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Amber Shultz, Secretary

Laura Kelly, Governor

September 13, 2024

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

Dear Director Proffitt,

I hereby submit for your consideration the Fiscal Year 2026 budget document for the Department of Labor. The budget has been prepared in accordance with the instructions transmitted in your letter of July 9, 2024. To the best of my knowledge and belief, the information and explanation included in this budget request are correct and complete.

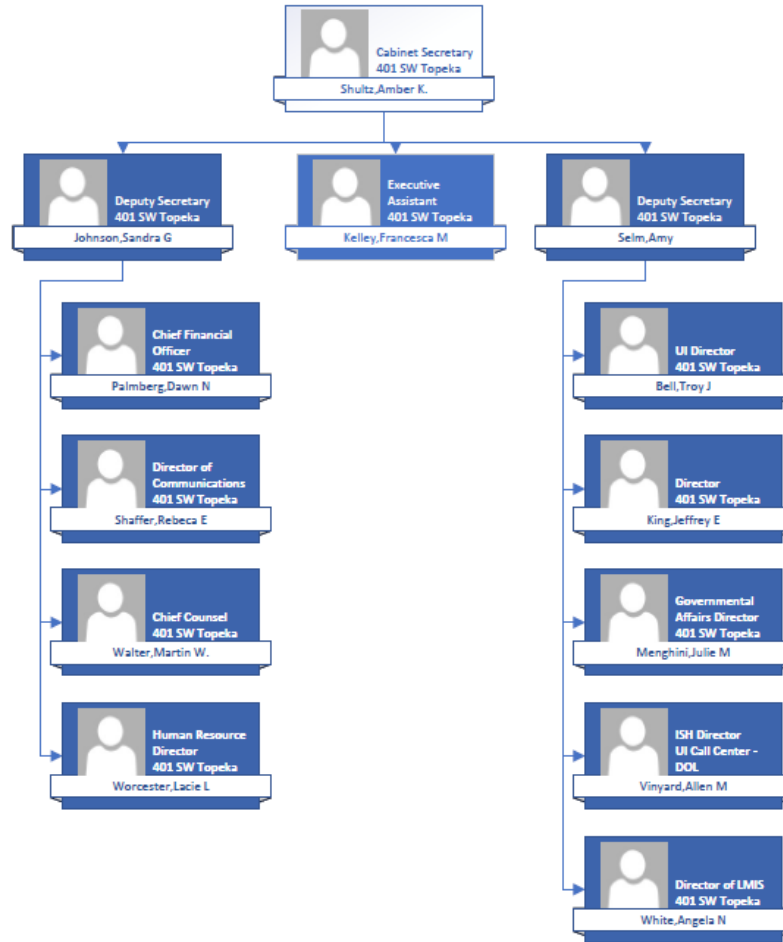
As always, my staff and I are prepared to provide any additional information which you or our budget analyst may require.

Sincerely,

A handwritten signature in cursive script that reads "Amber Shultz".

Amber Shultz
Secretary

August 20, 2024



Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

AGENCY MISSION:

The Kansas Department of Labor offers accurate, timely and fair information and services to workers and employers administered by employees dedicated to public service for fellow Kansans.

AGENCY VISION:

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

AGENCY PHILOSOPHY AND VALUES:

Guiding principles of the agency include to demonstrate organizational excellence, deliver operational integrity and empower and engage employees. Our work is characterized by:

- **Service:** As public servants, deliver consistent and reliable programs and services to meet the needs of the community.
- **Integrity:** Protect information, processes, and people by upholding the highest standards of integrity, and consistently acting with honesty and transparency in all our actions and decisions.
- **Innovation:** Embrace creativity and curiosity to solve problems, drive efficiencies, and enhance the efficacy of programs and services.
- **Communication:** Create a culture of honesty, trust, and collaboration by fostering clean and open communication.
- **Stewardship:** Maximize impact and ensure long-term sustainability by implementing forward-thinking management practices.
- **Respect:** Value diverse perspectives to foster an inclusive and positive environment and demonstrate empathy in all interactions.

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

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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.

STATUTORY HISTORY:

The Kansas Department of Labor (KDOL) 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 75-5746 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 agency 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; the American Rescue Plan Act (ARPA) of 2021; and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA). The agency 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.

Revenue Estimates

FUND: 2041

Fund 2041 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

Fund 2124 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 2026 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 2025 or SFY 2026.

FUND: 2224

Fund 2224 is authorized under K.S.A. 75-4215. The revenue for the Amusement Ride Safety Fund is from permits and licensing of amusement ride owners/operators 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 2025, or SFY 2026. 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

Agency: Kansas Department of Labor

State of Kansas

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. This fund was eliminated by the Kansas Legislature during the 2024 legislative session. Should the state need to borrow federal funds to pay unemployment benefits, this fund would need to be reestablished.

FUND: 2781

Fund 2781 was established in FY 2015 and is the Agency’s indirect cost fund. Revenue is generated by charging various programs within the agency that benefit from support of the administrative divisions the approved indirect cost rate of 17.38 percent for SFY 2025. The indirect cost rate has not been established for SFY 2026. Support divisions include human resources, finance, legal, office of the secretary, communication, and information technology.

| Revenue Estimates for Fee Funds | | | | |
|--|-----------------------------------|--------------------|----------------------|----------------------|
| Fund | Name | SFY 2024 Actual | SFY 2025 Estimate | SFY 2026 Estimate |
| 2041 | KDOL Special Projects Fund | \$171,571 | \$227,000 | \$231,142 |
| 2120 | Special Employment Security Fund | \$2,114,575 | \$2,000,000 | \$2,000,000 |
| 2124 | Workers Compensation Fund | \$10,828,976 | \$11,500,000 | \$11,500,000 |
| 2204 | Wage Claims Assignment Fee Fund | \$1,537 | \$0 | \$0 |
| 2224 | Amusement Ride Safety Fee Fund | \$77,063 | \$80,000 | \$80,000 |
| 2302 | Federal Indirect Cost Offset Fund | \$0 | \$0 | \$0 |
| 2781 | Indirect Cost Fund | \$4,292,731 | \$3,685,998 | \$3,834,263 |
| | Total | \$17,486,453 | \$17,492,998 | \$17,645,405 |

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 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. Funds must be

Explanation of Receipt Estimates ---- DA 405

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

returned to the United States Department of Labor or may be used for UI administrative purposes. The agency sold the property at 417 SW Jackson in August 2024, in the amount of \$120,000. While this sale has not been approved at this time by the state finance council, it is anticipated that the state finance council will accept the bid. Once the sale is approved, the Department of Administration will receive administrative fees from the sale to pay for their costs. The remainder of the proceeds will be issued to KDOL. Federal equity is 60.15% and State equity is 39.85%. Assuming, the Department of Administration will receive approximately \$20,000 for their expenses, expected revenue in 2025 is expected to be \$60,150 into this fund. No revenue is expected in SFY 2026.

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.

| Revenue Estimates for Grants and Agreements | | | | | |
|---|------|----------------------------|--------------------|----------------------|----------------------|
| CFDA# | Fund | Grant Name | SFY 2024 Actual | SFY 2025 Estimate | SFY 2026 Estimate |
| 17.207 | 3275 | One-Stop LMIS | \$575,527 | \$456,417 | \$487,090 |
| 17.225 | 3335 | Unemployment Insurance | \$29,104,268 | \$27,992,135 | \$25,283,337 |
| 17.225 | 3335 | Reed Act Funds | \$3,274,351 | \$1,479,551 | \$0 |
| 17.225 | 3336 | Sale of Federal Buildings | \$0 | \$60,015 | \$0 |
| 17.504 | 3339 | OSHA Consultation | \$625,955 | \$873,739 | \$911,517 |
| 17.002 | 3742 | LMIS Cooperative Agreement | \$718,988 | \$813,702 | \$831,569 |
| 17.005 | 3743 | OSHS/CFOI | \$93,235 | \$104,588 | \$108,689 |
| Total | | | \$34,392,324 | \$31,780,147 | \$27,622,202 |

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 \$398,376 in SFY 2025, and \$390,330 in SFY 2026.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

AGENCY-WIDE OVERVIEW:**Current Year 2025:**

KDOL's SFY 2025 budget includes \$17,506,135 of SGF expenditures. Additionally, KDOL's budget includes fee fund expenditures of \$24,263,507; federal fund expenditures of \$28,334,243; and off budget fund expenditures of \$423,785. The agency's Kansas unemployment insurance benefits are projected to be \$167,667,256 in SFY 2025. The operating budget of the agency generally reflects a wind down of pandemic programmatic operations and continued improvements to the agency's technology infrastructure.

Supplemental Packages:

The agency requests an increase to the worker's compensation portion of the capital improvements in the amount of \$21,933. This increase represents the 40 percent funding to match the remaining SGF that reappropriated from SFY 2024.

A supplemental package request in the amount of \$445,168 is being requested due to estimates for the replacement of the AC units and VAV boxes at 401 SW Topeka Blvd. The agency estimated \$550,000 for the cost of this project, however, after meeting with the engineers, this is a much larger project than anticipated. The total cost of this project is estimated to cost \$1,000,000. The enhancement is requested at \$178,067 from workers compensation fee fund and \$267,101 from state general funds.

Budget Year 2026:

The KDOL's SFY 2026 budget includes \$10,215,318 of SGF expenditures. Additionally, KDOL's budget includes fee fund expenditures of \$23,602,221; federal fund expenditures of \$27,622,202; and off budget fund expenditures of \$407,265. The agency's Kansas unemployment insurance benefits are projected to be \$175,528,031 in SFY 2026. The operating budget of the agency generally reflects a continuation of normal operations post-pandemic, as well as continued improvements to the agency's technology infrastructure.

Enhancement Packages:

No enhancement packages are requested for SFY 2026.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

Actual Position Data

The position count 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 | 59.94 | 37.67 |
| Labor Market Information | 10.00 | 7.00 |
| Unemployment Insurance Services | 189.44 | 50.25 |
| Industrial Safety and Health | 11.98 | 8.44 |
| Workers Compensation Services | 51.00 | 17.50 |
| Labor Relations and Employment Standards | 2.00 | 1.10 |
| Off-Budget Programs | 1.58 | .88 |
| Total Positions | 325.94 | 122.84 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

ADMINISTRATION AND SUPPORT SERVICES PROGRAM**GENERAL ADMINISTRATION**

The Secretary's Office set the strategic direction for the agency, facilitates policy development, and collaborate with stakeholders. 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 \$5,000 from SGF for official hospitality for each budget year.

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 550,866 | 566,640 | 570,666 |
| Contractual Services | 286,107 | 180,030 | 130,532 |
| Commodities | 2,466 | 5,199 | 5,511 |
| Capital Outlay | 2,117 | 1,378 | 1,461 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 0 | 0 |

In SFY 2024, the agency engaged a contractor to study, survey, research, and provide feedback to the agency regarding staff learning and development, which increased contractual services in SFY 2024. All other expenses are expected to be stable and result from normal operations.

LEGAL

The function of the Legal Division is to provide legal services to the Department of Labor, which includes providing legal counsel to the agency, 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 agency 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 agency concerning the administration and enforcement of Employment Security Law, 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 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

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 976,369 | 1,025,972 | 1,034,527 |
| Contractual Services | 251,239 | 286,488 | 303,677 |
| Commodities | 1,484 | 1,550 | 1,642 |
| Capital Outlay | 3,341 | 12,484 | 3,233 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 35,046 | 64,356 | 68,842 |

Staffing is expected to remain at the current level for the current year and the budget year. Therefore, salary expense is expected to remain stable. The increase in contractual services reflects the increasing costs of the contract with the Office of Administrative Hearings. The increase in SFY 2025 in capital outlay is a result of the anticipated purchase of a legal document management software package. All other expenses are expected to be stable and result from normal operations. Non-expense items include the expense for indirect cost charges.

FISCAL

The primary responsibility of the Fiscal Division 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 Division is responsible for maintaining the facilities and grounds for the agency and currently retains two employees for this purpose. The agency owns and maintains four properties in Topeka. Therefore, the agency's capital improvement budget falls under the Fiscal Division. 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 Division is also responsible for mail distributions for the agency and retains two employees for this purpose.

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 1,108,865 | 1,075,621 | 1,030,935 |
| Contractual Services | (101,097) | 202,708 | 214,869 |
| Commodities | (46,432) | 3,578 | 3,792 |
| Capital Outlay | 3,258 | 1,696 | 1,798 |
| Capital Improvements | 0 | 0 | 0 |
| Aid to Locals | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 1,452,195 | 0 | 0 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

Salaries are expected to be stable over the next couple of years and reflect normal operations. The agency closed its mail center and moved mail operations to central mail. This shift allowed the division to decrease staffing by 3 FTE at the end of SFY 2024 and declare the property located at 417 SW Jackson surplus property. This property was sold at auction on August 14, 2024, for \$120,000. Proceeds from the sale of this property is estimated at \$100,000 after expenses, of which approximately 60% is federal equity.

The negative amount recorded for actual expenditures in SFY 2024 in contractual services and commodities reflects the postage and inventory inflows and outflows for the agency. The change for the purchase of postage resulted from a federal audit, which required non-federal funding to secure postage for the agency then be reimbursed federal grant after postage is used. Historically, all supplies were kept on hand were purchased under the Fiscal Division and then charged back to the appropriate division as the supply stock is used. However, with the closure of the KDOL mail and supply center, the agency made the decision to only keep building supplies on hand. These supply items will be allocated and direct charged among all divisions within Topeka at the time of purchase. Additionally, the agency invested in DocuSign software which fiscal and Human Resources (HR) share the expense annually. The non-expense item category contains indirect cost charges for the agency. When budgeted, these charges fall under various grants and their respective divisions.

HUMAN RESOURCES

The Human Resources (HR) Division is committed to delivering comprehensive human resource information and support across the agency.

Functions of the Division include overseeing all personnel transactions for the agency. Specifically, payroll, shared leave, FMLA, and parental leave programs. The division is responsible for managing and issuing employee ID badges, overseeing training and compliance, providing learning resources, handling records retention, coordinating new employee orientation functions, and orchestrating agency-wide training initiatives. These tasks are vital in ensuring that our employees have access to necessary tools and training while maintaining accurate and secure employee records.

The agency has a heightened focus on recruitment and retention. This includes pre-employment screenings, the preparation of offer letters and new hire packages, ensuring a smooth and efficient hiring process as well as the employee's journey through the agency throughout their career.

Lastly, the division's role encompasses employee relations, ensuring a positive and productive work environment. This role is pivotal in addressing employee concerns, facilitating communication between staff and management, and fostering a culture of collaboration and respect within the department.

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages | 270,696 | 388,218 | 392,817 |
| Contractual Services | 47,280 | 61,688 | 65,388 |
| Commodities | 4,912 | 4,917 | 5,212 |
| Capital Outlay | 2,475 | 2,226 | 2,360 |
| 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

The increase in salaries is due to the increase in staffing for the division. HR hired one recruiter and one HR professional position during SFY 2024. Additionally, the agency invested in DocuSign software which HR and fiscal share the expense annually. This expense along with an increased focus on agencywide training is the reason for the increase in contractual services. The remaining expenses are 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.

Current objective of the Communications Division is to market our services across Kansas businesses. Also, the division will continue to drive the narrative after modernization of KDOL being a positive impact on Kansas. The agency continues to develop our brand and marketing strategies, creating our material in plain language and providing material (marketing or educational) towards each of our audiences. To do this, the Communications Division will need to grow to provide the service the agency is requesting.

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 593,189 | 701,647 | 714,355 |
| Contractual Services | 62,877 | 76,086 | 80,651 |
| Commodities | 5,775 | 5,626 | 5,963 |
| Capital Outlay | 7,296 | 7,661 | 8,120 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 0 | 0 |

The increase in salaries is due to the expected increase in staffing within the division. As the agency moves forward with information technology improvements, the communication and training videos developed for the public will fall on the division. Additionally, travel for the communications division has been increased to accommodate continuance of training to stay at the forefront of new technology and ways to communicate with the public effectively. All other expenses are expected to be stable and reflect normal operations.

INFORMATION SYSTEMS AND TECHNOLOGY

The Information Technology (IT) Division is a critical enabler of the agency's mission, driving operational excellence and enhancing service delivery to the citizens of Kansas.

The division manages an expansive and dynamic IT environment, ensuring that KDOL's technological backbone remains robust and adaptable. Key responsibilities include:

- **Comprehensive IT Services:** Managing and maintaining all computing services and IT resources across the agency, ensuring seamless daily operations.
- **Employee Enablement:** Equipping new employees with the necessary hardware, software, and access, while providing ongoing IT support to ensure staff productivity.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

- **Application Reliability:** Safeguarding the reliability and accessibility of mission-critical applications across a diverse range of platforms, from legacy mainframes to modern web-based solutions.
- **Infrastructure Management:** Overseeing the core IT infrastructure, including client-server systems, networking, and telecommunication services, to support uninterrupted agency operations.

The IT Division is not just a support function; IT is a strategic partner in KDOL's long-term planning and success. Contributions include:

- **Data Strategy Leadership:** Spearheading the agency's data strategy to ensure that data is effectively collected, stored, and leveraged for informed decision-making.
- **Cloud Adoption and Migration:** Driving the transition to secure, scalable, and cost-effective cloud solutions, aligned with KDOL's operational needs.
- **Talent Development:** Cultivating a skilled and future-ready IT workforce by defining and implementing long-term staffing best practices.

IT is committed to the continuous evolution of KDOL's technological landscape. The modernization initiatives aim to replace outdated systems with innovative, state-of-the-art technologies, delivering enhanced operational efficiency, cost savings, and improved service quality to Kansas citizens and businesses.

Building on the successful completion of last year's Windows Server upgrade, the focus for the upcoming fiscal year is on further strengthening and modernizing KDOL's IT infrastructure. The key initiatives for this year include:

- **Active Directory Upgrade and Cleanup:** IT will be upgrading the Active Directory (AD). This upgrade is critical for enhancing performance and compatibility with modern applications. Alongside the upgrade, a comprehensive cleanup of accounts and Group Policy Objects (GPOs) will be undertaken to streamline operations and ensure that the AD environment is optimized for current and future needs.
- **Firewall and VPN Upgrade:** As part of the commitment to maintaining a resilient IT environment, IT will be facilitating an upgrade of our firewall and VPN systems. These upgrades are essential for ensuring secure and efficient remote access for our staff.
- **Decommissioning and Archiving of Legacy UI Systems:** With the ongoing UI modernization efforts, this year will see the infrastructure team lead the decommissioning and archiving of legacy Unemployment Insurance (UI) systems. This process will ensure that all relevant data is securely archived and that the decommissioning is executed without disruption to ongoing operations.

Each of these projects demands meticulous planning, precise execution, and close collaboration across teams to minimize operational impact. IT will be working closely with our partners and vendors to ensure that these upgrades are carried out efficiently and with the highest standards of compliance.

The importance of these initiatives cannot be overstated:

- **Operational Efficiency:** The cleanup of AD and the decommissioning of legacy systems will streamline IT operations, reduce overhead, and improve the overall performance and reliability of our infrastructure.
- **Futureproofing:** These upgrades position KDOL for future technological advancements, ensuring that our infrastructure can support ongoing modernization efforts, including cloud migration and other strategic initiatives.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

These initiatives align with KDOL's broader mission of maintaining a robust and efficient IT environment. The resources allocated in the budget for these projects are strategic investments in the continued resilience and capability of our IT infrastructure.

As the agency enters the second year of implementing KDOL's Data Strategy, the focus shifts to navigating and pre-planning the projects that will help the agency achieve the agency's strategic goals. This year, the agency is advancing the Business Intelligence (BI) capabilities, exploring document management solutions, and continuing to build on the data strategy foundation.

Now in its second year, KDOL's Data Strategy is evolving from initial groundwork to actionable projects that align with the broader commitment to information-driven decision-making and operational excellence. Current efforts include:

- **Project Pre-Planning and Alignment:** IT is mapping out the specific projects needed to reach our data strategy goals, ensuring that each initiative is aligned with KDOL's strategic priorities and will drive meaningful outcomes.
- **Ongoing Stakeholder Engagement:** Continued collaboration with stakeholders across all levels to refine our data strategy, incorporating feedback and adapting to emerging needs.
- **Building on Established Foundations:** Leveraging the insights and frameworks developed in the first year to guide the next phase of implementation, focusing on high-impact business-data cases and targeted improvements.

Parallel to our ongoing data strategy efforts, the agency is modernizing its business intelligence (BI) approach to better serve the agency's evolving needs:

- **Power BI Adoption:** Transitioning to Power BI as our primary tool for data visualization and reporting, enhancing our ability to generate insights and support data-driven decisions.
- **Cloud-Based Data Warehouse:** Migrating to a cloud-based data warehouse to improve scalability, performance, and integration with BI tools, positioning KDOL for future growth.
- **Standardized Reporting and Real-Time Analytics:** Developing standardized reports for key performance indicators (KPIs) and enabling real-time analytics to support faster, more responsive decision-making.
- **User Training and Data Integration:** Ensuring that staff are well-trained in Power BI and that data integration is seamless and reliable, supporting effective use of BI tools.

As part of our broader data strategy, we are exploring document management solutions to enhance operational efficiency:

- **SharePoint Proof of Concept:** In collaboration with the Records Management Division, KDOL is piloting SharePoint as a centralized document management system. This initiative aims to improve document storage, retrieval, and collaboration across the agency.
- **Streamlining Document Processes:** Optimizing how documents are managed, ensuring compliance with records management policies, and supporting KDOL's legal and operational needs.

These initiatives will require focused resource allocation for project planning, BI modernization, and the SharePoint proof of concept. The strategic alignment of these efforts will ensure that KDOL's data and document management environment continues to evolve in support of our mission.

By investing in these initiatives, KDOL is positioning itself to meet the future needs of Kansas citizens and businesses through improved operational efficiency, data-driven decision-making, and enhanced document management capabilities.

As we progress with the KDOL UI Modernization Initiative, the agency is pleased to report that the project is within scope and on budget, with the go-live scheduled for Q4 2024. This multi-year, agency-wide transformation will overhaul our core business processes and technology platforms, positioning KDOL for greater operational efficiency and enhanced public service.

Resource planning includes allocating budget for ongoing cloud infrastructure expenses, as well as dedicating staff time for continued training and potential restructuring. These efforts are aligned with KDOL's broader IT and data strategies, ensuring that our modernization initiative supports long-term agency goals.

By committing budgetary resources to this modernization project and associated staff development, KDOL is making a strategic investment in its future. The additional capabilities, such as fraud prevention and the AI-based Virtual Assistant, further enhance the value of this initiative. As we approach the go-live date and beyond, this project remains a cornerstone of our strategy to leverage technology for improved public service, operational efficiency, and innovation.

In the context of our multi-dimensional modernization efforts, IT is embracing a paradigm shift in how it perceives and operates. IT as a Customer Service Unit, committed to delivering exceptional service experiences to 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 division's success, actively engaging in division goals and strategic plans. Relationship-building is key to our shared success.
- *Customer Experience Focus*: The 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 the commitment to customer service, IT will implement Service Level Agreements (SLAs) into the 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, IT 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.

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

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

In an era where data breaches and cybersecurity threats are ever-present, the 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—the agency is obligated to adhere to stringent federal and state regulations, a responsibility we take very seriously.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

To ensure constant vigilance over our systems, IT will 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.

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 the agency remains in full compliance with IRS, SSA, and state-level regulations.

A portion of the 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.

Additionally, the staff will undergo rigorous training in audit protocols and data protection measures, ensuring that the agency is perpetually audit-ready and in a state of continual compliance.

Our GRC efforts are not isolated but integrated with the 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.

Projected Budget

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|------------------------|--------------------|--------------------|--------------------|
| Salaries & Wages (net) | 3,663,101 | 4,218,649 | 4,103,573 |
| Contractual Services | 3,977,536 | 9,491,310 | 8,109,730 |
| Commodities | 5,543 | 5,430 | 5,757 |
| Capital Outlay | 487,397 | 10,964,049 | 5,061,461 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 1,441 | 126,052 | 232,352 |

As the IT Division moves to new infrastructure and software platforms, the need for more skilled employees has increased. As a result, IT has several positions that have been vacated and anticipates filling positions with the skill sets needed for the modernized IT vision. The contractual services are expected to increase due to the transition from implementation costs to maintenance costs for the modernized unemployment system. Capital outlay is expected to increase in SFY 2025 to account for ongoing enhancements to not only the unemployment system but several other updated systems throughout the agency. Non-expense items include the expense for indirect cost charges. As IT staff transition from modernization funding back to grant funding for support of the unemployment system, the indirect cost charges are expected to increase.

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

The Labor Market Information Services (LMIS) operating expenses reflect a continuation of normal operations but as the need for exposing Kansas students to Kansas careers, education and salary expectations

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

increases across all workforce areas, LMIS is in the process of creating a career hub website that will engage students early and often in career exploration and planning activities. 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 for the state of Kansas.

Specifically, LMIS can provide labor force statistics such as the unemployment rate and labor force participation rate; as well as the number of people employed and unemployed. LMIS can also provide employment and wages paid by industry and occupation, occupational employment trends, and identify occupations that will be in demand in the future that provide a good paying Kansas wage. LMIS also publishes local area labor market information in support of workforce and education.

LMIS also compiles special data requests for many customers, including businesses, economic developers, state and local government agencies, and researchers. LMIS compiles roughly 375 special data requests each year, with an average turnaround time one day for a typical data request.

Strategies for Objective:

1. Maintain lines of communication with other agency divisions 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 the 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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|--|------------------|------------------|------------------|------------------|
| Percent of requests processed within three days. | 95.6 | 97.5 | 95.0 | 95.0 |
| Percent of requests processed in more than three days. | 4.4 | 2.5 | 5.0 | 5.0 |
| Percent of requests submitted timely. | 100.0 | 100.0 | 100.0 | 100.0 |
| <u>OUTPUT MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
| Number of requests received. | 339 | 356 | 400 | 400 |

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|------------------------|--------------------|--------------------|--------------------|
| Salaries & Wages (net) | 1,133,024 | 1,232,662 | 1,246,890 |
| Contractual Services | 184,760 | 658,870 | 668,403 |
| Commodities | 8,276 | 8,767 | 9,292 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

| | | | |
|-----------------------------|---------|-----------|-----------|
| Capital Outlay | 12,133 | 12,646 | 13,405 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 184,556 | 1,421,823 | 1,433,648 |

The increase in salaries is due to the anticipation of filling one vacant position within the LMIS Division. Additionally, the increase in contractual services reflects project startup costs for a comprehensive data gathering and analysis of career paths, skills sets, and education requirements to produce pathways for unemployed individuals. This project will partner with the Department of Education as well as private organizations to develop helpful websites, questionnaires, and other resources for individuals within the workforce. All other expenses are expected to be stable and reflect normal operations. 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 2023 | SFY 2024 | SFY 2025 | SFY 2026 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Average weeks of duration | 10.0 | 11.0 | 12.6 | 12.8 |
| Number of exhaustions | 7,680 | 8,317 | 13,901 | 14,571 |

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. UI is also unique in that it is almost totally funded by employer taxes, either federal or state.

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 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.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

- 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 June 30, 2024, the Kansas unemployment trust balance available for benefits was \$1.4 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.

Three grants remain in effect from the pandemic funds as of June 30, 2024. These acts provided funding for pandemic administrative winddown operations and anti-fraud initiatives with period of performance extensions through December 31, 2024. These programs are primarily focused on detection, mitigation, and prevention of fraud. The unemployment appeals division continues to receive appeals for the Pandemic Unemployment Assistance Program (PUA) program, therefore, an extension of the period of performance for this grant was requested and approved through December 31, 2024.

Below is the available funding for each program to Kansas as of June 30, 2024.

Pandemic Unemployment Administration Grant Awards:

| Description | 2023 | 2024 |
|--|-------------|-------------|
| Pandemic Unemployment Assistance (PUA) Above base remaining funding | \$504,749 | |
| Federal Pandemic Unemployment Compensation (FPUC) Change 4 | \$930,025 | |
| Pandemic Emergency Unemployment Compensation (PEUC) Change 4 | \$135,377 | |
| Pandemic Unemployment Assistance (PUA) Change 4 | \$1,001,197 | |
| UI Integrity | | \$1,193,054 |

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:

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|---|--------------|--------------|--------------|--------------|
| Percent of intrastate claimants to be issued first payments within 14 days. | 68.0 | 76.28 | 88.0 | 90.0 |
| Percent of intrastate non-separation nonmonetary determinations issued within 21 days from the date that benefit eligibility issues are first detected. | 82.0 | 83.39 | 89.0 | 91.0 |

| <u>OUTPUT MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|---|--------------|--------------|--------------|--------------|
| Number of initial claims filed for benefits. | 66,809 | 72,826 | 103,491 | 105,926 |
| Number of weeks claimed filed for benefits. | 339,588 | 381,479 | 598,551 | 626,271 |
| Number of weekly claims filed via telephone utilizing the voice response system and via the internet. | 305,629 | 343,331 | 538,696 | 563,644 |

*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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|---|--------------|--------------|--------------|--------------|
| Percent of checks deposited within three days of receipt. | 100.0 | 100.0 | 100.0 | 100.0 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

| | | | | |
|---|------|------|------|------|
| Percent of all employers filing reports by the end of the quarter. | 93.3 | 94.2 | 93.3 | 94.0 |
| Percent of all employers audited within the year.* | 1.1 | 1.3 | 1.1 | 1.2 |
| Percent of determinations of employer liability made within 180 days. | 92.0 | 93.0 | 92.0 | 94.0 |

OUTPUT MEASURES:

| | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Number of tax audits conducted.* | 912 | 1,052 | 910 | 980 |
| Amount of employer contributions. | 290.5M | 230.2M | 145.8M | 118.3M |

* FY KDOL's transition to a modernization platform will delay audit production by one quarter, due to the learning curve associated with the new system and planned enhancements. Consequently, estimating KDOL to be consistent with FY 2023.

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*:

OUTCOME MEASURES:

| | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|--|--------------|--------------|--------------|--------------|
| Percent of nonmonetary determinations passing quality standards. | 70.0 | 70.0 | 75.0 | 75.0 |
| Percent of lower authority appeals that pass quality standards. | 90.0 | 95.0 | 90.0 | 95.0 |
| Average age in days of pending lower authority appeals. | 75.0 | 43.2 | 50.0 | 35.0 |

OUTPUT MEASURES:

| | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|---|--------------|--------------|--------------|--------------|
| Number of nonmonetary determinations processed. | 52,401 | 62,557 | 72,396 | 72,835 |
| Number of appeals decided. | 7,907 | 7,447 | 10,372 | 10,517 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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

OBJECTIVE #4:

A comprehensive field audit program is vital to the unemployment insurance tax program. When combined with the Agency’s other activities the audit program provides an effective and essential means of ensuring employer compliance with the provisions of the Kansas Employment Security Law. The Unemployment Tax Audit program has the following strategies for Kansas to detect, investigate and prosecute misclassification of workers.

Strategies for Objective #4:

1. Ensure employer compliance with the taxing provisions of the law; proper reporting of employee-employer relationships
2. Promote employer knowledge and understanding of their requirements under the law
3. Maintain a mutually beneficial employer-Agency relationship.

Performance Measures for Objective # 4:

| <u>OUTCOME MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|--|--------------|--------------|--------------|--------------|
| Number of identified misclassified workers | 1,605 | 3,268 | 3,500 | 3,700 |
| Percent in change per audit investigated. | 4.8% | 7.3% | 7.5% | 8% |

| <u>OUTPUT MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Number of Employer Audit Appeals. | 8.0 | 13.0 | 20.0 | 20.0 |

**Number of Tax Audits Conducted, refer to Objective # 2.

*** In FY 24 KDOL UI Tax added 3 misclassified auditors who work targeted audits. Targeted audits are initiated based on tips received from other agencies, individuals or in a response to unemployment claims where no wages were reported. By assigning staff specifically to these types of audits, KDOL UI Tax has been able to manage the audit volume effectively and make necessary determinations timelier.

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 above.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

Records Management

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 562,521 | 594,910 | 602,881 |
| Contractual Services | 140,312 | 133,594 | 141,610 |
| Commodities | 1,472 | 1,710 | 1,812 |
| Capital Outlay | 2,791 | 1,802 | 1,910 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 79,064 | 84,946 |

Expenses for records management reflect normal operations. The decrease in contractual services is primarily due to shifting expenses from the grant to state general funds received for ongoing maintenance of technology systems within the unemployment division. Non-Expense items is a result of charging the UI grant for indirect costs.

UI Division Directors

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages | 408,778 | 305,689 | 307,605 |
| Contractual Services | 306,532 | 230,311 | 241,130 |
| Commodities | 2,709 | 2,905 | 3,080 |
| Capital Outlay | 25,972 | 26,500 | 28,090 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 22 | 40,626 | 43,342 |

Continued restructuring decreased the salaries from SFY 2024 to SFY 2025 as a result of the continued changes in claims loads, and modernization efforts. The decrease in contractual services is primarily due to shifting expenses from the grant to state general funds received for ongoing maintenance of technology systems within the unemployment division. The increase in non-expense items is a result of charging the UI grant for indirect costs.

Unemployment Insurance

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 12,314,555 | 15,170,579 | 13,731,886 |
| Contractual Services | 5,028,084 | 3,405,818 | 3,609,126 |
| Commodities | 72,306 | 79,953 | 84,750 |
| Capital Outlay | 344,164 | 65,423 | 69,350 |
| Capital Improvements | 0 | 0 | 0 |
| Debt Service - Interest | 0 | 0 | 0 |
| Other Assistance | 138,956,323 | 193,764,895 | 180,528,031 |
| Non-Expense Items | 5,068,769 | 2,016,170 | 1,934,823 |

Salaries and wages are expected to increase during SFY 2025 due to the implementation and go-live dates of the unemployment modernized system. As the public and the agency learn and understand the new system, it is anticipated that less staff will be needed in future years. The SFY 2026 budget reflects this decrease in staffing.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

Contractual services decrease due to shifting expenses for software maintenance and other IT costs from the unemployment grant to state general funds received for ongoing maintenance. Capital outlay is expected to decrease after implementation of the modernized system. Unemployment benefit payments are predicted to increase in SFY 2025 and decrease slightly in SFY 2026. The decrease in non-expense items is a result of decrease in indirect cost charges to the unemployment administration grant.



Labor Market Information Services
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Date: August 21, 2024
 To: Dawn Palmberg
 Chief Financial Officer
 From: Angela White
 Labor Market Information Services
 Subject: FFY 2025 Workloads

The following information has been provided per your request for FFY 2025 estimated workload levels.

Kansas Unemployment Insurance ^{1/}

| | FFY 2025 Total | 4th Qtr. 2024 | 1st Qtr. 2025 | 2nd Qtr. 2025 | 3rd Qtr. 2025 |
|----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| Initial Claims | 103,824 | 25,827 | 25,965 | 25,967 | 26,065 |
| Weeks Claimed | 602,337 | 149,121 | 150,684 | 150,706 | 151,826 |
| Nonmonetary Determinations | 72,487 | 18,091 | 18,116 | 18,116 | 18,164 |
| Appeals Dispositions | 10,390 | 2,590 | 2,598 | 2,598 | 2,604 |

Pandemic Unemployment Assistance (PUA)

| | FFY 2025 Total | 4th Qtr. 2024 | 1st Qtr. 2025 | 2nd Qtr. 2025 | 3rd Qtr. 2025 |
|-----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| 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 |

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

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

| | FFY 2025 Total | 4th Qtr. 2024 | 1st Qtr. 2025 | 2nd Qtr. 2025 | 3rd Qtr. 2025 |
|----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| 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 2025 Total | 4th Qtr. 2024 | 1st Qtr. 2025 | 2nd Qtr. 2025 | 3rd Qtr. 2025 |
|----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| 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 2024 |
|----------------------------------|----------|
| Initial Claims | 72,826 |
| Weeks Claimed | 381,479 |
| Nonmonetary Determinations | 62,557 |
| Appeals Dispositions | 7,447 |

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

KANSAS CLAIMS WORKLOAD PROJECTIONS
All Programs ^{1/}

| Regular Benefits | SFY 2023 | SFY 2024 | SFY 2025* | SFY 2026* |
|----------------------------------|----------|----------|-----------|-----------|
| Initial Claims | 66,809 | 72,826 | 103,491 | 105,926 |
| Weeks Claimed | 339,588 | 381,479 | 598,551 | 626,271 |
| Nonmonetary Determinations | 52,401 | 62,557 | 72,396 | 72,835 |
| Appeals Dispositions | 7,907 | 7,447 | 10,372 | 10,517 |

*Projected data

Projections for SFY 2025 are based on an estimated average employment of 1,458,481 and an estimated unemployment rate of 3.4 percent. Projections for SFY 2026 are based on an estimated average employment of 1,460,634 and an estimated unemployment rate of 3.4 percent.

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

KANSAS ESTIMATED ALLOWANCE PAYMENTS
IN SELECTED PROGRAMS

| Item | SFY 2022 | SFY 2023 | SFY 2024 | SFY 2025* | SFY 2026* |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Unemployment Insurance Payments | \$155,673,062 | \$112,854,906 | \$134,514,666 | \$168,926,668 | \$176,846,489 |
| State | \$158,170,621 | \$99,483,372 | \$119,994,842 | \$167,667,256 | \$175,528,031 |
| UCFE | \$1,164,865 | \$580,867 | \$629,508 | \$792,954 | \$830,131 |
| UCX | \$505,643 | \$351,515 | \$433,914 | \$466,458 | \$488,327 |
| Employer Contributions..... | \$332,316,521 | \$290,493,762 | \$230,205,283 | \$145,789,905 | \$118,263,881 |

KANSAS ESTIMATED ALLOWANCE PAYMENTS
IN SELECTED PROGRAMS

| Item | SFY 2022 | SFY 2023 | SFY 2024 | SFY 2025* | SFY 2026* |
|-----------|---------------|-------------|-------------|-----------|-----------|
| PEUC..... | \$67,784,386 | \$1,965,111 | \$698,591 | \$6,553 | \$0 |
| EB..... | \$502,772 | \$59,586 | \$11,237 | \$0 | \$0 |
| PUA..... | \$15,203,014 | \$3,702,193 | \$1,133,095 | \$133,746 | \$0 |
| FAC..... | \$0 | \$0 | \$0 | \$0 | \$0 |
| FPUC..... | \$114,436,710 | \$7,390,708 | \$2,307,688 | \$312,000 | \$0 |
| LWAP..... | -\$701,615 | -\$73,526 | -\$21,137 | \$0 | \$0 |
| MEUC..... | \$126,300 | \$10,544 | \$0 | \$0 | \$0 |

KANSAS CLAIMS WORKLOAD PROJECTIONS
 Pandemic Unemployment Assistance (PUA)

| <u>PUA Benefits</u> | <u>SFY 2023</u> | <u>SFY 2024</u> | <u>SFY 2025*</u> | <u>SFY 2026*</u> |
|------------------------------------|-----------------|-----------------|------------------|------------------|
| Initial Claims | 1 | 1 | 0 | 0 |
| Weeks Claimed | 29,063 | 5,628 | 500 | 0 |
| Nonmonetary Determinations** | 0 | 0 | 0 | 0 |
| Appeals Dispositions | 15,508 | 4,878 | 30 | 0 |

*Projected data

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

| <u>PEUC Benefits</u> | <u>SFY 2023</u> | <u>SFY 2024</u> | <u>SFY 2025*</u> | <u>SFY 2026*</u> |
|----------------------------------|-----------------|-----------------|------------------|------------------|
| Initial Claims | 78 | 10 | 0 | 0 |
| Weeks Claimed | 2,473 | 262 | 20 | 0 |
| Nonmonetary Determinations | 4 | 1 | 0 | 0 |
| Appeals Dispositions | 136 | 11 | 3 | 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 2023</u> | <u>SFY 2024</u> | <u>SFY 2025*</u> | <u>SFY 2026*</u> |
|----------------------------------|-----------------|-----------------|------------------|------------------|
| Initial Claims | 0 | 0 | 0 | 0 |
| Weeks Claimed | 40 | 3 | 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 2025 - 2026

| | State Fiscal Year | | | | |
|---------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | SFY 2022 | SFY 2023 | SFY 2024 | SFY 2025* | SFY 2026* |
| Trust Fund Balance** | \$969,922,562 | \$1,299,464,339 | \$1,443,447,406 | \$1,437,227,973 | \$1,416,109,836 |
| Contributions | \$332,316,521 | \$290,493,762 | \$230,205,283 | \$145,789,905 | \$118,263,881 |
| Average Weeks of Duration | 13.9 | 10.0 | 11.0 | 12.6 | 12.8 |
| Number of Exhaustions | 10,867 | 7,680 | 8,317 | 13,901 | 14,571 |

*Projected data

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

State Fiscal Years 2022 - 2026

| | Actual | | | Projected | |
|----------------------------------|-----------|-----------|------------|-----------|-----------|
| | SFY 2022 | SFY 2023 | SFY 2024 | SFY 2025* | SFY 2026* |
| Civilian Labor Force (thousands) | 1,499,066 | 1,508,542 | 1,508,006 | 1,509,190 | 1,512,483 |
| Employment | 1,457,915 | 1,467,415 | 1,467,412 | 1,458,481 | 1,460,634 |
| Unemployment | 41,152 | 41,126 | 40,594 | 50,710 | 51,849 |
| Rate (Percent) | 2.7% | 2.7% | 2.7% | 3.4% | 3.4% |
| Covered Employment (thousands) | 1,345,449 | 1,382,074 | 1,396,145* | 1,412,652 | 1,421,657 |
| Insured Unemployment | | | | | |
| Weekly Average | 9,137 | 6,531 | 7,336 | 11,511 | 12,044 |
| Rate (Percent) | 0.5 | 0.3 | 0.4 | 0.8 | 0.8 |
| Separation Rate (Percent) | 0.6 | 0.4 | 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) 2025, and 2026. The state fiscal year runs from July to June, for example the 2024 SFY starts July 2023 and ends June 2024. 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

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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, five 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 2024, 354 safety and health consultations were conducted for businesses in Kansas, identifying 1,580 serious, and 492 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, 748 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 146 active SHARP sites, with 5 new sites awaiting approval. 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 2024, 242 public and state organizations were inspected covering 1,073 locations and yielding 2,103 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 2024, 559 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 2024, the amusement ride unit conducted 84 compliance audits of amusement ride entities operating in Kansas while also issuing 1,554 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

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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 regarding 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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|---|--------------|--------------|--------------|--------------|
| Number of Consultations Performed Under the Federal Contract. | 292 | 354 | 300 | 300 |
| Number of Serious or Imminent Hazards Identified (Federal). | 1,532 | 1,580 | 1,200 | 1,200 |
| Number of Educational Seminars, Program Assistance & Presentations Performed. | 72 | 48 | 50 | 50 |

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 authority of K.S.A. 44-636 and pursuant to the partnership with the Department of Health and Environment's State Self-Insurance Fund.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

Strategies for Objective #2:

1. To maintain an effective compliance inspection program in public sector employment.
2. To provide public sector employers 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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY26</u> |
|---|--------------|--------------|--------------|-------------|
| Percent of Planned Inspections Completed. | 100 | 100 | 100 | 100 |
| Percent of Total Visits that are for Training and Assistance. | 2 | 2 | 1 | 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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|--|--------------|--------------|--------------|--------------|
| Number of Public Sector Inspections Made. | 293 | 242 | 300 | 300 |
| Number of Worksites Inspected. | 1,552 | 1,073 | 1,750 | 1,750 |
| Number of Hazards Identified. | 2,934 | 2,103 | 5,000 | 5000 |
| Number of Employees Subjected to Identified Hazards. | 34,591 | 18,360 | 30,000 | 30,000 |
| Number of Investigations of Serious or Fatal Injuries. | 1 | 1 | 0 | 0 |

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:

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|--|------------------|------------------|------------------|------------------|
| Percent of Policies Reviewed with Proper Notice. | 79 | 79 | 80 | 80 |
| Percent of Policyholders Listed Aware of Services. | 81 | 79 | 70 | 70 |
| <u>OUTPUT MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
| Number of Employer Job Sites Visited. | 1,805 | 1,388 | 1,500 | 1,500 |
| Number of Hazards Identified at Employer Sites. * | 4,175 | 3,056 | 3,000 | 3,000 |
| Number of Employees Exposed at Job Sites. | 38,707 | 31,029 | 40,000 | 40,000 |

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 assure 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:

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

OUTCOME MEASURES:

| | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</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 |

OUTPUT MEASURES:

| | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|---|--------------|--------------|--------------|--------------|
| Number of Projected Registered Amusement Ride Owners. | 129 | 177 | 125 | 125 |
| Number of Projected Permits Issued. | 1,406 | 1,554 | 1,400 | 1,400 |
| Number of Project Audits Conducted. | 131 | 184 | 130 | 130 |

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 1,385,379 | 1,566,168 | 1,582,270 |
| Contractual Services | 421,787 | 469,335 | 497,495 |
| Commodities | 12,570 | 11,402 | 12,086 |
| Capital Outlay | 2,799 | 302,184 | 130,315 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 237,735 | 171,897 | 184,228 |

The ISH Division currently has three vacant positions and anticipates filling these positions during SFY 2025. This is the reason for the increase in salaries between SFY 2024 and SFY 2025. Contractual services and capital outlay are expected to increase due continued improvements to software applications for the amusement ride program and accident prevention within this division. Commodities is expected to remain stable. Non-Expense items is comprised of indirect charges to the various programs within ISH.

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:

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

The Division of Workers Compensation has offices in Topeka, Wichita, Lenexa, Salina and Garden City

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 to better support the OSCAR system. Both systems work together 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.

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.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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:

| OUTPUT MEASURES | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|---|---------|---------|---------|---------|---------|
| 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). | 1134 | 1061 | 1088 | 1088 | 1088 |
| Number of preliminary hearings held during the fiscal year. | 194 | 1086 | 929 | 929 | 929 |
| Number of regular hearings held during the fiscal year. | 374 | 328 | 303 | 303 | 303 |
| Number of appeals filed in the fiscal year. | 151 | 137 | 116 | 116 | 116 |
| Number of pre-hearing settlement conferences held during the fiscal year. | 1769 | 1792 | 1802 | 1802 | 1802 |

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 ensuring 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.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

Performance Measures for Objective # 2:

| <u>OUTPUT MEASURES</u> | <u>FY 2022</u> | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY</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 | 54 | 54 | 54 |
| Number of cases investigated for fraudulent or abusive acts that closed within the fiscal year. | 699 | 435 | 344 | 344 | 344 |
| Number of employers contacted about missing workers compensation insurance coverage during the fiscal year. | 451 | 317 | 337 | 337 | 337 |

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.
Provide efficient document processing required by the Workers Compensation Act.

Performance Measures for Objective # 3:

| <u>OUTPUT MEASURES</u> | <u>FY 2022</u> | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY 2026</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Number of accident reports processed electronically during the fiscal year. | 47590 | 46648 | 48993 | 48993 | 48993 |
| Average number of days to respond to information requests that are received during the fiscal year. | 1 | 1 | 1 | 1 | 1 |
| Number of information requests received during the fiscal year. | 27574 | 22173 | 17044 | 17044 | 17044 |
| Average number of days to process election options that are received during the fiscal year. | 11 | 7 | 5 | 5 | 5 |

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.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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 2022</u> | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY 2026</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Number of individual self-insurance permits at the end of the fiscal year. | 90 | 81 | 34 | 34 | 34 |
| Number of assessments generated from paid loss reports that were paid late in the fiscal year. | 81 | 52 | 90 | - | - |

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 all concerned parties.
5. Provide training and workshops to interested parties.

Performance Measures for Objective # 5:

| <u>OUTPUT MEASURES</u> | <u>FY 2022</u> | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY 2026</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 | 1 |
| Number of logged contacts with individuals needing assistance with workers compensation issues during the fiscal year. | 1074 | 715 | 355 | 355 | 355 |
| Number of participants attending presentations by Ombudsman unit for presentations given during the fiscal year. | 430 | 311 | 71 | 71 | 71 |

OBJECTIVE # 6:

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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 2022</u> | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY 2026</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Total number of attendees at the Workers Compensation Seminar. | 245 | 250 | 310 | 310 | 310 |
| Total number of attendees at the seminar who received legal continuing education credits. | 184 | 178 | 167 | 167 | 167 |
| Total number of attendees at the seminar who received nursing continuing education credits. | 29 | 33 | 68 | 68 | 68 |
| Total number of attendees at the seminar who received case manager continuing education credits. | 33 | 23 | 75 | 75 | 75 |
| Total number of exhibitors at the Workers Compensation seminar (* denotes year seminar was held remotely). | 0* | 0* | 71 | 71 | 71 |

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 Workers Compensation Act again underwent a significant overhaul in 2024. The Kansas National Guard will now be entitled to benefits under the Act for injuries occurring on or after July 1, 2024.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

Language was added to clarify that a reduction in an award for permanent partial, work disability or permanent total disability for preexisting impairment, would only be for preexisting impairment to the same physical structure as the body part injured. In addition, the Social Security offset was reduced from 100% to 50% and does not apply to temporary total or temporary partial benefits. Offsets for other pension or retirement benefits also will not apply to temporary total or temporary partial benefits.

The caps on maximum benefit amounts for all benefits, including death benefits, were increased substantially and COLA language was added to adjust the caps starting in 2027. There was a threshold requirement added for permanent total disability, requiring a claimant The allowance for unauthorized medical was increased and reimbursement for medical exams now includes reasonable expense for overnight accommodations as needed.

There were several procedural changes included in the 2024 amendments, including the procedure for post award medical which must now proceed under 44-510k and not under the preliminary hearing statute. The changes also included a change in the claimant’s burden to prove the need for future medical. If the claimant had an invasive or surgical procedure, or if one is anticipated, the burden is more probably true than not. If no invasive or surgical procedure, the claimant must prove the need for future medical by clear and convincing evidence.

In determining the claimant’s average weekly wage, the term ‘money’, in K.S.A. 44-511(a)(1), shall include sick, vacation or other paid time off, which wasn’t the case previously. Also, the first week of pay shall not be included in the calculation as the first week was often not a full week of pay depending on the start date. There are now requirements under the preliminary hearing statute for the parties to exchange medical records 20 days prior to the hearing without charge or costs to each other. The exchange of medical records also applies to regular hearings and is required 30 days before the hearing date. There was a procedure established to have medical reports admitted into evidence at a regular hearing without foundation testimony of the provider, which was not an option before. A provision was also added to the Act to allow for a Settlement Award by Written Stipulation in docketed cases if the claimant is over 18 and represented by counsel.

In other changes, the 2024 amendments included changing the time for an employee to give notice of an accident. The Kansas Workers Compensation Fund will now be allowed to implead a principal employer as a party to the proceedings when the Fund has been made a party due to the primary employer not having insurance and/or being insolvent. This will help prevent the Fund from having to pay and pursue a principal employer in district court.

In bringing the Act up to more current times and technology, there were changes that allow the payment of temporary total or partial benefits by EFT or use of a payment card if agreed to by the parties. 552 was amended to allow for hearings to be recorded and transcribed to help address the shortage of court reporters in some parts of the state. The changes also allow the judges to tax court reporter’s fees as cost if a fee is incurred and no record is taken.

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Salaries & Wages (net) | 6,211,133 | 6,925,542 | 7,123,645 |
| Contractual Services | 2,109,580 | 2,646,088 | 2,400,509 |
| Commodities | 14,570 | 18,400 | 19,170 |
| Capital Outlay | 98,704 | 500,000 | 400,000 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

| | | | |
|--------------------------|-----------|---------|-----------|
| Non-Expense Items | 1,107,024 | 925,405 | 1,008,722 |
|--------------------------|-----------|---------|-----------|

The increase in salaries and wages is due to the salary alignment of work comp judges being with federal judge pay plans. This change takes effect January 1, 2025. The increase in contractual services is primarily due to the increased costs for information technology. The increase in capital outlay is due to a need for updated hardware and software for scanning court documents, court reporting transcription, and an upgrade to the OSCAR court system. These updates will occur in SFY 2025 and SFY 2026. All other expenses reflect normal operations.

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 2024, Labor Relations coordinated all impasses (12), prohibited practice complaints (3) and representation elections (3). 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:

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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.

Performance Measures for Objective #1:

| <u>OUTCOME MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|---|--------------|--------------|--------------|--------------|
| Number of unit determination, certification and representation cases processed. | 4 | 5 | 6 | 6 |
| Number of unit certification and representation elections conducted. | 4 | 3 | 5 | 5 |

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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</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 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

| <u>OUTPUT MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|------------------------------------|--------------|--------------|--------------|--------------|
| Number of impasse cases processed. | 12 | 12 | 10 | 10 |

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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|---|--------------|--------------|--------------|--------------|
| Number of prohibited practice cases processed. | 4 | 3 | 5 | 5 |
| Number of prohibited practices requiring KDOL to hear cases under appeal. | 0 | 0 | 1 | 1 |

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.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

In Fiscal Year 2024, the agency returned \$958,705 dollars of earned wages to employees working in the State of Kansas. Employment Standards received 774 and closed 640 cases during the fiscal year.

In addition, Employment Standards addresses hundreds of inquiries on a weekly basis that 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. The agency requests 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 work force 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 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.
- 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 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Number of regular wage claims filed. | 790 | 774 | 725 | 705 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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|---|---------|---------|---------|---------|
| Number of claims for minimum wage/overtime filed. | 5 | 4 | 5 | 5 |
| Total dollar amount of wages collected. | 769,142 | 958,705 | 700,000 | 750,000 |
| Total dollar amount of minimum wage/overtime wages collected. | 600 | 500 | 600 | 500 |

OUTPUT MEASURES:

| | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|--|--------------|--------------|--------------|--------------|
| Number of claims served. | 775 | 719 | 675 | 700 |
| Number of claims closed. | 725 | 640 | 625 | 600 |
| Number of hearings set. | 140 | 109 | 115 | 110 |
| Number of hearings held. | 123 | 98 | 100 | 97 |
| Number of claims for minimum wage/overtime investigated and decisions rendered within 90 days. | 8 | 4 | 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 workplace.

Performance Measures for Objective #2:

OUTCOME MEASURES:

| | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> |
|--|--------------|--------------|--------------|--------------|
| Percent of child labor complaints investigated within five days. | 100 | 100 | 100 | 100 |

OUTPUT MEASURES:

| | <u>FY 22</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</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 | 8 | 8 | 8 | 8 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

five days of receipt.

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.
2. Increase training to streamline investigative approach.

Performance Measures for Objective #3:

| <u>OUTCOME MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</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.* | 3 | 2 | 1 | 1 |

| <u>OUTPUT MEASURES:</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</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.** | 6 | 7 | 8 | 8 |

* 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.

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

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.

Labor Relations and Employment Standards

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|----------------------|--------------------|--------------------|--------------------|
| Salaries & Wages | 260,344 | 271,452 | 274,049 |
| Contractual Services | 24,089 | 26,670 | 28,005 |
| Commodities | 1,428 | 1,650 | 1,733 |
| Capital Outlay | 832 | 660 | 693 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 50,522 | 35,000 | 35,000 |

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

OFF BUDGET FUNDS:

The off-budget funds budget is made up of three programs within KDOL: New Hire Crossmatch Program; 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 divisions within KDOL.

The New Hire Crossmatch program is funded by the Department of Children and Families (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 division within KDOL.

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|----------------------|--------------------|--------------------|--------------------|
| Salaries & Wages | 51,328 | 52,787 | 53,494 |
| Contractual Services | 13,975 | 15,322 | 16,242 |
| Commodities | 130 | 144 | 169 |
| Capital Outlay | 223 | 159 | 169 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 9,223 | 7,016 | 7,537 |

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

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

training on safety in the workplace for State of Kansas employees. This program is carried out by the Industrial Safety and Health Division (ISH) within KDOL.

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|----------------------|--------------------|--------------------|--------------------|
| Salaries & Wages | 94,900 | 127,831 | 129,301 |
| Contractual Services | 31,450 | 35,819 | 37,968 |
| Commodities | 902 | 636 | 674 |
| Capital Outlay | 182 | 159 | 169 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 16,635 | 16,989 | 18,219 |

The increase in salaries is due to a standardized calculation rather than actual time spent on this program. The employees that work on this program work on other programs within the ISH Division. The increase in contractual services is due to projected increases in travel costs. No other substantial increases are expected for this program.

The Motor Pool program is funded by the various divisions within KDOL for the use of agency vehicles. Divisions 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 twenty-nine vehicles.

SFY 2025 Vehicle Replacements

- Vehicle 17157 is a 2016 Ford Fusion with 144,475 miles as of June 30, 2024. This vehicle is used by Industrial Safety and Health and is located in Garden City with average mileage of 1,891 miles per month. The agency has spent \$5,478.17 in repairs, including regularly scheduled maintenance charges over the life of this vehicle.
- Vehicle 17107 is a Chevy Impala with 142,388 miles as of June 30, 2024. This vehicle is used by Industrial Safety and Health and is located in Osawatomie with average mileage of 1,259 miles per month. The agency has spent \$5,730.94 in repairs, including regularly scheduled maintenance charges over the life of this vehicle.
- Vehicle 12687 is a 2008 Chevy Impala with 140,999 miles as of June 30, 2024. This vehicle is used by Industrial Safety and Health and is located in Topeka with average mileage of 232 miles per month. The agency has spent \$12,052.80 in repairs, including regularly scheduled maintenance charges over the life of this vehicle.

SFY 2026 Vehicle Replacements

- Vehicle 12682 is a 2008 Chevy Impala with 118,426 miles as of June 30, 2024. This vehicle is used by Unemployment Tax and is located in Lenexa with average mileage of 120 miles per month.
- Vehicle 16621 is a 2014 Chevy Impala with 117,002 miles as of June 30, 2024. This vehicle is used by Industrial Safety and Health and is located in Topeka with average mileage of 652 miles per month.

The agency has spent \$11,062.95 in repairs including regularly scheduled maintenance charges over the life of these two vehicles.

| Description | SFY 2024 Actual | SFY 2025 Budget | SFY 2026 Budget |
|----------------------|--------------------|--------------------|--------------------|
| Salaries & Wages | 0 | 0 | 0 |
| Contractual Services | 35,584 | 38,372 | 40,675 |

Narrative Information ---- DA-400

Division of the Budget

Agency: Kansas Department of Labor

State of Kansas

| | | | |
|-----------------------------|--------|--------|--------|
| Commodities | 42,792 | 43,142 | 45,730 |
| Capital Outlay | 0 | 60,000 | 40,000 |
| Capital Improvements | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Non-Expense Items | 0 | 0 | 0 |

CAPITAL IMPROVEMENT PROJECTS: Priority Ranking per PBB - 6

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 \$485,933 including an increase to match reappropriated SGF in the amount of \$26,086 from Workers Compensation funds and \$728,899 from State General Funds. Projects included in SFY 2025 include replacement of entry doors at 401 SW Topeka Blvd and 1309 SW Topeka Blvd locations; replacement of AC units and VAV boxes at 401 SW Topeka Blvd; and reconfiguration of the first floor at 401 SW Topeka Blvd.

Supplemental Request SFY 2025:

An enhancement request in the amount of \$445,168 is being requested due to estimates for the replacement of the AC units and VAV boxes at 401 SW Topeka Blvd. The agency estimated \$550,000 for the cost of this project, however, after meeting with the engineers, this is a much larger project than anticipated. The total cost of this project is estimated to cost \$1,000,000. The enhancement is requested at \$178,067 from workers compensation fee fund and \$267,101 from state general funds.

SFY 2026

In SFY 2026, The Kansas Department of Labor budgeted \$100,000 of Worker's Compensation funds and \$150,000 of State General Funds for general rehabilitation and repair of agency owned buildings. Additionally, the Department budgeted \$464,000 from Workers Compensation funds and \$696,000 from State General Funds for projects which include sealing and/or overlaying three parking lot locations; replacement of engineered air handlers and VAV boxes at 1309 SW Topeka Blvd; and the purchase of land adjacent to our Eastman building to provide additional parking for staff.