insurance and employer tax services, require ongoing maintenance and support to ensure seamless service delivery.

To meet this dual demand—sustaining our existing infrastructure while pioneering new systems—we find ourselves in a resource-intensive period. This necessitates the allocation of additional staffing resources in two primary categories:

1. **Legacy System Support:** Dedicated IT staff will continue to manage, troubleshoot, and ensure the security of our existing technology platforms. Their focus is to maintain operational stability and service quality during the transition period.
2. **Modernization Team:** Concurrently, other members of the KDOL IT staff will be fully devoted to the modernization initiative. This group will work on data migration and integration, system design, development, testing, and implementation, closely aligned with the staff undergoing specialized retraining.

By segregating these responsibilities, we aim to mitigate the risk of operational hiccups and ensure that both our legacy and future systems receive the specialized attention they require. However, this dual focus unavoidably translates to additional staffing needs, which must be accounted for in our budget allocation.

As result of our modernization project, it will be necessary to retrain and reskill the IT staff.

Staff Retraining and Skill Development

Recognizing that human capital is crucial for the successful implementation and management of our modernized UI systems, we are proactively planning for changes within the IT department. Key focus areas include:

- **Custom Software Development:** As we transition to modern platforms, in-house capabilities in custom software development will become invaluable. This will enable us to tailor solutions to the specific needs of the UI services, offering a better user experience for Kansas citizens.
- **Cloud-Based Infrastructure:** Embracing cloud technology will offer improved scalability, security, and cost-efficiency. Staff will undergo training to develop expertise in cloud management, operations, and security protocols.

Resource Planning

To ensure that our team is adequately equipped for these challenges, we'll be allocating staff time for specialized training programs and courses. We also plan to engage external trainers and industry experts for in-depth workshops and hands-on training sessions.

Strategic Alignment

The UI technology modernization is intrinsically tied to our broader IT and data strategies. The staff retraining will not only facilitate this specific project but also position us strongly for future advancements in data strategy and business intelligence.

By dedicating budgetary resources to this modernization project and accompanying staff development, we are making a multi-dimensional investment in the future of KDOL. It reflects our commitment to leverage technology as a catalyst for enhanced public service, operational efficiency, and agency-wide innovation. Therefore, it is crucial that we allocate the necessary budget for this holistic approach to IT and organizational improvement.

IT Objective #4: Redefining the IT Department: Transitioning to a Customer Service-Oriented Unit

In the context of our multi-dimensional modernization efforts, we are embracing a paradigm shift in how we perceive and operate our IT department. We are redefining IT as a Customer Service Unit, committed to delivering exceptional service experiences to our multiple customer bases—from agency employees and vendors to Kansas citizens and businesses.

A New Service Ethos

- **Internal Partnerships:** IT will serve not merely as a support function but as an integral partner in every department's success, actively engaging in departmental goals and strategic plans. Relationship-building is key to our shared success.
- **Customer Experience Focus:** Our newly defined role will put end-users at the center of all tech-related decisions, emphasizing usability, accessibility, and meaningful interactions through our various service portals.
- **SLA-Driven Responsiveness:** As part of our commitment to customer service, we will implement Service Level Agreements (SLAs) into our ServiceNow ticketing portals. These SLAs will set explicit standards for response times and resolution rates, driving accountability, and promoting a culture of rapid, effective service.
- **Customer Satisfaction Metrics:** Alongside SLAs, we will integrate customer satisfaction surveys within the ServiceNow portal to collect real-time feedback. This data will serve as a key performance indicator, enabling continual refinement of our customer service protocols and strategies.

Staffing and Training

Accommodating this new ethos requires a specialized set of soft skills in customer relations, in addition to the technical proficiencies we are already cultivating. Staff will undergo training programs in customer engagement, problem-solving, and effective communication to better align with this customer service orientation.

Interconnection with Modernization Efforts

This customer-centric approach aligns perfectly with our ongoing modernization initiatives. The focus on user experience will inform our systems overhaul, Data Strategy, and Business Intelligence revamps, ensuring that all technological advancements contribute to a superior service quality.

IT Objective #5: Governance, Regulation, and Compliance: Safeguarding Sensitive Data and Systems

In an era where data breaches and cybersecurity threats are ever-present, the Kansas Department of Labor (KDOL) places paramount importance on governance, regulation, and compliance (GRC). As a steward of confidential and sensitive data—including IRS, SSA, and employment-related information—we are obligated to adhere to stringent federal and state regulations, a responsibility we take very seriously.

Strategic Investments in Monitoring Software & Tools

- **Comprehensive Monitoring:** To ensure constant vigilance over our systems, we require investment in a suite of advanced monitoring software and tools. These tools are designed to detect unauthorized access, monitor data transfers, and flag potential vulnerabilities in real-time.
- **Compliance Automation:** Investments are also planned for compliance management systems that automate the tracking of regulatory requirements. These systems will generate real-time reports and alerts, ensuring that we remain in full compliance with IRS, SSA, and state-level regulations.

Staff Training & Specialized Roles

- **Regulatory Expertise:** A portion of our budget will be allocated to train existing IT staff and continue to fund specialized roles focused exclusively on compliance and governance. This investment in human capital is crucial for interpreting the regulatory landscape and implementing best practices.
- **Audit Preparedness:** Our staff will undergo rigorous training in audit protocols and data protection measures, ensuring that we are perpetually audit-ready and in a state of continual compliance.

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Aligning with Other Strategic Objectives

- **Integrated with Modernization & Customer Service:** Our GRC efforts are not isolated but integrated with our modernization initiatives and the redefined role of IT as a Customer Service Unit. Governance and compliance considerations will guide system design, data strategy, and staff training, ensuring a holistic approach to service delivery and data management.

The budget allocations required for these advanced tools, specialized staffing, and training programs are not merely operational expenses but strategic investments in the agency's integrity, public trust, and legal compliance. Given the critical nature of the data we handle, skimping on these aspects is not an option; it is a mandate for the continued operation and reputation of KDOL.

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|--------------------|--------------------|--------------------|
| Salaries & Wages (net) | 2,795,187 | 4,110,800 | 4,097,862 |
| Contractual Services | 3,131,823 | 7,538,452 | 6,664,515 |
| Commodities | 10,929 | 12,001 | 14,032 |
| Capital Outlay | 16,820,543 | 15,055,447 | 4,174,491 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 340,824 | 365,746 | 364,643 |

The IT Department has stabilized and is fully staffed. This contributes to the increase in salaries. The contractual services are expected to increase due to the continued rising costs of information technology services and the continued efforts in modernization of the unemployment system. Capital outlay is expected to decrease SFY 2025 due to the implementation and go live schedule for the modernization project.

An SGF enhancement amount of \$5,000,000 is requested for SFY 2025 and will provide funding for maintenance costs for the updated unemployment system and its required peripheral systems as well as continued hourly contract support post go live as written in the contract.

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LABOR MARKET INFORMATION SERVICES (LMIS): Priority Ranking per PBB - 4

The Labor Market Information Services (LMIS) operating expenses reflect a continuation of normal operations. LMIS maintains labor market and economic data and provides actuarial reporting of the state's Unemployment Insurance program data.

OBJECTIVE:

The LMIS division is responsible for collecting, analyzing, reporting and publishing accurate labor market data on economic activities to forecast the relationship between labor demand and supply for the state of Kansas. Specifically, LMIS can provide the number of people employed and unemployed, wages paid by industries and occupations, occupational employment trends, and the occupations that will be in demand in the future. LMIS strives to provide accurate and timely labor market information in response to user requests and disseminate data using appropriate media with an average turnaround of three workdays. Also, all Labor Market Information Services (LMIS) reports will be submitted to the Bureau of Labor Statistics (BLS) in a timely fashion.

Strategies for Objective:

1. Maintain lines of communication with other agency departments to ensure the expeditious flow of required information.
2. Develop effective lines of communication with Local Workforce Investment Boards.
3. Continue to improve content and timeliness of LMIS information on KDOL's website.
4. Develop and market data products that are informative and easily understood.
5. Develop and maintain procedures to review and validate data in order to enhance accuracy.

Performance Measures for Objective:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Percent of requests processed within three days. | 95.3 | 95.6 | 95.0 | 95.0 |
| Percent of requests processed in more than three days. | 4.7 | 4.4 | 5.0 | 5.0 |
| Percent of requests submitted timely. | 100.0 | 100.0 | 100.0 | 100.0 |
| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
| Number of requests received. | 577 | 339 | 450 | 450 |

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| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 1,049,491 | 1,101,299 | 1,100,616 |
| Contractual Services | 162,069 | 192,496 | 202,119 |
| Commodities | 4,101 | 5,146 | 5,403 |
| Capital Outlay | 2,390 | 3,135 | 3,292 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 173,041 | 1,454,655 | 1,454,532 |

All expenses are expected to be stable and reflect normal operations. The increase in contractual services is related to the increased costs of conducting business and information technology support. Non-expense items are made up of a pass-through grant for the Department of Commerce and indirect costs charged to the grants held by LMIS.

Performance Measures for Unemployment Claims:

| Description | SFY 2022 | SFY 2023 | SFY 2024 | SFY 2025 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Average weeks of duration | 13.9 | 10.0 | 11.4 | 12.4 |
| Number of exhaustions | 10,867 | 7,680 | 11,659 | 14,787 |

UNEMPLOYMENT INSURANCE PROGRAM: Priority Ranking per PBB - 1

The Division of Unemployment Insurance (“UI”) is tasked with administering the Kansas Employment Security Law, K.S.A. 44-701 *et seq.* The stated public policy of the employment security law is to help alleviate the impact of economic insecurity for those Kansas workers who find themselves involuntarily unemployed.

The UI program is based upon federal law but administered by state employees under state law. Because of this structure, the program is unique among the country’s social insurance programs.

Federal law defines certain requirements for the program. The Social Security Act (“SSA”) and the Federal Unemployment Tax Act (“FUTA”) set forth broad coverage provisions, some benefit provisions, the federal tax base and rate, and administrative requirements. The major functions of the federal government are to:

- Ensure conformity and substantial compliance of state law, regulation, rules, and operations with federal law.
- Determine administrative fund requirements and provide money to states for proper and efficient administration.
- Set broad overall policy for the administration of the program, monitor state performance, and provide technical assistance as necessary.
- Hold and invest all money in the unemployment trust fund until drawn down by states for the payment of compensation.

Kansas designs its own UI program within the framework of the federal requirements. The state employment security law sets forth the benefit and tax structures (e.g., state taxable wage base, tax rates, and weekly benefit amounts). The primary functions of the Kansas UI program are the following:

- Administer the program in accordance and compliance with state and federal requirements.
- Take claims from individuals, determine eligibility, and insure timely and accurate payment of benefits to workers when payment is appropriate.
- Accurately determine employer liability and assess and collect employer taxes or “contributions.”
- Ensure that both claimants and employers are afforded due process through an unbiased and timely appeals process.
- Ensure the ongoing integrity of the Kansas Unemployment Trust Fund by preventing, detecting, and prosecuting all manners of unemployment fraud and worker misclassification.
- Provide prompt, courteous, and professional customer service to citizens of the State of Kansas who interact with the UI program.

As of the week ending July 1, 2023, the Kansas Unemployment Insurance Trust Fund balance available for benefits was \$1,299.4 billion. Note: This amount does not include Reed Act money held in the trust fund.

The UI program has four primary goals moving forward. First, to continue to improve and enhance the levels of customer service provided to Kansas employers and workers who interact with the agency. Second, continue to build upon recent successes in meeting and exceeding federally mandated program performance standards. Third, continue to work with the Office of Information Technology Services to make improvements in the existing technology platforms that support the unemployment system in Kansas. Fourth, continue to meet the Secretary’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.

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Modernization Grants/Funds Received:

| Description | Grant/State Funds | Total Received |
|-----------------------------------|---------------------------|----------------|
| ARPA funds | State-SPARK Committee | \$9,600,000 |
| ARPA Equitable Access | Grant-USDOL | \$4,562,000 |
| Tiger Collections Lien Automation | Grant-USDOL | \$866,252 |
| Tiger Dynamic Fact Finding | Grant-USDOL | \$1,478,400 |
| REED Act funds | Grant-USDOL | \$4,821,302 |
| UI Modernization funds SFY 2023 | State-State General Funds | \$20,500,000 |

OBJECTIVE #1:

The UI program will provide unemployment benefits to those eligible, qualified, and monetarily entitled claimants in a timely manner.

Strategies for Objective #1:

1. A continued emphasis on the training of KDOL benefits staff.
2. A continued emphasis on measurable performance and accountability for KDOL benefits staff.

Performance Measures for Objective #1*:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Percent of intrastate claimants to be issued first payments within 14 days. | 64.4 | 68.0 | 87.0 | 88.0 |
| Percent of intrastate non-separation nonmonetary determinations issued within 21 days from the date that benefit eligibility issues are first detected. | 77.8 | 82.0 | 80.0 | 89.0 |
| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
| Number of initial claims filed for benefits. | 104,897 | 66,809 | 96,153 | 107,389 |
| Number of weeks claimed filed for benefits. | 475,135 | 339,588 | 495,962 | 626,638 |
| Number of weekly claims filed via telephone utilizing the voice response system and via the internet. | 470,384 | 864,168 | 527,517 | 535,000 |

*The above measures include regular UI, UCFE, and UCX programs only.

OBJECTIVE #2:

The Unemployment Insurance program will promptly and accurately collect, deposit, and audit employer contributions.

Strategies for Objective #2:

1. A continued emphasis on measurable performance and accountability for KDOL tax staff.
2. Continue the EFT program to allow employers to make their tax payments by electronic funds transfer (EFT).
3. Continue to provide employers with the option of paying their contributions with the use of a credit card or by electronic check.

Performance Measures for Objective #2:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Percent of checks deposited within three days of receipt. | 100.0 | 100.0 | 100.0 | 100.0 |
| Percent of all employers filing reports by the end of the quarter. | 92.9 | 93.3 | 93.5 | 94.0 |
| Percent of all employers audited within the year. * | 1.1 | 1.1 | 1.4 | 1.4 |
| Percent of determinations of employer liability made within 180 days. | 92.6 | 92.0 | 93.0 | 94.0 |
| | | | | |
| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
| Number of tax audits conducted. * | 917 | 912 | 980 | 980 |
| Amount of employer contributions. | 332.3M | 290.5M | 271.5M | 272.9M |

*FY 2022 met the 1.0 percent audit rate however, KDOL still overcoming the pandemic volumes of workloads and staff retention during this time and saw a fifty percent turnover in tax staff. As a result of this substantial turnover, half of the tax staff only began audit training and started to conduct audits during the 1st and 2nd quarters of FY 2022. FY 24 and the beginning of FY 25 KDOL will be going live with modernization which could slow audit productions one quarter. Consequently, estimating KDOL to be consistent with FY 23

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OBJECTIVE #3:

The Unemployment Insurance program will improve the quality of determinations and decisions made throughout the benefit appeal process.

Strategies for Objective #3:

1. KDOL is conducting a review of its claims-related training procedures.
2. KDOL is developing a more robust internal quality control process.
3. Continued communication between appeal levels concerning consistent legal interpretation.

Performance Measures for Objective #3*:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Percent of nonmonetary determinations passing quality standards. | 65.0 | 70.0 | 75.0 | 75.0 |
| Percent of lower authority appeals that pass quality standards. | 96.2 | 90.0 | 90.0 | 95.0 |
| Average age in days of pending lower authority appeals. | 113.2 | 75.0 | 50.0 | 35.0 |
| <u>OUTPUT MEASURES:</u> | | | | |
| Number of nonmonetary determinations processed. | 84,329 | 52,401 | 73,617 | 75,303 |
| Number of appeals decided. | 7,625 | 7,912 | 10,666 | 11,241 |

*The above measures include regular UI, UCFE and UCX programs only.

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OBJECTIVE #4:

Consistent with federal requirements, the Unemployment Insurance program will direct or assist with the detection, investigation, and prosecution of unemployment fraud, both criminally and administratively, in order to prevent unemployment fraud from occurring and to recover wrongfully obtained funds from the unemployment trust fund. Certain KDOL special investigators designated by the Secretary are commissioned law enforcement officers who work with state and local jurisdictions in a concerted effort to combat unemployment fraud.

Please note that while there are separate divisions within the Unemployment Insurance program, they are not subprograms but rather structural units that encompass specific UI functional work activities performed within the total operation of the UI program grant.

Records Management and the UI Division Director budgets fall under Administration, however, at the agency level they are both functions of unemployment insurance and were not included in the Administration budgets below.

Records Management

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 561,610 | 599,858 | 600,463 |
| Contractual Services | 263,465 | 152,889 | 160,535 |
| Commodities | 3,011 | 3,161 | 3,319 |
| Capital Outlay | 2,783 | 4,564 | 4,792 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 107,075 | 107,182 |

The increase in salaries is due to an increase in staffing due to available grant funds to combat the backlog of pandemic overpayments. The decrease in contractual services is due to the implementation of new scanners in SFY 2023. Non-Expense items is a result of charging the UI grant for indirect costs.

UI Division Directors

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages | 447,581 | 175,652 | 175,531 |
| Contractual Services | 373,742 | 312,412 | 325,533 |
| Commodities | 696 | 731 | 767 |
| Capital Outlay | 476 | 613 | 644 |
| Capital Improvements | 108 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 23,569 | 31,354 | 31,333 |

The unemployment insurance program has been restructured resulting in a decrease in salary and wages for the UI Division Directors. The program has been brought back as one cohesive unit and the second UI Director position was eliminated. All other costs are expected to be stable over the next two years.

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Unemployment Insurance

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 11,940,728 | 13,317,165 | 10,493,589 |
| Contractual Services | 4,639,819 | 5,762,349 | 4,439,190 |
| Commodities | 60,144 | 63,187 | 60,652 |
| Capital Outlay | (37,208) | 122,695 | 117,207 |
| Capital Improvements | 0 | 0 | 0 |
| Debt Service - Interest | 0 | 0 | 0 |
| Other Assistance | 108,670,497 | 124,658,280 | 142,054,876 |
| Non-Expense Items | 5,328,098 | 2,377,113 | 1,873,107 |

Salaries and wages are expected to increase due to the backlog of pandemic program claims throughout the unemployment process. The backlog primarily is in appeals which employs higher paid individuals with more experience and expertise of unemployment insurance. Additionally, KDOL's more seasoned unemployment staff are spending most of their time on the modernization project, which requires KDOL to backfill several positions to keep up with the incoming workload. Contractual services continue to increase due to software maintenance and other IT costs due to modernization. Capital outlay is also expected to increase due to the increase in staffing. Unemployment benefit payments are predicted to increase in SFY 2024 and again in SFY 2025. The decrease in non-expense items is a result of decrease in estimated benefit payments to other states.



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Date: August 24, 2023
 To: Dawn Palmberg
 Chief Financial Officer
 From: Angela White
 Labor Market Information Services
 Subject: FFY 2024 Workloads

The following information has been provided per your request for FFY 2024 estimated workload levels.

Kansas Unemployment Insurance ^{1/}

| | FFY 2024 Total | 4th Qtr. 2023 | 1st Qtr. 2024 | 2nd Qtr. 2024 | 3rd Qtr. 2024 |
|----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| Initial Claims | 101,182 | 23,546 | 24,917 | 25,981 | 26,738 |
| Weeks Claimed | 554,442 | 118,260 | 134,211 | 146,587 | 155,384 |
| Nonmonetary Determinations | 74,371 | 18,330 | 18,536 | 18,696 | 18,809 |
| Appeals Dispositions | 10,923 | 2,641 | 2,711 | 2,766 | 2,805 |

Pandemic Unemployment Assistance (PUA)

| | FFY 2024 Total | 4th Qtr. 2023 | 1st Qtr. 2024 | 2nd Qtr. 2024 | 3rd Qtr. 2024 |
|-----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| Initial Claims | 0 | 0 | 0 | 0 | 0 |
| Weeks Claimed | 1,000 | 1,000 | 0 | 0 | 0 |
| Nonmonetary Determinations* | 0 | 0 | 0 | 0 | 0 |
| Appeals Dispositions | 500 | 500 | 0 | 0 | 0 |

*Nonmonetary Determinations are not tracked in the PUA program (no federal reporting requirements)

Pandemic Emergency Unemployment Compensation (PEUC) ^{1/}

| | FFY 2024 Total | 4th Qtr. 2023 | 1st Qtr. 2024 | 2nd Qtr. 2024 | 3rd Qtr. 2024 |
|----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| Initial Claims | 0 | 0 | 0 | 0 | 0 |
| Weeks Claimed | 0 | 0 | 0 | 0 | 0 |
| Nonmonetary Determinations | 0 | 0 | 0 | 0 | 0 |
| Appeals Dispositions | 0 | 0 | 0 | 0 | 0 |

Extended Benefits (EB) ^{1/}

| | FFY 2024 Total | 4th Qtr. 2023 | 1st Qtr. 2024 | 2nd Qtr. 2024 | 3rd Qtr. 2024 |
|----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| Initial Claims | 0 | 0 | 0 | 0 | 0 |
| Weeks Claimed | 0 | 0 | 0 | 0 | 0 |
| Nonmonetary Determinations | 0 | 0 | 0 | 0 | 0 |
| Appeals Dispositions | 0 | 0 | 0 | 0 | 0 |

^{1/} Includes KUI, UCFE, and UCX.

KANSAS ACTUAL CLAIMS WORKLOADS
All Programs ^{1/}

| Regular Benefits | SFY 2023 |
|----------------------------------|----------|
| Initial Claims | 66,809 |
| Weeks Claimed | 339,588 |
| Nonmonetary Determinations | 52,401 |
| Appeals Dispositions | 7,912 |

^{1/} Includes KUI, UCFE, and UCX.

KANSAS CLAIMS WORKLOAD PROJECTIONS
All Programs ^{1/}

| Regular Benefits | SFY 2022 | SFY 2023 | SFY 2024 | SFY 2025 |
|----------------------------------|----------|----------|----------|----------|
| Initial Claims | 104,897 | 66,809 | 96,153 | 107,389 |
| Weeks Claimed | 475,135 | 339,588 | 495,962 | 626,638 |
| Nonmonetary Determinations | 84,329 | 52,401 | 73,617 | 75,303 |
| Appeals Dispositions | 7,625 | 7,912 | 10,666 | 11,241 |

Projections for SFY 2024 are based on an estimated average employment of 1,470,731 and an estimated unemployment rate of 3.2 percent. Projections for SFY 2025 are based on an estimated average employment of 1,466,023 and an estimated unemployment rate of 3.5 percent.

^{1/} Includes KUI, UCFE, and UCX.

KANSAS ESTIMATED ALLOWANCE PAYMENTS
IN SELECTED PROGRAMS

| Item | SFY 2021 | SFY 2022 | SFY 2023 | SFY 2024 | SFY 2025 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Unemployment Insurance Payments | \$739,501,712 | \$155,673,062 | \$112,854,906 | \$123,682,566 | \$141,224,435 |
| State | \$755,633,711 | \$158,170,621 | \$99,483,372 | \$122,658,280 | \$140,054,876 |
| UCFE | \$2,110,736 | \$1,164,865 | \$580,867 | \$652,018 | \$744,494 |
| UCX | \$1,317,580 | \$505,643 | \$351,515 | \$372,267 | \$425,066 |
| Employer Contributions | \$299,899,561 | \$332,316,521 | \$290,493,762 | \$271,499,931 | \$272,890,762 |

KANSAS ESTIMATED ALLOWANCE PAYMENTS
IN SELECTED PROGRAMS

| Item | SFY 2021 | SFY 2022 | SFY 2023 | SFY 2024 | SFY 2025 |
|-----------|---------------|---------------|-------------|-------------|----------|
| PEUC..... | \$214,394,681 | \$67,784,386 | \$1,965,111 | \$89,896 | \$0 |
| EB..... | \$12,537,950 | \$502,772 | \$59,586 | \$0 | \$0 |
| PUA..... | \$114,868,216 | \$15,203,014 | \$3,702,193 | \$1,101,164 | \$0 |
| FAC..... | \$0 | \$0 | \$0 | \$0 | \$0 |
| FPUC..... | \$616,886,573 | \$114,436,710 | \$7,390,708 | \$2,354,777 | \$0 |
| LWAP..... | \$130,108,558 | -\$701,615 | -\$83,455 | \$0 | \$0 |
| MEUC..... | \$0 | \$126,300 | \$10,544 | \$0 | \$0 |

KANSAS CLAIMS WORKLOAD PROJECTIONS
 Pandemic Unemployment Assistance (PUA)

| <u>PUA Benefits</u> | <u>SFY 2022</u> | <u>SFY 2023</u> | <u>SFY 2024*</u> | <u>SFY 2025*</u> |
|------------------------------------|-----------------|-----------------|------------------|------------------|
| Initial Claims | 4,286 | 1 | 0 | 0 |
| Weeks Claimed | 119,799 | 27,469 | 3,048 | 0 |
| Nonmonetary Determinations** | 0 | 0 | 0 | 0 |
| Appeals Dispositions | 12,317 | 14,597 | 1,524 | 0 |

*Projected data

KANSAS CLAIMS WORKLOAD PROJECTIONS
 Pandemic Emergency Unemployment Compensation (PEUC), All Programs ^{1/}

| <u>PEUC Benefits</u> | <u>SFY 2022</u> | <u>SFY 2023</u> | <u>SFY 2024*</u> | <u>SFY 2025*</u> |
|----------------------------------|-----------------|-----------------|------------------|------------------|
| Initial Claims | 3,467 | 77 | 0 | 0 |
| Weeks Claimed | 168,933 | 2,400 | 100 | 0 |
| Nonmonetary Determinations | 106 | 4 | 0 | 0 |
| Appeals Dispositions | 285 | 133 | 10 | 0 |

^{1/} Includes KUI, UCFE, and UCX.

*Projected data

KANSAS CLAIMS WORKLOAD PROJECTIONS
 Extended Benefits (EB), All Programs ^{1/}

| <u>EB Benefits</u> | <u>SFY 2022</u> | <u>SFY 2023</u> | <u>SFY 2024*</u> | <u>SFY 2025*</u> |
|----------------------------------|-----------------|-----------------|------------------|------------------|
| Initial Claims | 27 | 0 | 0 | 0 |
| Weeks Claimed | 542 | 40 | 0 | 0 |
| Nonmonetary Determinations | 0 | 0 | 0 | 0 |
| Appeals Dispositions | 0 | 0 | 0 | 0 |

^{1/} Includes KUI, UCFE, and UCX.

*Projected data

Selected UI Data
SFY 2021 - 2025

| | State Fiscal Year | | | | |
|---------------------------|-------------------|---------------|-----------------|-----------------|-----------------|
| | 2021 | 2022 | 2023 | 2024* | 2025* |
| Trust Fund Balance** | \$386,101,550 | \$969,922,562 | \$1,299,464,339 | \$1,472,855,534 | \$1,632,874,163 |
| Contributions | \$299,899,561 | \$332,316,521 | \$290,493,762 | \$271,499,931 | \$272,890,762 |
| Average Weeks of Duration | 8.1 | 13.9 | 10.0 | 11.4 | 12.4 |
| Number of Exhaustions | 52,541 | 10,867 | 7,680 | 11,659 | 14,787 |

*Projected data

** End of fiscal year balance which includes Trust Fund loan amount (currently no Trust Fund loan)

State Fiscal Years 2021 - 2025

| | Actual | | | Projected | |
|----------------------------------|-----------------|-----------------|-----------------|------------------|------------------|
| | <u>SFY 2021</u> | <u>SFY 2022</u> | <u>SFY 2023</u> | <u>SFY 2024*</u> | <u>SFY 2025*</u> |
| Civilian Labor Force (thousands) | 1,503,081 | 1,501,426 | 1,510,627 | 1,519,534 | 1,519,473 |
| Employment | 1,436,907 | 1,460,613 | 1,467,143 | 1,470,731 | 1,466,023 |
| Unemployment | 66,174 | 40,813 | 43,484 | 48,803 | 53,450 |
| Rate (Percent) | 4.4% | 2.7% | 2.9% | 3.2% | 3.5% |
| Covered Employment (thousands) | 1,309,332 | 1,345,485 | 1,380,879* | 1,393,853 | 1,392,297 |
| Insured Unemployment | | | | | |
| Weekly Average | 44,130 | 9,137 | 6,531 | 9,538 | 12,051 |
| Rate (Percent) | 2.8 | 0.5 | 0.3 | 0.7 | 0.9 |
| Separation Rate (Percent) | 6.0 | 0.6 | 0.4 | 0.6 | 0.6 |

*Projected data

METHODOLOGY FOR DEVELOPING PAYMENT & WORKLOAD ACTIVITY

Payment and workload activity is projected for the state fiscal years (SFY) 2024, and 2025. The state fiscal year runs from July to June, for example the 2023 SFY starts July 2022 and ends June 2023. All projections implement some form of time series model. The majority of the relationships established between variables are linear regressions which are run within the model using the least square methodology.

Since regression analysis is the basis for projecting a number of the Projection Program variables, it must be remembered that this technique presupposes that relationships, which have existed in the past, will continue to exist in the future. However, this may not always be the case, as the degree of the relationships may be changing over time, or may change abruptly if changes occur in the Unemployment Insurance program itself.

For calculating the Federal (UCFE) and Military (UCX) payments, we estimated the proportion of these payments to total benefit payments and assumed that the proportions would remain fairly constant over the projected years

Regular benefit payments, are projected using the number of individuals receiving benefits, average duration of unemployment benefits, and the insured unemployment rate. The model also utilizes historical benefit payment amounts.

The historical and base year data for the Unemployment Insurance Payments line of the Claims workload sheet comes directly from Fiscal. The three underlying lines (State, UCFE, and UCX) come from the IT reporting system. State, UCFE, and UCX do

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Division of the Budget
State of Kansas

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INDUSTRIAL SAFETY AND HEALTH PROGRAM: Priority Ranking per PBB - 3

The Division of Industrial Safety and Health manages a variety of safety and health programs. The Division consists of a Director, Allen Vinyard, CSP, three supervisors, three industrial hygienists, nine safety consultants, one amusement ride auditor, one safety trainer, and three administrative staff members.

The Kansas 21(d) Consultation Program is partially funded by a federal grant. During FY 2023, 292 safety and health consultations were conducted for businesses in Kansas, identifying 1,105 serious, 1 other-than-serious safety and health hazards, and 426 hazards that were abated on-site by the employers with the consultant's recommendations. Hazards identified are in a variety of industries including construction, manufacturing facilities, and grain handling facilities. The consultation visits are complex in nature and require the consultants to identify and classify safety and health hazards and give clients appropriate abatement assistance to eliminate the hazards. In addition to the consultations, 72 training sessions were provided to employers.

The Kansas Safety and Health Achievement Recognition Program (SHARP) is one of the national leaders for highest number of workplace establishments in SHARP under State and Federal OSHA jurisdiction. Kansas currently has 148 active SHARP sites. Companies approved for SHARP have exemplary safety and health programs, low injury rates, and go above and beyond OSHA and other regulatory requirements.

In the Public Sector Program, the Division is responsible for safety and health related issues associated with public entities in the State through K.S.A. 44-636. These entities consist of cities, counties, Unified School Districts (USD) and water districts. In the State Workplace Health and Safety Program, the Division investigates safety and health related issues associated with all Kansas state agencies through K.S.A. 44-575(f). During FY 2023, 293 public and state organizations were inspected covering 1,805 locations and yielding 4,175 hazards.

Industrial Safety and Health continues to provide a variety of safety resources to the general public. The safety staff provide several General Industry and Construction OSHA 10-hour courses throughout the year. The Public Sector Program investigates complaints involving public entities. The staff are always available to assist Kansas employers with answering any safety and health questions they may have.

Through the Accident Prevention Program, the Division gathers information on insurance companies providing workers compensation insurance within the state to ensure they provide accident prevention programs, upon request of the covered employer as required in K.S.A. 44-5,104. In FY 2023, 543 policies were reviewed under this program.

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. In FY 2023, the amusement ride unit conducted 131 compliance audits of amusement ride entities operating in Kansas while also issuing 1,406 ride permits.

The goal of the Industrial Safety and Health Division is to reduce the frequency and severity of workplace injuries and illnesses by (1) providing free safety and health consultation services under a cooperative agreement with OSHA for private sector employers and employees; (2) identifying and abating workplace safety and health hazards in public sector establishments under K.S.A. 44-636; (3) working with insurance companies and group-funded, self-insured plans to promote compliance with the accident prevention requirement of the Workers Compensation Law, K.S.A. 44-5,104; (4) carrying out safety and health work for the state Workers Compensation program in partnership with the Department of Administration's State

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Self-Insurance Fund; and (5) auditing and evaluating documentation of amusement ride operations within the State of Kansas, pursuant to the Kansas Amusement Ride Act. K.S.A. 44-1601 et seq.

OBJECTIVE #1:

The Industrial Safety and Health Division provides free OSHA consultation services to Kansas employers in the private sector upon request. Under a cooperative agreement grant with the U.S. Department of Labor, Occupational Safety and Health Administration, the state is required to match the Federal allocation on a ratio of at least 10% State Funds.

Strategies for Objective #1:

1. To assist and encourage employers in their efforts to assure safe and healthful workplaces in Kansas.
2. To maintain the availability of on-site consultation services pursuant to the federal contract.
3. To encourage employers to develop, use and maintain workplace safety and health plans related to the nature of the employment.
4. To provide training and education efforts in regard to workplace safety and health to employers, employees, and the general public.
5. To promote the training and consultation services offered by the agency.

Performance Measures for Objective #1:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Percent of Consultation Requests that were Performed Under the Federal Consultation Contract. | 100 | 100 | 100 | 100 |
| Percent of Serious Hazards Identified that Have Been Corrected. * | 100 | 100 | 100 | 100 |

* The Federal Consultation Contract requires KDOL to have a commitment from the employer to correct all serious hazards before the on-site consultation is performed.

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of Consultations Performed Under the Federal Contract. | 378 | 292 | 300 | 300 |
| Number of Serious or Imminent Hazards Identified (Federal). | 1,342 | 1,532 | 1,200 | 1,200 |
| Number of Educational Seminars, Program Assistance & Presentations Performed. | 36 | 72 | 50 | 50 |

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 State of Kansas

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OBJECTIVE #2:

The Industrial Safety and Health Division will maintain safety and health hazard identification and abatement efforts of public sector workplaces in Kansas under the authority of K.S.A. 44-636 and pursuant to the partnership with the Department of Health and Environment's State Self-Insurance Fund.

Strategies for Objective #2:

1. To maintain an effective compliance inspection program in public sector employment.
2. To provide public sector employers with information, education and training, materials, and technical assistance in the field of occupational safety and health.
3. To investigate serious/fatal injuries to public employees to determine cause and identify measures required to prevent reoccurrence.
4. To take necessary and appropriate actions when knowing or willful acts occur causing injury to public employees.

Performance Measures for Objective #2:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY25</u> |
|---|--------------|--------------|--------------|--------------|
| Percent of Planned Inspections Completed. | 100 | 100 | 100 | 100 |
| Percent of Total Visits that are for Training and Assistance. | 2 | 2 | 2 | 1 |
| Percent of Total Visits that are for Accident Investigation. | 1 | 1 | 1 | 1 |
| Percent of Serious Hazards Abated. | 100 | 100 | 100 | 100 |
| | | | | |
| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
| Number of Public Sector Inspections Made. | 414 | 293 | 300 | 300 |
| Number of Worksites Inspected. | 1,936 | 1,552 | 1,750 | 1,750 |
| Number of Hazards Identified. | 4,054 | 2,934 | 5,000 | 5000 |
| Number of Employees Subjected to Identified Hazards. | 37,887 | 34,591 | 30,000 | 30,000 |
| | | | | |
| Number of Investigations of Serious or Fatal Injuries. | 3 | 1 | 0 | 0 |

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Agency: Kansas Department of Labor

State of Kansas

OBJECTIVE #3:

The Industrial Safety and Health Division will review insurance companies and group-funded self-insured's providing accident prevention services to their insured employers and inspect such services provided to determine and assure that adequate services are provided. Additionally, provide safety services to employers that identify hazards found during the determination of adequacy of accident prevention services.

Strategies for Objective #3:

1. To maintain a professional relationship with business and insurance entities, related to safety and health in the workplace.
2. To review reports, qualifications and performance of insurance field representatives providing accident prevention services in accordance with K.S.A. 44-5,104.
3. To conduct visits of employer worksites to determine the completeness and accuracy of the hazard identification resulting from accident prevention services.
4. To discuss with employers those factors related to hazards identified or not identified by accident prevention services.
5. To provide training and education to insurance entities and employers related to hazard identification and removal.

Performance Measures for Objective #3:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Percent of Policies Reviewed with Proper Notice. | 75 | 79 | 80 | 80 |
| Percent of Policyholders Listed Aware of Services. | 76 | 81 | 70 | 70 |
| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
| Number of Employer Job Sites Visited. | 2,296 | 1,805 | 1,500 | 1,500 |
| Number of Hazards Identified at Employer Sites. * | 5,417 | 4,175 | 3,000 | 3,000 |
| Number of Employees Exposed at Job Sites. | 54,508 | 38,707 | 40,000 | 40,000 |

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Agency: Kansas Department of Labor

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OBJECTIVE #4:

The Industrial Safety and Health Division will review amusement ride owner documentation and conduct on-site document audits of amusement ride operations to determine and ensure that all requirements of the Kansas Amusement Ride Act are completed.

Strategies for Objective #4:

1. To maintain a professional relationship with amusement ride owners and operators, related to complying with the Amusement Ride Act.
2. To review maintenance, operations, and qualifications of inspections conducted by a third party in accordance with the Kansas Amusement Ride Act, K.S.A. 44-1601 et seq.
3. To conduct on-site audits of amusement ride locations to determine the completeness and accuracy of the law.
4. To provide training and education to amusement ride employers related to the amusement ride act.

Performance Measures for Objective #4:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Percent of Owners Registered as an Amusement Ride Owner. | 100 | 100 | 100 | 100 |
| Percent of Projected Permits to be Issued. | 100 | 100 | 100 | 100 |
| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
| Number of Projected Registered Amusement Ride Owners. | 112 | 129 | 125 | 125 |
| Number of Projected Permits Issued. | 1,675 | 1,406 | 1,400 | 1,400 |
| Number of Project Audits Conducted. | 123 | 131 | 130 | 130 |

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Division of the Budget

Agency: Kansas Department of Labor

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| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 1,378,984 | 1,348,866 | 1,347,080 |
| Contractual Services | 548,892 | 623,069 | 650,996 |
| Commodities | 26,744 | 30,949 | 32,130 |
| Capital Outlay | 7,612 | 96,879 | 34,308 |
| Capital Improvements | 1,209 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 224,941 | 175,537 | 175,302 |

The ISH department fully staffed and stable. Contractual services and capital outlay are expected to increase due to continued improvements to software applications for the amusement ride program within this department. The increase in capital outlay is primarily due to the anticipated purchase of software to manage the amusement ride program. Non-Expense items are comprised of indirect charges to the OSHA grant.

WORKERS COMPENSATION PROGRAM: Priority Ranking per PBB - 2

The role of the Division of Workers Compensation in the overall operations of the Kansas Department of Labor is to administer and enforce the provisions of the Kansas Workers Compensation Act, K.S.A. 44-501 et seq. The Division of Workers Compensation's primary functions under the Act include:

- 1) Administration of a statewide administrative judicial system for adjudication of workers compensation claims;
- 2) Regulatory oversight, including employer compliance with mandatory workers compensation insurance coverage;
- 3) Maintenance of records and statistics for the Division's units and courts;
- 4) Establishment and publication of a medical fee schedule for care involving injured workers; and
- 5) The investigation and prosecution of fraudulent and abusive conduct.

The Division of Workers Compensation has offices in Topeka, Wichita, Lenexa, Salina and Garden City. In 2013 the Division moved to new court offices in Wichita and Overland Park. These new offices include hearing rooms for the workers compensation appeals board to hear appeals in those locations in addition to hearing appeals in Topeka.

The Oscar and EDI Systems

The Workers Compensation Division has required electronic filing of reports of workplace accidents since 2013. All employers, insurance carriers and third-party administrators electronically file these accident reports via the Electronic Data Interchange (EDI) system. This has eliminated the manual processing of over 50,000 annual paper incident reports handled by the Division previously.

The EDI system was the first implementation of the Division's strategic goal to move to a fully digital/paperless operation. The second part of that goal was implemented in November 2018, when the Online System for Claims and Research/Regulation (OSCAR) became operational.

The OSCAR system has allowed the administrative judicial system of the Workers Compensation Division to become a fully digital, paperless operation. Correspondence between the administrative law judges and parties, as well as exhibits, hearing transcripts and deposition transcripts, are uploaded to the system. Regulatory filings are also done in OSCAR including self-insurance permitting, paid loss reports, and assessment invoicing and payments. In addition, we have digitized case files from January 2011 to present.

On the same day that OSCAR went live, a new release of the EDI system, Release 3.1, was implemented in order to better support the OSCAR system. Both systems work together in order to ensure that quality information and services are provided to injured workers, employers and insurers in an efficient and positive manner, as outlined in Chapter 44 of the Kansas Statutes Annotated.

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Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

OBJECTIVE #1:

Workers Compensation Services will expedite the process to resolve benefit disputes for current and future workers compensation claims.

Strategies for Objective #1:

1. Process applications for benefits, preliminary hearings and post-award claims in a timely and efficient manner.
2. Provide timely hearings on applications for preliminary hearings, pre-trial settlement conferences, regular hearings, and post-award motions.
3. Issue orders or awards within 30 days of the date of presentation of all evidence, or in the case of preliminary hearing, issue an order within 5 days of the hearing.
4. Provide written detailed opinions with findings of fact and conclusions of law.
5. Hold appeal hearings in convenient regions of the state where practical to do so.
6. Provide timely hearings on applications for appeals to the Workers Compensation Appeals Board.
7. Have the Board issue a written order containing full findings of fact and conclusions of law within 30-60 days after oral argument of the case.
8. Schedule mediation conferences within 14 days after receipt of the request for mediation.
9. Mediate and resolve disputed issues by mutual agreement of the parties.
10. Produce written agreements on successfully mediated issues for signature by all parties to the agreement.
11. Conduct mediation conferences, when requested, before the scheduled preliminary hearing or regular hearing.

Performance Measures for Objective #1:

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Average number of days between the time an application for benefits is filed and the time an award is issued (for all claims issued an award during the fiscal year). | 1,134 | 1,061 | 1,061 | 1,061 |
| Number of preliminary hearings held during the fiscal year. | 1,194 | 1,086 | 1,086 | 1,086 |
| Number of regular hearings held during the fiscal year. | 374 | 328 | 328 | 328 |

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Division of the Budget

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| | | | | |
|---|-------|-------|-------|-------|
| Number of appeals filed in the fiscal year. | 151 | 137 | 137 | 137 |
| Number of pre-hearing settlement conferences held during the fiscal year. | 1,769 | 1,792 | 1,792 | 1,792 |

OBJECTIVE #2:

Workers Compensation Services will develop and administer cost saving provisions of the Workers Compensation Act which will help stabilize workers compensation rates by insuring workers compensation benefits are delivered in a cost effective and efficient manner and investigating and reporting suspected non-compliance and fraud and abuse within the workers compensation system.

Strategies for Objective #2:

1. Conduct utilization and peer reviews of medical costs in individual cases.
2. Monitor compliance with the medical fee schedule.
3. Report on the effect of utilization review and the medical fee schedule as cost containment measures for workers compensation in Kansas.
4. Develop programs and fee schedules which will help contain medical cost growth.
5. Direct or assist with investigation of and administrative or criminal prosecution of fraudulent or abusive acts which constitute crimes or administrative violations under State or Federal law.
6. Direct or assist with investigation of noncompliance issues.

Performance Measures for Objective #2:

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Average number of days from initial report of fraud or abuse to investigation completion (for all investigations completed during the fiscal year). | 342 | 122 | 122 | 122 |
| Number of cases investigated for fraudulent or abusive acts that closed within the fiscal year. | 699 | 435 | 435 | 435 |
| Number of employers contacted about missing workers compensation insurance coverage during the fiscal year. | 451 | 317 | 317 | 317 |

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Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

OBJECTIVE #3:

Workers Compensation Services will provide accurate and timely information responsive to administrative, legislative and public information needs.

Strategies for Objective #3:

1. Collect and compile accurate Workers Compensation claims history for injured workers, employers, insurance carriers and attorneys.
2. Maintain a database of information on accident and related data, claim characteristics and costs.
3. Plan, implement and oversee computerization within the Division.
4. Compile statistics and perform research on aspects of workers compensation in Kansas.
5. Plan, design and implement an electronic data transmission system.
6. Publish an annual statistical report for Workers Compensation in Kansas.
7. Publish research findings, articles and reports on points of interest for Workers Compensation in Kansas.
6. Provide efficient document processing required by the Workers Compensation Act.

Performance Measures for Objective #3:

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of accident reports processed electronically during the fiscal year. | 47,590 | 46,648 | 46,648 | 46,648 |
| Average number of days to respond to information requests that are received during the fiscal year. | 1 | 1 | 1 | 1 |
| Number of information requests received during the fiscal year. | 27,574 | 22,173 | 22,173 | 22,173 |
| Average number of days to process election options that are received during the fiscal year. | 11 | 7 | 7 | 7 |

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Division of the Budget
 State of Kansas

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OBJECTIVE #4:

Workers Compensation Services will regulate the issuance of self-insurance permits according to current Kansas Statute and regulation and manage the Accounting and Business Section.

Strategies for Objective #4:

1. Review initial applications and renewal applications for individual self-insureds in Kansas.
2. Process the collection of Workers Compensation Fee Fund assessment for the Division before June 30th of each year.
3. Conduct office business functions of supply, inventory, and budget efficiently and economically.

Performance Measures for Objective #4:

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Number of individual self-insurance permits at the end of the fiscal year. | 90 | 81 | 81 | 81 |
| Number of assessments generated from paid loss reports that were paid late in the fiscal year. | 81 | 52 | 45 | 45 |

OBJECTIVE #5:

Workers Compensation Services will assist workers compensation claimants and other parties calling the Division's Ombudsman hotline at 1-800-332-0353 or (785) 296-4000.

Strategies for Objective #5:

1. Provide information to injured workers and other concerned parties relating to the Kansas Workers Compensation Act.
2. Attempt to solve issues that injured workers may have with individual workers compensation claims.
3. Investigate reported issues that injured workers have with the workers compensation system within 48 hours of receiving the request for assistance.
4. Provide carrier information and status of workers compensation claims to concerned parties.
5. Provide training and workshops to interested parties.

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Performance Measures for Objective #5:

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Average number of days to respond to requests for assistance with claims for all requests received in the fiscal year. | 1 | 1 | 1 | 1 |
| Number of logged contacts with individuals needing assistance with workers compensation issues during the fiscal year. | 1,074 | 715 | 715 | 715 |
| Number of participants attending presentations by Ombudsman unit for presentations given during the fiscal year. | 311 | 71 | 71 | 71 |

OBJECTIVE #6:

A Workers Compensation Seminar is conducted annually to highlight the latest in workers compensation statutory changes, case law, technology, products, and services. Each year hundreds of attendees are given the opportunity to speak "first-hand" with staff members and medical and legal professionals considered to be setting the trends in the field of workers compensation. Attorneys, nurses, case managers, and others receive continuing education credits. The seminar continues to be the most cost-effective Workers Compensation Seminar in Kansas.

Strategies for Objective #6:

1. Effectively and efficiently provide up-to-date information relevant to workers compensation in Kansas.
2. Create a forum for an exchange of ideas between medical and legal professionals and others practicing in the field of workers compensation.
3. Provide exhibit space for industry leaders to meet face to face, demonstrate and discuss workers compensation related programs, products and services.
4. Preapprove continuing education credits for attorneys licensed in Kansas and Missouri, nurses licensed in Kansas such as APRN, RN, and LPN's, and Kansas and certified case managers.

Performance Measures for Objective #6: *

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Total number of attendees at the Workers Compensation Seminar. | 245 | 250 | 250 | 300 |
| Total number of attendees at the seminar who received legal continuing education credits. | 184 | 178 | 180 | 180 |
| Total number of attendees at the seminar who received nursing | 33 | 29 | 40 | 40 |

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continuing education credits.

| | | | | |
|--|----|----|----|----|
| Total number of attendees at the seminar who received case manager continuing education credits. | 33 | 23 | 25 | 25 |
|--|----|----|----|----|

| | | | | |
|---|---|---|----|----|
| Total number of exhibitors at the Workers Compensation seminar. | 0 | 0 | 70 | 70 |
|---|---|---|----|----|

Appendix A: Methodology for Data Collection and Forecasting

This year's Annual Budget Narrative includes only measures that can be collected electronically through the OSCAR system. We believe this improves upon the quality of statistical reporting and the replicability of the measures found in the report. In some cases, this means that measures that were previously reported are no longer included in the report. In other cases, it means that new measures have been included that were not available before OSCAR.

Measures affected by the structural changes introduced by OSCAR may have very few data points available. This includes measures for which the same data is collected, but the collection method has shifted significantly. These short data sets were forecasted using the naïve method.

Measures whose data collection methods did not significantly change in the shift to OSCAR were forecasted using either moving average methods or exponential smoothing methods with trend and seasonality, where applicable.

Statutory History

The Kansas Workers Compensation Act, K.S.A. 44-501 et. Seq. is self-contained, no-fault legislation which requires most employers operating in Kansas to provide benefits in the form of wage replacement, medical treatment, and compensation for permanent injury to employees who suffer injury or diseases arising out of and in the course of employment.

Workers compensation laws grew in the United States because of the Industrial Revolution and the subsequent movement of society from rural agrarian to urban industrial. In the first part of the twentieth century, individual state legislatures began adopting different workers compensation programs with different coverage and benefit requirements. Workers compensation laws remain products of state legislatures.

The first Kansas Workers Compensation Act was passed in 1911 and withstood immediate constitutional challenge. Originally, the law applied only to hazardous types of employment which were specifically listed in the law. Any employer or employee affected by the law could elect not to be covered under the law. The maximum weekly benefits were specifically set and could only change through legislative amendment. Medical compensation was limited to a certain dollar amount.

Major changes to the Workers Compensation Act were made July 1, 1974. Generally, all employments with an annual payroll of \$10,000 or more in any calendar year were now covered by the Act. Employers could not elect out of coverage. Only employees owning 10 percent or more of the corporate stock of their corporate employer could elect out of coverage. Those employers not covered by the Act could elect to come under the Act and self-employed individuals could elect to cover themselves as employees. Agricultural pursuits were specifically exempted from coverage under the Act.

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In addition to greatly broadening coverage in 1974, the legislature provided for a fluctuating maximum weekly benefit tied to the state's average weekly wage. The maximum weekly benefit equaled two-thirds of the state's average weekly wage and would be recalculated annually on July 1. Once the injury occurred, the maximum weekly benefit would not fluctuate but would be set at the rate in effect at the time of injury. The total amount of money to be paid for any disability under the Act was \$50,000. The dollar limit on medical compensation was removed and injured workers were entitled to unlimited medical treatment to cure and relieve the worker of the effects of the injury.

In 1976, the Division of Workers Compensation became a Division of the Kansas Department of Human Resources (K.S.A. 75-5708).

On July 1, 1979, the maximum weekly benefit was increased to 75 percent of the state's average weekly wage and the maximum salary indemnity for temporary total and permanent partial whole-body disabilities was increased to \$75,000. The maximum caps for permanent total disabilities and death benefits were amended to \$100,000.

On July 1, 1987, the Kansas Workers Compensation Act was amended to encourage the greater utilization of vocational rehabilitation. A successful return to employment and the earning of comparable wages would limit claimant's recovery for permanent partial disability to the actual percentage of physical functional loss. The maximum caps for temporary total and permanent partial whole-body disabilities increased to \$100,000; permanent total disability increased to \$125,000; and death benefits increased to \$200,000. Businesses with payroll generally under \$20,000 were exempted from workers compensation.

On July 1, 1990, the Act was amended mandating the Director prepare and adopt rules and regulations which establish a fee schedule, establishing the maximum fees for medical service, including vocational rehabilitation and any other treatment or services provided or ordered by health care providers to employers under the Act. The law provides for an eight-member advisory panel to assist the Director in establishing the schedule or schedules and providing a bi-annual review of the fee schedule.

On July 1, 1993, the Act underwent major reform mandating implementation of new programs, including establishment of an ombudsmen program; a benefit review program; a workers compensation appeals board to review decisions of the administrative law judges; an accident prevention and safety services program; as well as a system to monitor, report and investigate fraud or abuse; to prosecute and hold hearings on claims of fraud or abuse; to actively distribute educational and informational material about the Act; and to compile and maintain a database of information on claim characteristics and costs related to open and closed claims (1993 Session Laws, Chapter 286).

On July 1, 2000, the death benefit in the workers compensation act was increased from \$200,000 to \$250,000 with an initial \$40,000 immediate lump sum payment and the surviving spouse remarriage provisions were amended so that such spouse receives benefits until the maximum payout limit is reached. A minimum weekly payment provision was also inserted into the death benefit statute. Effective July 1, 2000, a new post-award medical treatment procedure was implemented. In addition, the bill dispute provisions of the workers compensation act were amended to streamline and simplify the procedure while at the same time incorporating the existing utilization and peer review procedures into the process.

The 2006 and 2013 legislative changes included a change in the way administrative law judges are hired and evaluated. The change created an Administrative Law Judge Nominating and Review Committee. Newly appointed judges are in the "unclassified" state civil service and judges are appointed for four-year appointments with the possibility of reappointment if recommended by the Nominating Review Committee and approved by the Secretary of Labor.

The Workers Compensation Act received a significant overhaul in 2011 legislative session and all reforms were effective May 15, 2011. The reform was comprehensive, requiring claimants to satisfy a new burden to show a compensable accident and meet a minimum threshold to obtain a work disability. Under K.S.A 44-508 (Definitions): New definitions were added such as *Repetitive trauma, prevailing factor, functional impairment, authorized treating physician and mail* and redefining and clarification of existing definitions such as *accident, arising out of and in the course of employment, and recreational or social events*.

Previously to be compensable a claimant only had to show that his/her injury aggravated, accelerated, or increased the symptoms. Following the 2011 amendments, a worker must now show that the work injury is the "prevailing factor" (primary factor) to receive benefits. Drug and alcohol penalties have been stiffened. Before these changes, if an injured worker tested positive for drugs or alcohol, employers had to prove that the impairment contributed to the injury for compensation to be denied. Now, there is a rebuttable presumption, upon a positive drug or alcohol test, that the impairment contributed to the injury. Refusal to submit to a chemical test result in a forfeiture of benefits if there was sufficient cause for the test under the employer's drug policy. An injured worker must provide notice by the earliest of the following: 20 days' notice requirement, weekends included. Exceptions: if the employee seeks medical treatment before notifying employer, then notice must be given within 20 days, if the employee no longer works for the employer, then notice must be within 10 days.

To qualify for work disability, an enhanced disability benefit based on average of wage loss and task loss, a worker must have sustained more than 7.5 percent functional impairment to the body as a whole (10 percent if there is pre-existing impairment) and sustain a minimum 10 percent wage loss. The calculation for wage loss in work disability has been changed. It is now the difference between the average weekly wage the employee earned before injury and average weekly wage employee can earn after the injury. Before the calculation was the difference was strictly between wage earned before injury and wage earned after the injury. If the worker was unemployed, they had a 100 percent wage loss regardless of the reason for their unemployment or their abilities. Task skills are now evaluated for the past 5 years. Previously tasks performed were evaluated over a 15-year period. Should the employee turn down accommodated work within the medical restrictions, there is a rebuttable presumption of no wage loss and no work disability. In addition, wage loss due to voluntary resignation or termination for cause is not to be considered wage loss for the purposes of work disability eligibility. The average weekly wage is now calculated solely based on an average of the wages over the weeks worked during the 26 weeks before the injury. The *Casco* decision of the Kansas Supreme Court holding bilateral extremity injuries to be scheduled injures was repealed by the legislature. Injuries to parallel extremities are once again considered body as a whole injury.

Employers have been given greater latitude to seek dismissal of claims for lack of prosecution. If no regular hearing has been scheduled within three (3) years of the application for hearing, a hearing may be requested to request dismissal of the claim. An employee must file a motion before the three-year statute runs and show "good cause" to prevent the case from being dismissed. If good cause is not shown, the claim is dismissed with prejudice for lack of prosecution. The previous law allowed 5 years before possible dismissal. Prior to the 2011 reforms future medical benefits could be left open indefinitely. Now, for the worker to receive future medical benefits, they will have to show that it is more probable than not that future medical treatment will be required because of their work injury. If future medical benefits are left open, those benefits may be terminated if not used for two years. The Administrative Law Judge can modify/terminate award of future medical. There is a presumption that future medical is not needed if not used within a two-year period.

Voluntary participation in fighting or horseplay with another co-worker is now not compensable, whether related to work or not. Previously if a fight involved work issues it was compensable. Compensation is also disallowed for injury resulting from an employee's reckless violation of safety rules or regulations. Finally, a

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new section of the statute requires an insurer or self-insured employer to provide the following notice to an injured worker on or with the first check for temporary disability benefits:

***Warning:** Acceptance of employment with a different employer that requires the performance of activities you have stated you cannot perform because of the injury for which you are receiving temporary disability benefits could constitute fraud and could result in loss of future benefits and restitution of prior workers compensation awards and benefits paid.*

For accidents on or after January 1, 2015, functional impairment is now rated using the *AMA Guides to Permanent Impairment*, Sixth Edition.

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 5,919,670 | 6,478,009 | 6,445,797 |
| Contractual Services | 2,046,627 | 2,739,300 | 2,876,542 |
| Commodities | 16,796 | 21,504 | 22,428 |
| Capital Outlay | 29,741 | 500,000 | 300,000 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 357,902 | 1,158,184 | 1,155,575 |

The increase in salaries and wages is due to the intent to fill several vacant positions. Workers Compensation is actively recruiting for the needed positions including replacement of a work comp judge. The increase in contractual services and capital outlay is primarily due to the anticipated upgrade to the OSCAR system that the department uses for tracking cases, the need for hearing recordings, and scanner upgrades. Finally, the non-expense item reflects a change in accounting methodology where instead of charging the workers compensation division a flat 40 percent of indirect costs, they are now being charged indirect costs the same as all other programs.

LABOR RELATIONS AND EMPLOYMENT STANDARDS PROGRAM: Priority Ranking per PBB - 5**LABOR RELATIONS:**

The Labor Relations Unit administers Kansas' labor relations statutes, providing a framework for the labor relations activities of public sector employees and employers. These statutes are the Kansas Public Employer-Employee Relations Act (PEERA), found at K.S.A. 75-4321 et seq., and the Kansas Professional Negotiations Act (PNA), at K.S.A. 22-5413 et seq. PNA governs labor relations activities between Kansas' 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. The Labor Relations Unit conducts unit determination hearings, representation elections, decertification elections and prohibited practice (unfair labor practice) hearings as well as performing a role in the administration of the statutory impasse process, to assist public sector employers and public sector employee bargaining representatives to bring labor contract negotiations concerning public sector employees' terms and conditions of employment to a successful resolution through statutorily-mandated mediation and fact-finding processes.

In fiscal year 2022, Labor Relations coordinated all impasses (12), prohibited practice complaints (4) and representation elections (4). PERB is a quasi-judicial, independent, statutorily created board that is part of the Kansas Department of Labor. Thus, Labor Relations additionally provided staffing support to PERB.

The goals of Labor Relations are to continue to administer both the PNA and the PEERA in a timely, effective, and unbiased manner consistent with the legislative intent for enacting these laws. Labor Relations will promote harmonious and cooperative employer/employee relationships and enforce laws providing protection to the Kansas work force through due process of administrative proceedings as provided by the following statutes:

- 1) K.S.A. 44-801 et seq. - Collective Bargaining - Private Sector
- 2) K.S.A. 44-818 et seq. - Agricultural Labor Relations Act
- 3) K.S.A. 75-4321 et seq. - Public Employer-Employee Relations Act
- 4) K.S.A. 22-5413 et seq. - Professional Negotiations Act
- 5) K.S.A. 77-501 et seq. - Kansas Administrative Procedure Act

OBJECTIVE #1:

Labor Relations will provide public employees and public employers a means to establish bargaining units and to elect an exclusive employee organization to represent the employees for the purpose of meeting and conferring with respect to grievances and conditions of employment.

Strategy for Objective #1:

Provide administrative support to Office of Administration Hearings to ensure unit determination hearings are timely conducted and conduct certification and representation elections upon the verification of the showing of interest.

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Performance Measures for Objective #1:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Number of days after service of petition to hold mediation conference in all disputed determination cases. | 45 | 45 | 45 | 45 |
| Number of months after the date of the service of petition to conduct unit determination hearings. | 3 | 3 | 3 | 3 |
| Percent of unit certification and representation elections held within 45 days of the verification of the showing of interest. | 100 | 100 | 100 | 100 |

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of unit determination, certification and representation cases processed. | 6 | 4 | 6 | 6 |
| Number of unit certification and representation elections conducted. | 3 | 4 | 6 | 6 |

OBJECTIVE #2:

Provide public employees and public employers a means for resolving an impasse in meet and confer negotiations over conditions of employment.

Strategy for Objective #2:

1. Maintain a current list of individuals available to serve as factfinders and monitor their caseloads.

Performance Measures for Objective #2:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of days after receipt to process requests for declaration of impasse. | 3 | 3 | 3 | 3 |
| Number of days after notification of parties' selection to appoint factfinders. | 3 | 3 | 3 | 3 |

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|------------------------------------|--------------|--------------|--------------|--------------|
| Number of impasse cases processed. | 8 | 12 | 12 | 12 |

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OBJECTIVE #3:

Provide public employees and public employers a means for resolving disputes relative to the alleged commission of prohibited practices.

Strategies for Objective #3:

1. Continue to use alternative dispute resolution techniques to resolve disputes thereby reducing the number of formal hearings required.
2. Maintain a case tracker system to remind when next action should be completed on a petition.

Performance Measures for Objective #3:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of days after filing of complaint to serve prohibited practice petitions. | 2 | 2 | 2 | 2 |
| Number of days after service of petition to hold mediation conferences in prohibited practice cases. | 45 | 45 | 45 | 45 |
| Number of days after service of petition to hold pre-hearing conferences in prohibited practice cases not resolved through mediation. | 60 | 60 | 60 | 60 |
| Percentage of prohibited practice complaints resolved because of alternative dispute resolution techniques. | 25 | 25 | 25 | 25 |

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of prohibited practice cases processed. | 8 | 4 | 8 | 8 |
| Number of prohibited practices requiring KDOL to hear cases under appeal. | 0 | 0 | 2 | 2 |

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OBJECTIVE #4:

Provide staffing support to PERB to perform their statutorily required duties.

Strategies for Objective #4:

1. Establish procedures for PERB operations.
2. Staff PERB meetings.
3. Schedule hearings for appeals to PERB.
4. Assist PERB in conducting appeals hearings, including providing additional legal support by a staff attorney in Legal Services.
5. Represent PERB in judicial review actions before the district and appellate courts through Legal Services.

Performance Measures for Objective # 4:

To be determined.

EMPLOYMENT STANDARDS:

The Employment Standards Unit is part of Legal Services with its primary function of administering the Kansas Wage Payment Act, Kansas Minimum Wage and Overtime law, Kansas Child Labor law, and Kansas Private Employment Agency law.

In Fiscal Year 2023, we returned \$769,142 dollars of earned wages to employees working in the State of Kansas. Employment Standards received 790 and closed 725 cases during the fiscal year.

In addition, Employment Standards addresses hundreds of inquiries on a weekly basis that do not specifically relate to the aforementioned but require knowledge of programs within KDOL and other governmental agencies.

These inquiries include complaints relating to alleged violations of K.S.A. 44-1131 through 44-1133. Since 2006, KDOL 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. KDOL does not currently have a formalized process in place, but Employment Standards has received complaints periodically throughout the years from the public, including from attorneys and victim advocacy organizations, which have been sent to the Chief Counsel. We request funding to better serve this currently unfunded area that KDOL is required to enforce.

The goals of Employment Standards are to continue to service both internal and external customers in a timely and efficient manner. Employment Standards will continue to promote a harmonious and cooperative employer/employee relationship and to enforce laws providing protection to the Kansas workforce through due process of administrative proceedings as provided by the following statutes, including its newly assigned area involving employees who are victims of domestic violence or sexual assault:

- | | | |
|----|--------------------------|--|
| 1) | K.S.A. 44-313 et seq. - | Wage Payment |
| 2) | K.S.A. 44-1201 et seq. - | Minimum Wage - Maximum Hours |
| 3) | K.S.A. 38-601 et seq. - | Child Labor Law |
| 4) | K.S.A. 44-402 et seq. - | Private Employment Agencies |
| 5) | K.S.A. 44-1131 et seq. - | Victims of domestic or sexual violence |

OBJECTIVE #1:

To properly handle cases filed pursuant to the Kansas Wage Payment Law, to docket cases for an administrative hearing, to foster resolution of cases through mediation prior to the administrative hearing, to investigate overtime claims, and to return unpaid wages to Kansas employees.

Strategies for Objective #1:

1. Closely review incoming claims to assure jurisdiction and completeness.
2. Emphasize and expend resources to implement effective conciliation efforts to reduce the number of cases to be set for hearing without loss of customer service.
3. Resolve claims prior to the administrative hearing through mediation.

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4. Commence on-site auditing of records within 30 days of receipt of overtime claim.
5. Increase training on auditing procedures involving all investigators in the processing of overtime cases.
6. Input claim information into updated tracking system to facilitate easy transition of case information to Legal Division for collection efforts.

Performance Measures for Objective #1:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of regular wage claims filed. | 656 | 790 | 700 | 725 |
| Number of claims for minimum wage/overtime filed. | 8 | 5 | 5 | 5 |
| Total dollar amount of wages collected. | 489,680 | 769,142 | 600,000 | 600,000 |
| Total dollar amount of minimum wage/overtime wages collected. | 600 | 600 | 600 | 600 |

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Number of claims served. | 617 | 775 | 675 | 675 |
| Number of claims closed. | 602 | 725 | 625 | 625 |
| Number of hearings set. | 110 | 140 | 115 | 115 |
| Number of hearings held. | 90 | 123 | 100 | 100 |
| Number of claims for minimum wage/overtime investigated and decisions rendered within 90 days. | 8 | 8 | 5 | 5 |

OBJECTIVE #2:

Commence child labor investigations within five days of receipt of complaint and to complete processing within 45 days with follow-up in 30 to 90 days to ensure compliance.

Strategies for Objective #2:

1. Make child labor complaints top priority because of the potential for physical harm to children.
2. Perform random on-site inspections of Kansas industries that typically hire children.
3. Increase training to streamline investigative approach.
4. Direct recommendations to the Kansas Legislature to strengthen statutes regarding child in work place.

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Performance Measures for Objective #2:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|--|--------------|--------------|--------------|--------------|
| Percent of child labor complaints investigated within five days. | 100 | 100 | 100 | 100 |

| <u>OUTPUT MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of child labor reports/complaints received. | 40 | 40 | 40 | 40 |
| Number of child labor reports/complaints investigated, and violations found/referred to Federal jurisdiction. | 8 | 8 | 8 | 8 |
| Number of child labor complaint investigations commenced within five days of receipt. | 8 | 8 | 8 | 8 |

OBJECTIVE #3:

Employment Standards will complete investigations of any complaint regarding private employment agencies and to submit any negative findings to the County Attorney within 120 days of receipt.

Strategies for Objective #3:

1. Send out questionnaires at least annually to private employment agencies in Kansas to assure understanding and compliance of the law.
1. Increase training to streamline investigative approach.

Performance Measures for Objective #3:

| <u>OUTCOME MEASURES:</u> | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Percent of private employment agency complaints having decision rendered within 120 days. | N/A | N/A | N/A | N/A |
| Number of new private employment licenses issued.* | 1 | 1 | 1 | 1 |

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OUTPUT MEASURES:

| | <u>FY 22</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> |
|---|--------------|--------------|--------------|--------------|
| Number of private employment agency complaints received. | 0 | 0 | 0 | 0 |
| Number of private employment agency complaints investigated, and decisions rendered within 120 days of receipt. | 0 | 0 | 0 | 0 |
| Number of private employment requests for licensing, paying fee, securing surety bond and renewing license.** | 3 | 6 | 6 | 6 |

* Note is made that no additional funding for enforcement of this legislation has been provided.

** Even though the Private Employment Agency Law was changed to allow charging fees to the employee(s), requests for licenses fell far short of expectations.

OBJECTIVE #4:

To properly handle complaints filed pursuant to K.S.A. 44-1131 through 44-1133, which prohibit employers from terminating, discriminating, or retaliating against victims of domestic violence or sexual assault for taking authorized leave from work, and to foster resolution of cases through conciliation.

Strategies for Objective #4:

1. Create a formal process on how KDOL handles complaints filed to the agency.
2. Closely review incoming complaints to assure compliance with K.S.A. 44-1132.
3. Emphasize and expend resources to implement effective conciliation efforts to resolve complaints without requiring KDOL enforcement under K.S.A. 44-1133.
4. Provide training for conciliators relating to serving victims of domestic violence or sexual assault.

Performance Measures for Objective #4:

To be determined.

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Labor Relations and Employment Standards

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages | 248,266 | 263,033 | 262,734 |
| Contractual Services | 23,985 | 26,552 | 27,881 |
| Commodities | 853 | 939 | 984 |
| Capital Outlay | 735 | 809 | 849 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 48,432 | 76,797 | 76,744 |

No significant changes are expected in the Labor Relations/Employment Standards budget. Non-expense items are comprised of wage claim payments in which the department has been successful in collecting wages owed to claimants from past employers.

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OFF BUDGET FUNDS:

The off-budget funds budget is made up of three programs within KDOL: the New Hire Crossmatch Program; the Workplace Safety Program; and the Motor Pool Program. Each of these programs is provided funding that is expended at another agency or charged to various departments within KDOL.

The New Hire Crossmatch program is funded by the Department of Children and Family (DCF). One agency per state is allowed to have access to the national new hire database. Employers provide data to the national new hire database each time they hire a new employee. KDOL uses the national new hire database as a tool to determine when individuals find employment and provide employment data to DCF for child support collection. This program is carried out by the Records Management Department within KDOL.

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages | 53,658 | 46,072 | 46,118 |
| Contractual Services | 19,382 | 18,611 | 19,541 |
| Commodities | 290 | 467 | 489 |
| Capital Outlay | 290 | 783 | 822 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 0 | 0 |

The New Hires program falls under Records Management and the team balances their workload between the Unemployment program and the New Hires program. No substantial increases or decreases are expected for this program.

The Workplace Safety program is funded by the State Self Insurance Plan administered by the Kansas Department of Administration. The purpose of the workplace safety program is to provide guidance and training on safety in the workplace for State of Kansas employees. This program is carried out by the Industrial Safety and Health Department (ISH) within KDOL.

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages | 106,798 | 153,105 | 152,935 |
| Contractual Services | 47,586 | 47,045 | 49,397 |
| Commodities | 1,587 | 1,562 | 1,642 |
| Capital Outlay | 808 | 419 | 440 |
| Capital Improvements | 121 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 4,961 | 27,329 | 27,299 |

The increase in salaries is due to a standardized calculation rather than actual time spent on this program. The employees who work on this program work on other programs within the ISH department. The increase in non-expense items is due to the change in methodology for charging indirect costs throughout the agency. No other substantial increases are expected for this program.

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The Motor Pool program is funded by the various departments within KDOL for the use of agency vehicles. Departments are charged a per-mile fee for the use of vehicles which in turn pays for the repair, maintenance, and replacement of the agency's fleet. The agency currently maintains thirty-one vehicles.

SFY 2024 Vehicle Replacements

- Vehicle 13802 is a 2009 Chevy Impala with 158,384 miles as of June 30, 2023. This vehicle is used by Industrial Safety and Health and is in Overland Park with an average mileage of 1,200 miles per month.
- The agency has spent \$6,685.95 in repairs, including regularly scheduled maintenance charges over the life of this vehicle.

SFY 2025 Vehicle Replacements

- Vehicle 12687 is a 2008 Chevy Impala with 138,217 miles as of June 30, 2023. This vehicle is used by Industrial Safety and Health and is in Topeka with an average mileage of 712 miles per month.
- Vehicle 17107 is a 2015 Chevy Impala with 127,290 miles as of June 30, 2023. This vehicle is used by Industrial Safety and Health and is in Osawatomie with an average mileage of 610 miles per month.
- The agency has spent \$16,371.39 in repairs including regularly scheduled maintenance charges over the life of these two vehicles.

| Description | SFY 2023 Actual | SFY 2024 Budget | SFY 2025 Budget |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages | 0 | 0 | 0 |
| Contractual Services | 25,606 | 36,300 | 38,115 |
| Commodities | 50,310 | 57,144 | 60,001 |
| Capital Outlay | 8,500 | 30,000 | 60,000 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 0 | 0 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

CAPITAL IMPROVEMENT PROJECTS: Priority Ranking per PBB - 6**SFY 2024**

In SFY 2024, the Kansas Department of Labor budgeted \$96,086 of Worker's Compensation funds and \$144,129 of State General Funds for general rehabilitation and repair of agency owned buildings. Additionally, the Department budgeted \$324,000 from Workers Compensation funds and \$486,000 from State General Funds for projects which include the final year of repair/replacement of HVAC vents at 2650 East Circle Drive South. Other projects scheduled for SFY 2024 are also for the 2650 East Circle Drive South location and include Phase 3 renovation of the basement floor. We have also added renovation of the breakroom at the 401 SW Topeka office location. This change was made possible due to repairs of the roof at the Eastman location instead of an entire roof replacement in SFY 2024. Outside of the breakroom renovation, these renovations and improvements were approved during the 2022 legislative session.

SFY 2025

In SFY 2025, The Kansas Department of Labor budgeted \$80,000 of Worker's Compensation funds and \$120,000 of State General Funds for general rehabilitation and repair of agency owned buildings. Additionally, the Department budgeted \$384,000 from Workers Compensation funds and \$576,000 from State General Funds for projects which include replacement of air handlers at 1309 SW Topeka Blvd; replacement of aging storefront doors at 1309 SW Topeka Blvd and 401 SW Topeka Blvd; and reconfiguration of the first floor at 401 SW Topeka Blvd.