

# KANSAS DEPARTMENT OF LABOR

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
<b>Operating Expenditures:</b>					
State General Fund	\$ 962,604	\$ 1,445,722	\$ 1,445,565	\$ 1,451,318	\$ 1,306,186
Other Funds	1,348,457,863	713,110,762	743,110,762	450,978,654	451,123,786
<i>Subtotal</i>	<i>\$ 1,349,420,467</i>	<i>\$ 714,556,484</i>	<i>\$ 744,556,327</i>	<i>\$ 452,429,972</i>	<i>\$ 452,429,972</i>
<b>Capital Improvements:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	988,717	1,595,000	1,595,000	1,295,000	1,295,000
<i>Subtotal</i>	<i>\$ 988,717</i>	<i>\$ 1,595,000</i>	<i>\$ 1,595,000</i>	<i>\$ 1,295,000</i>	<i>\$ 1,295,000</i>
<b>TOTAL</b>	<b><u>\$ 1,350,409,184</u></b>	<b><u>\$ 716,151,484</u></b>	<b><u>\$ 746,151,327</u></b>	<b><u>\$ 453,724,972</u></b>	<b><u>\$ 453,724,972</u></b>
<b>Percentage Change:</b>					
Operating Expenditures					
State General Fund	70.9 %	50.2 %	50.2 %	0.4 %	(9.6) %
All Funds	691.6	(47.0)	(44.8)	(36.7)	(39.2)
FTE Positions	386.4	506.1	506.1	506.1	506.1

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

## AGENCY OVERVIEW

The Kansas Department of Labor's (KDOL) mission is to provide workers and employers with information and services that are accurate and timely, efficient and effective, and fair and impartial. The Department has six programs to assist with the agency's mission: Administration and Support Services, Labor Market Information Services, Unemployment Insurance (UI) Services, Industrial Safety and Health, Workers Compensation, and Labor Relations and Employment Standards. The agency also operates several off-budget programs that are funded by moneys expended at other state agencies or expenses charged to other programs within KDOL. These include the New Hire Cross-match Program (funded by the Department for Children and Families), the Workplace Safety Program (funded by the Kansas Department of Health and Environment), and the Motor Pool Program (expenses are charged to other KDOL programs).

## MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** transferred \$800,000 from the Workmen's Compensation Fund to the State General Fund (SGF) and deleted \$11,712 from SGF.

The **2011 Legislature** deleted \$77,400, all from special revenue funds, to remove funding for the roof replacement project at 417 SW Jackson Street in Topeka. The Governor recommended and the Legislature approved deleting 53.0 vacant FTE positions from the fiscal year (FY) 2011 approved number of 552.0 positions, leaving 499.0 FTE positions for FY 2012.

The **2011 Legislature** also passed SB 77, which revised provisions of the unemployment security laws pertaining to loan interest payments, the taxable wage base, and the extension of tax rate caps on positive balance employers, as well as the number of rate groups for negative balance employer and benefits. The law authorized the creation of the Employment Security Interest Assessment Fund to pay interest owed to the U.S. Department of Labor for advances received by the Kansas Employment Security Trust Fund.

The **2012 Legislature** added \$41,865, all SGF, to restore funding for salaries and wages the Governor deleted as part of the Voluntary Retirement Incentive Program for FY 2013. This amount was offset with a reduction of \$22,534 from the Workmen's Compensation Fee Fund and \$19,331 from the Employment Security Administration Fund for FY 2013.

The **2013 Legislature** transferred \$300,000 and \$200,000 from the Federal Indirect Cost Offset Fund to the SGF for FY 2014 and FY 2015, respectively. The Legislature also deleted \$592,913, including \$3,031 SGF, to reflect reduced funding for salaries and wages for FY 2014. The Legislature similarly deleted \$601,960, including \$3,077 SGF, to reflect reduced funding for salaries and wages for FY 2015.

The **2013 Legislature** also passed SB 135, which transferred the boiler inspection duties from the Department of Labor to the State Fire Marshal.

The **2014 Legislature** added \$111,141, including \$598 SGF, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013. The Legislature also deleted 40.0 vacant FTE positions and 10.0 vacant non-FTE positions in FY 2014 and for FY 2015.

The **2015 Legislature** passed SB 154, which revised provisions of the Employment Security Law pertaining to the calculation of weekly benefits and the assessment of employer contributions and may affect revenue into and expenditures from the Employment Security Administration Fund.

The **2016 Legislature** added \$15.9 million, all from special revenue funds, for increased projected unemployment insurance benefit payments and additional grant funding from the U.S. Department of Labor for information technology projects, partially offset by a reduction in wages for the Unemployment Insurance and Workers Compensation programs resulting from workload reductions and unfilled vacancies in FY 2016.

The **2017 Legislature** added \$311,924, including \$267,399 SGF, and 3.0 non-FTE positions for the implementation of 2017 House Sub. for SB 86 concerning the Amusement Ride Safety Act. The Legislature added language to appropriate the Amusement Ride Safety Fund as a no limit fund and for a new SGF account to delineate funds intended for implementation of the law in FY 2018.

The **2017 Legislature** also added \$443,389, including \$3,858 SGF, for FY 2018 and FY 2019 for salary increases pursuant to the state employee pay plan authorized by the 2017 Legislature.

The **2018 Legislature** added \$339,545, including \$5,829 SGF, for salary increases pursuant to the state employee pay plan authorized by the 2018 Legislature.

The **2019 Legislature** added \$388,665, all SGF, for information technology modernization for FY 2020. The Legislature also added \$627,162, including \$10,721 SGF, for salary increases pursuant to the FY 2020 state employee pay plan authorized by the 2019 Legislature.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2021 – Current Year.** The agency estimates revised FY 2021 total expenditures of \$716.2 million, including \$1.4 million from the State General Fund (SGF). This is an increase of \$512.1 million, or 250.9 percent, all from special revenue funds, above the FY 2021 approved amount.

The agency estimates revised FY 2021 capital improvement expenditures of \$1.6 million, all from special revenue funds. This is an increase of \$460,000, or 40.5 percent, above the FY 2021 approved amount. This increase is entirely due to the agency's supplemental request for capital improvement projects. These projects include a roof replacement at 401 SW Topeka, adjusted costs for the first floor remodel at 2650 E. Circle Dr. South, masonry work at 2650 East Circle Dr. South, and a barrier for the front desk at 401 SW Topeka.

The agency estimates revised FY 2021 operating expenditures of \$714.6 million, including \$1.4 million SGF. This is an increase of \$511.6 million, or 252.1 percent, all from special revenue funds, above the FY 2021 approved amount. The increase is primarily due to increased expenditures on salaries and wages, contractual services, and other assistance. The revised estimate includes 506.1 FTE positions, which is an increase of 119.7 positions above the FY 2021 approved number. This increase is due to additional staffing in response to the COVID-19 pandemic and increased unemployment insurance program activity.

The **Governor** recommends total FY 2021 expenditures of \$746.2 million, including \$1.4 million SGF. This is an all funds increase of \$30.0 million, or 4.2 percent, and an SGF decrease of \$157, or less than 0.1 percent, from the agency's FY 2021 revised estimate.

The Governor recommends FY 2021 capital improvements expenditures of \$1.6 million, all from special revenue funds. This is the same as the agency's FY 2021 revised capital improvements estimate.

The Governor recommends FY 2021 operating expenditures of \$746.2 million, including \$1.4 million SGF. This is an all funds increase of \$30.0 million, or 4.2 percent, and an SGF decrease of \$157, or less than 0.1 percent, from the agency's FY 2021 revised estimate. The SGF decrease is due to lapsing moneys reappropriated from FY 2020 into FY 2021. The all funds increase is caused by the Governor including the \$30.0 million transfer from the Coronavirus Relief Fund recommended by the SPARK Taskforce and approved by the State Finance Council. This transfer was approved after the agency submitted its budget and therefore was not included in the agency's revised estimate.

**FY 2022 – Budget Year.** The agency requests FY 2022 total expenditures of \$453.7 million, including \$1.5 million SGF. This is an all funds decrease of \$262.4 million, or 36.6 percent, and an SGF increase of \$5,596, or 0.4 percent, from the FY 2021 revised estimate.

The agency requests FY 2022 capital improvement expenditures of \$1.3 million, all from special revenue funds. This is an all funds decrease of \$300,000, or 18.8 percent, below the FY 2021 revised estimate. This decrease is due to the completion of the first floor renovation at 2650 E. Circle Dr. South and the completion of the roof replacement at 401 SW Topeka, partially offset by the boiler replacement at 401 SW Topeka and an increase in debt service.

The agency requests FY 2022 operating expenditures of \$452.4 million, including \$1.5 million SGF. This is an all funds decrease of \$262.1 million, or 36.7 percent, and an SGF increase of \$5,596, or 0.4 percent, from the FY 2021 revised estimate. The SGF increase is primarily due to increased employer contributions to the Kansas Public Employees Retirement System (KPERs) and group health insurance. The all funds decrease is primarily due to decreased benefits payments from the Unemployment Insurance Trust Fund.

The **Governor** recommends FY 2022 total expenditures of \$453.7 million, including \$1.3 million SGF. This is the same as the all funds recommendation as the agency's FY 2022 request.

The Governor recommends FY 2022 capital improvements expenditures of \$1.3 million, all from special revenue funds. This is the same as the agency's FY 2022 request.

The Governor recommends FY 2022 operating expenditures of \$452.4 million, including \$1.3 million SGF. While the all funds total is the same as the agency's request, there is a shift in expenditures of \$145,132 from SGF to agency fee funds. The Governor recommends implementing the agency's reduced resources budget and using fee funds to offset the SGF decrease contained in the reduced resources budget.

# PERFORMANCE MEASURES

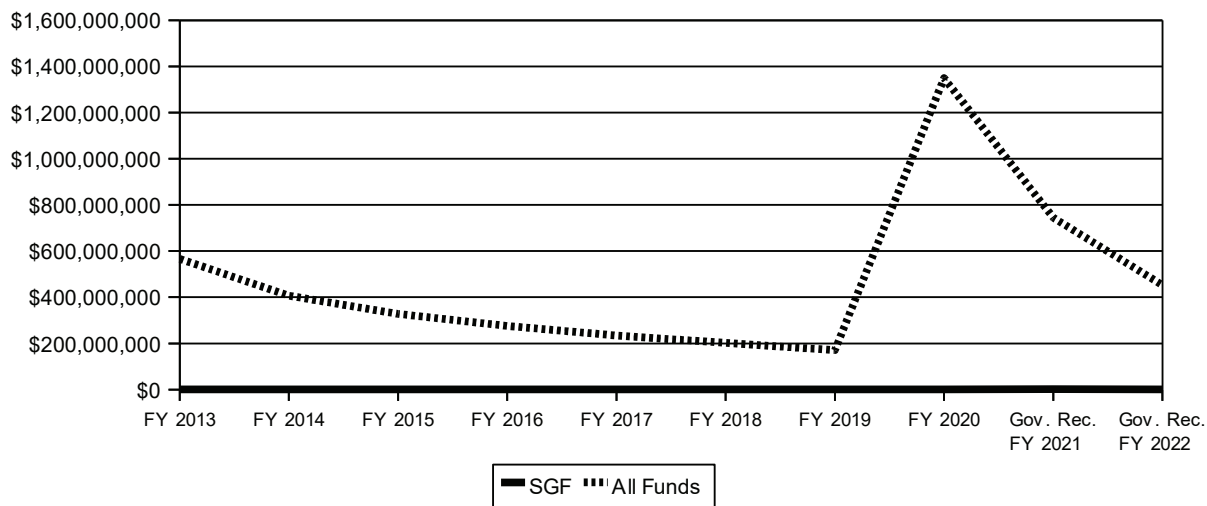
The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Unemployment Insurance Benefits Paid within 14 Days	87.6 %	88.7 %	87.0 %	79.3 %	84.0 %	87.0 %
Number of Initial Claims Filed for Benefits (In Thousands)	98.4	86.7	102.4	376.1	269.7	195.5
Percent of Labor Market Information Requests Processed within Three Days	92.5 %	94.1 %	95.0 %	95.3 %	95.0 %	95.0 %
<b>Agency Expenditures</b>						
All Funds (Dollars in Millions)	\$ 203.5	\$ 171.2	\$ 162.1	\$ 1,350.4	\$ 746.2	\$ 453.7
FTE Positions	382.8	392.9	392.9	386.4	506.1	506.1

According to the agency, the implementation of a new online claims system in FY 2019 contributed to the spike in the average number of days to issue orders after preliminary hearings for workers' compensation claims.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2013 – FY 2022



## OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 337,594	(3.0)%	\$ 566,076,719	(47.4)%	506.7
2014	294,102	(12.9)	406,615,906	(28.2)	492.6
2015	279,191	(5.1)	327,680,482	(19.4)	425.9
2016	314,545	12.7	275,520,580	(15.9)	421.9
2017	300,087	(4.6)	234,185,919	(15.0)	400.7
2018	573,465	91.1	202,186,177	(13.7)	382.8
2019	563,373	(1.8)	170,458,127	(15.7)	392.9
2020	962,604	70.9	1,349,420,467	691.6	386.4
2021 Gov. Rec.	1,445,565	50.2	744,556,327	(44.8)	506.1
2022 Gov. Rec.	1,306,186	(9.6)	452,429,972	(39.2)	506.1
Ten-Year Change Dollars/Percent	\$ 968,592	286.9 %	\$ (113,646,747)	(20.1)%	(0.6)

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020			Agency Estimate			Governor's Recommendation					
	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
<b>By Program:</b>												
Administration	\$ 11,238,358	\$ 20,002,897	\$ (2,482,687)	(11.0)%	\$ 22,485,584	\$ 20,002,897	\$ (2,482,687)	(11.0)%	\$ 22,485,427	\$ 20,002,897	\$ (2,482,530)	(11.0)%
Labor Market Info	1,030,362	1,151,311	12,163	1.1	1,139,148	1,151,311	12,163	1.1	1,139,148	1,151,311	12,163	1.1
Unemployment Insurance	1,327,572,088	419,889,800	(259,887,042)	(38.2)	679,776,842	419,889,800	(259,887,042)	(38.2)	709,776,842	419,889,800	(289,887,042)	(40.8)
Industrial Safety & Health	1,748,600	1,863,427	84,371	4.7	1,779,056	1,863,427	84,371	4.7	1,779,056	1,863,427	84,371	4.7
Workers Compensation	7,458,622	9,105,254	153,932	1.7	8,951,322	9,105,254	153,932	1.7	8,951,322	9,105,254	153,932	1.7
Labor Relations & Employment Stand.	337,519	404,592	4,250	1.1	400,342	404,592	4,250	1.1	400,342	404,592	4,250	1.1
Debt Service	34,918	12,691	(11,499)	(47.5)	24,190	12,691	(11,499)	(47.5)	24,190	12,691	(11,499)	(47.5)
<b>TOTAL</b>	<b>\$ 1,349,420,467</b>	<b>\$ 452,429,972</b>	<b>\$ (262,126,512)</b>	<b>(36.7)%</b>	<b>\$ 714,556,484</b>	<b>\$ 452,429,972</b>	<b>\$ (262,126,512)</b>	<b>(36.7)%</b>	<b>\$ 744,556,327</b>	<b>\$ 452,429,972</b>	<b>\$ (292,126,355)</b>	<b>(39.2)%</b>
<b>By Major Object of Expenditure:</b>												
Salaries and Wages	\$ 25,702,083	\$ 30,398,339	\$ 257,387	0.9%	\$ 30,140,952	\$ 30,398,339	\$ 257,387	0.9%	\$ 30,140,952	\$ 30,398,339	\$ 257,387	0.9%
Contractual Services	10,299,489	18,953,808	307,130	1.6	18,646,678	18,953,808	307,130	1.6	39,496,521	18,953,808	(20,542,713)	(52.0)
Commodities	156,193	256,271	3,459	1.4	252,812	256,271	3,459	1.4	252,812	256,271	3,459	1.4
Capital Outlay	831,253	878,812	(2,584,378)	(74.6)	3,463,190	878,812	(2,584,378)	(74.6)	12,613,190	878,812	(11,734,378)	(93.0)
Debt Service	34,918	12,691	(11,499)	(47.5)	24,190	12,691	(11,499)	(47.5)	24,190	12,691	(11,499)	(47.5)
<i>Subtotal - Operations</i>	<i>\$ 37,023,936</i>	<i>\$ 50,499,921</i>	<i>\$ (2,027,901)</i>	<i>(3.9)%</i>	<i>\$ 52,527,822</i>	<i>\$ 50,499,921</i>	<i>\$ (2,027,901)</i>	<i>(3.9)%</i>	<i>\$ 82,527,665</i>	<i>\$ 50,499,921</i>	<i>\$ (32,027,744)</i>	<i>(38.8)%</i>
Aid to Local Units	0	0	0	--	0	0	0	--	0	0	0	--
Other Assistance	1,312,396,531	401,930,051	(260,098,611)	(39.3)	662,028,662	401,930,051	(260,098,611)	(39.3)	662,028,662	401,930,051	(260,098,611)	(39.3)
<b>TOTAL</b>	<b>\$ 1,349,420,467</b>	<b>\$ 452,429,972</b>	<b>\$ (262,126,512)</b>	<b>(36.7)%</b>	<b>\$ 714,556,484</b>	<b>\$ 452,429,972</b>	<b>\$ (262,126,512)</b>	<b>(36.7)%</b>	<b>\$ 744,556,327</b>	<b>\$ 452,429,972</b>	<b>\$ (292,126,355)</b>	<b>(39.2)%</b>
<b>Financing:</b>												
State General Fund	\$ 962,604	\$ 1,451,318	\$ 5,596	0.4%	\$ 1,445,722	\$ 1,451,318	\$ 5,596	0.4%	\$ 1,445,565	\$ 1,306,186	\$ (139,379)	(9.6)%
Workmen's Compensation FF	10,904,708	12,907,401	68,852	0.5	12,838,549	12,907,401	68,852	0.5	12,838,549	12,979,967	141,418	1.1
Employment Security Administration Fund	20,006,430	24,082,557	289,729	1.2	23,792,828	24,082,557	289,729	1.2	23,792,828	24,082,557	289,729	1.2
Employment Security Fund-Benefits	1,304,505,560	401,930,051	(260,098,611)	(39.3)	662,028,662	401,930,051	(260,098,611)	(39.3)	662,028,662	401,930,051	(260,098,611)	(39.3)
All Other Funds	13,041,165	12,058,645	(2,392,078)	(16.6)	14,450,723	12,058,645	(2,392,078)	(16.6)	44,450,723	12,131,211	(32,319,512)	(72.7)
<b>TOTAL</b>	<b>\$ 1,349,420,467</b>	<b>\$ 452,429,972</b>	<b>\$ (262,126,512)</b>	<b>(36.7)%</b>	<b>\$ 714,556,484</b>	<b>\$ 452,429,972</b>	<b>\$ (262,126,512)</b>	<b>(36.7)%</b>	<b>\$ 744,556,327</b>	<b>\$ 452,429,972</b>	<b>\$ (292,126,355)</b>	<b>(39.2)%</b>



# BUDGET OVERVIEW

## A. FY 2021 – Current Year

### Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$1.4 million for the Kansas Department of Labor in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$157, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$4,341 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$1.4 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

	<b>CHANGE FROM APPROVED BUDGET</b>				
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 1,445,722	\$ 1,445,722	\$ 0	\$ 1,445,565	\$ (157)
All Other Funds	202,620,676	714,705,762	512,085,086	744,705,762	542,085,086
<b>TOTAL</b>	<b>\$ 204,066,398</b>	<b>\$ 716,151,484</b>	<b>\$ 512,085,086</b>	<b>\$ 746,151,327</b>	<b>\$ 542,084,929</b>
FTE Positions	386.4	506.1	119.7	506.1	119.7

The **agency** estimates revised FY 2021 total expenditures of \$716.2 million, including \$1.4 million SGF. This is an increase of \$512.1 million, or 250.9 percent, all from special revenue funds, above the FY 2021 approved amount.

The agency estimates revised FY 2021 capital improvement expenditures of \$1.6 million, all from special revenue funds. This is an increase of \$460,000, or 40.5 percent, above the FY 2021 approved amount. This increase is entirely due to the agency's supplemental request for capital improvement projects. These projects include a roof replacement at 401 SW Topeka, adjusted costs for the first floor remodel at 2650 E. Circle Dr. South, masonry work at 2650 East Circle Dr. South, and a barrier for the front desk at 401 SW Topeka.

The agency estimates revised FY 2021 operating expenditures of \$714.6 million, including \$1.4 million SGF. This is an increase of \$511.6 million, or 252.1 percent, all from special revenue funds, above the FY 2021 approved amount. The increase is primarily due to increased expenditures on salaries and wages, contractual services, and other assistance. The revised estimate includes 506.1 FTE positions, which is an increase of 119.7 positions above the FY 2021 approved number. This increase is due to additional staffing in response to the



COVID-19 pandemic and increased unemployment insurance program activity. Major expenditures are detailed below:

- **Salaries and Wages.** The agency estimates revised salaries and wages expenditures of \$30.1 million, including \$567,406 SGF. This is an all funds increase of \$4.5 million, or 17.6 percent, and an SGF decrease of \$31,235, or 5.2 percent, from the FY 2021 approved amount. The SGF decrease is due to decreased expenditures on group health insurance. The all funds increase is primarily due to the creation of a second Deputy Secretary position, the agency's supplemental request for Unemployment Insurance program staffing, 2 additional staff members in the Legal Department to deal with increased workload, 2 additional staff members in the Fiscal Department, 3 additional staff members in the Communications department, and 4 additional staff members in the Unemployment Insurance program;
- **Contractual Services.** The agency estimates revised contractual services expenditures of \$18.6 million, including \$868,457 SGF. This is an all funds decrease of \$15.1 million, or 44.8 percent, and an SGF increase of \$30,031, or 3.6 percent, from the FY 2021 approved amount. The SGF increase is primarily due to increased expenditures on Office of Information Technology Services (OITS) Initiatives for the amusement ride program. The all funds decrease is due to the agency not including the \$20.9 million transfer from the Coronavirus Relief Fund approved by the State Finance Council in its revised estimate. This transfer was approved after the agency submitted its budget. The agency states these funds will be used for IT analysis and for increased staffing to deliver Pandemic Unemployment Assistance program benefits and enhanced fraud identification and mitigation efforts. This decrease is partially offset by the agency's supplemental request for the federal Lost Wages Assistance Program (LWAP) Administrative grant, increased expenditures on cloud services once the agency migrates to the cloud, and increased costs for software maintenance and other information technology (IT) costs in the Unemployment Insurance program;
- **Capital Outlay.** The agency estimates revised capital improvement expenditures of \$3.5 million, including \$7,198 SGF. This is an all funds decrease of \$8.4 million, or 70.8 percent, and an SGF increase of \$4,998, or 227.2 percent, from the FY 2021 approved amount. The all funds decrease is due to the agency not including the \$9.2 million transfer from the Coronavirus Relief Fund approved by the State Finance Council in its revised estimate. This transfer was approved after the agency submitted its budget. The agency states these funds will be used for IT upgrades. The SGF increase is due to increased expenditures on computer software and hardware due to additional hardware needed for the IT department to implement new programs created during the COVID-19 pandemic; and
- **Other Assistance.** The agency estimates revised other assistance expenditures of \$662.0 million, all from special revenue funds. This is an increase of \$530.6 million, or 403.7 percent, above the FY 2021 approved amount. The increase is entirely due to increased benefit payments from the Unemployment Insurance Trust Fund.

The **Governor** recommends FY 2021 total expenditures of \$746.2 million, including \$1.4 million SGF. This is an all funds increase of \$30.0 million, or 4.2 percent, and an SGF decrease of \$157, or less than 0.1 percent, from the agency's FY 2021 revised estimate.

The Governor recommends FY 2021 operating expenditures of \$744.6 million, including \$1.4 million SGF. This is an all funds increase of \$30.0 million, or 4.2 percent, and an SGF decrease of \$157, or less than 0.1 percent, from the agency's FY 2021 revised estimate. The SGF decrease is due to lapsing moneys reappropriated from FY 2020 into FY 2021. The all funds increase is caused by the Governor including the \$30.0 million transfer from the Coronavirus Relief Fund recommended by the SPARK Taskforce and approved by the State Finance Council. This transfer was approved after the agency submitted its budget and therefore was not included in the agency's revised estimate.

## Supplemental Detail

Supplementals	FY 2021 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Improvements	\$ 0	\$ 460,000	0.0	\$ 0	\$ 460,000	0.0
LWAP Administrative Grant Matching	0	2,509,525	0.0	0	2,509,525	0.0
Unemployment Insurance Staffing	0	823,852	16.3	0	823,852	16.3
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 3,793,377</b>	<b>16.3</b>	<b>\$ 0</b>	<b>\$ 3,793,377</b>	<b>16.3</b>

The **agency** requests three supplemental requests totaling \$3.8 million, all from special revenue funds. These supplemental requests include:

- \$460,000, all from special revenue funds, for capital improvement projects. These projects include a roof replacement at 401 SW Topeka, adjusted costs for the first floor remodel at 2650 E. Circle Dr. South, masonry work at 2650 East Circle Dr. South, and a barrier for the front desk at 401 SW Topeka. Further details can be found in the Capital Improvements section of this document;
- \$2.5 million, all from special revenue funds, to provide matching funds for the federal Lost Wages Assistance Program Administrative grant. The agency states that the grant requires a 25.0 percent state match; and
- \$823,852, all from federal funds, and 16.3 FTE positions to provide additional staffing in the Unemployment Insurance program.

The **Governor** recommends all three of the agency's supplemental requests.

## Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of KPERs Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$4,341. The allotments applied to this agency are detailed below:

<b>GOVERNOR'S ALLOTMENTS</b>			
Allotment	SGF	All Funds	FTE
July Allotment KPERs Death and Disability Contributions	\$ (4,341)	\$ (4,341)	0.0

## B. FY 2022 – Budget Year

<b>FY 2022 OPERATING BUDGET SUMMARY</b>				
	Agency Request	Governor's Recommendation	Difference	
<b>Total Request/Recommendation</b>	\$ 452,429,972	\$ 452,429,972	\$	0
<b>FTE Positions</b>	506.1	506.1		0.0
<b><i>Change from FY 2021:</i></b>				
<i>Dollar Change:</i>				
State General Fund	\$ 5,596	\$ (139,379)		
All Other Funds	(262,132,108)	(291,986,976)		
<b>TOTAL</b>	<b>\$ (262,126,512)</b>	<b>\$ (292,126,355)</b>		
<i>Percent Change:</i>				
State General Fund	0.4 %	(9.6) %		
All Other Funds	(36.8)	(39.3)		
<b>TOTAL</b>	<b>(36.7) %</b>	<b>(39.2) %</b>		
Change in FTE Positions	0.0	0.0		

The **agency** requests FY 2022 total expenditures of \$453.7 million, including \$1.5 million SGF. This is an all funds decrease of \$262.4 million, or 36.6 percent, and an SGF increase of \$5,596, or 0.4 percent, from the FY 2021 revised estimate.

The agency requests FY 2022 capital improvement expenditures of \$1.3 million, all from special revenue funds. This is an all funds decrease of \$300,000, or 18.8 percent, below the FY 2021 revised estimate.

The agency requests FY 2022 operating expenditures of \$452.4 million, including \$1.5 million SGF. This is an all funds decrease of \$262.1 million, or 36.7 percent, and an SGF increase of \$5,596, or 0.4 percent, from the FY 2021 revised estimate. The SGF increase is primarily due to increased expenditures on salaries and wages. The all funds decrease is due to decreased expenditures on capital outlay and other assistance. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2022 salaries and wages expenditures of \$30.4 million, including \$572,279 SGF. This is an all funds increase of \$257,387, or 0.9 percent, and an SGF increase of \$4,873, or 0.9 percent, above the FY 2021 revised estimate. Both increases are due to increased expenditures on KPERS and group health insurance;
- **Capital Outlay.** The agency requests FY 2022 capital outlay expenditures of \$878,812, including \$7,342 SGF. This is an all funds decrease of \$2.6 million, or 74.6 percent, and an SGF increase of \$144, or 2.0 percent, from the FY 2021 revised estimate. The all funds decrease is due to decreased expenditures on computer hardware and software required in FY 2021 to implement new pandemic programs that do not reoccur for FY 2022; and
- **Other Assistance.** The agency requests FY 2022 other assistance expenditures of \$401.9 million, all from special revenue funds. This is a decrease of \$260.1 million, or 39.3 percent, below the FY 2021 revised estimate. This decrease is due to decreased benefits payments from the Unemployment Insurance Trust Fund.

The **Governor** recommends FY 2022 operating expenditures of \$453.7 million, including \$1.3 million SGF. While the all funds total is the same as the agency's request, there is a shift in expenditures of \$145,132 from SGF to agency fee funds. The Governor recommends implementing the agency's reduced resources budget and using fee funds to offset the SGF decrease.

### Enhancement Detail

Enhancements	FY 2022 ENHANCEMENTS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Unemployment Insurance Staffing	\$ 0	\$ 833,472	16.3	\$ 0	\$ 833,472	16.3

The **agency** requests an enhancement of \$833,472, all from federal funds, and 16.3 FTE positions to provide additional staffing for the Unemployment Insurance program for FY 2022.

The **Governor** concurs with the agency's enhancement request.

### FY 2022 Reduced Resources

The Governor has requested that specified agencies with State General Fund moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
OITS Initiatives	\$ (145,132)	\$ (145,132)	0.0	\$ (145,132)	\$ 0	0.0

The **agency** submits a reduced resources budget of \$142,132, all SGF. The agency states that this budget will impact the IT department and reduce the amount of SGF available to fund OITS initiatives.

The **Governor** recommends implementing the agency's reduced resources budget and offsetting with fee funds.

## Governor's Recommended Salary and Wage Adjustments

**For FY 2022**, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

**Longevity Bonus Payments.** In FY 2021 and for FY 2022, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$46,053, including \$867 SGF, and FY 2022 longevity payments total \$47,283, including \$890 SGF.**

**Kansas Public Employees Retirement System (KPERs).** The employer retirement contribution rate, including Death and Disability contributions, for the KPERs State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERs Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERs State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERs State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERs layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

**KPERs Death and Disability Group Insurance Fund.** During FY 2021, a moratorium on employer contributions to the KPERs Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERs School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

## Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	0.3 %	0.3 %
Workmen's Compensation Fee Fund	2.9	2.9
Employment Security Administration Fund	5.3	5.3
Employment Security Fund-Benefits	88.8	88.8
All Other Funds	2.7	2.7
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

(Note: Totals may not add due to rounding.)

## Unemployment Insurance Trust Fund (Employment Security Fund- Trust Account) Analysis

KSA 44-712 authorizes the Employment Security Fund, which consists of the following three accounts:

- **Clearing Account.** Receipts into the clearing account are unemployment insurance taxes collected from employers;
- **Trust Account.** Also known as the Unemployment Insurance Trust Fund (UI Trust Fund), receipts into the trust account are transfers from the clearing account, interest earnings on the UI Trust Fund balance, and deposits made by the federal government for payment of benefits to ex-federal employees, ex-military, and the Temporary Extended Unemployment Compensations; and
- **Benefit Account.** Receipts into the benefit account are transfers from the UI Trust Fund to pay unemployment insurance benefits.

The following table shows the status of the UI Trust Fund, also known as the Trust Account of the Employment Security Fund.



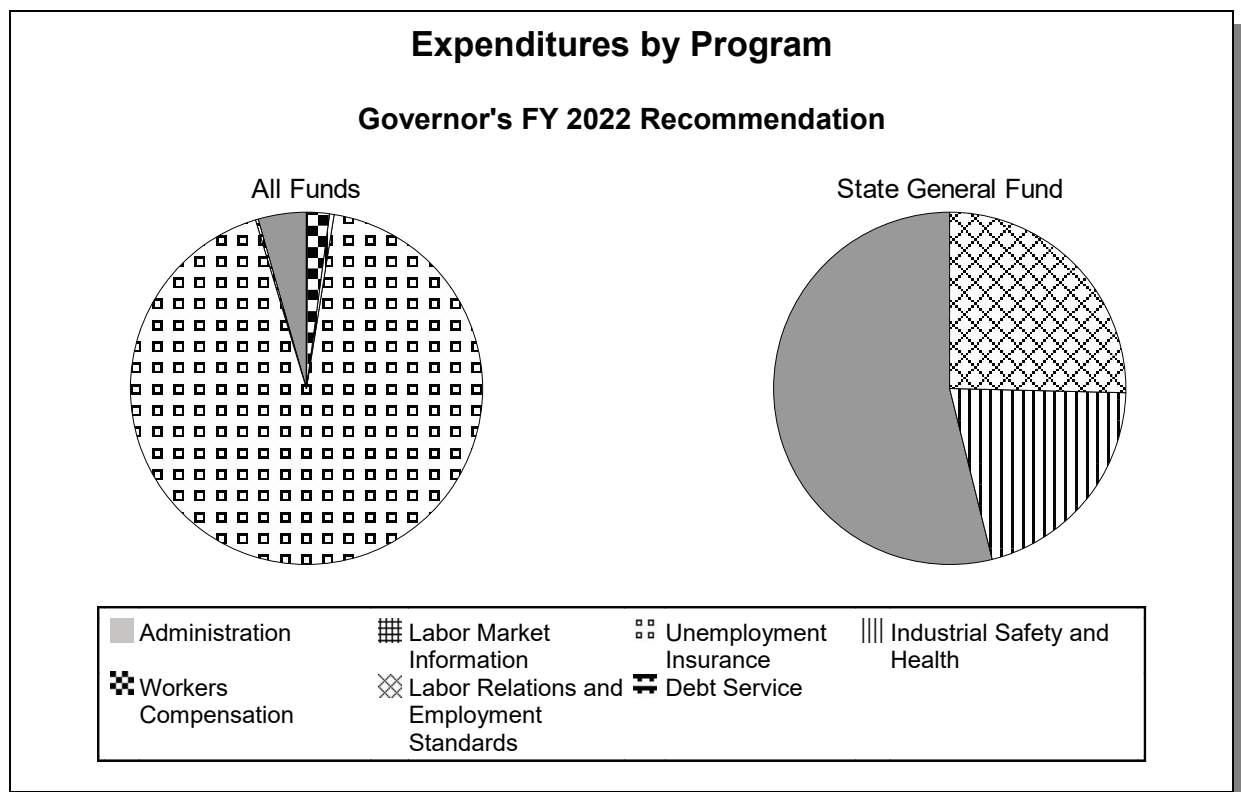
Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 946,136,000	\$ 705,096,200	\$ 705,096,200	\$ 459,039,238	\$ 459,039,238
Revenue	895,150,810	14,053,776	14,053,776	9,123,538	9,123,538
Transfers in	271,010,936	306,023,965	306,023,965	311,295,754	311,295,754
<i>Funds Available</i>	<i>\$ 2,112,297,746</i>	<i>\$ 1,025,173,941</i>	<i>\$ 1,025,173,941</i>	<i>\$ 779,458,530</i>	<i>\$ 779,458,530</i>
Less:					
Expenditures	\$ 7,890,971	\$ 0	\$ 0	\$ 4,821,302	\$ 4,821,302
Transfers Out	1,399,310,575	566,134,703	566,134,703	401,930,051	401,930,051
Off-Budget Expenditures	0	0	0	0	0
<b>Ending Balance</b>	<b>\$ 705,096,200</b>	<b>\$ 459,039,238</b>	<b>\$ 459,039,238</b>	<b>\$ 372,707,177</b>	<b>\$ 372,707,177</b>
Ending Balance as Percent of Expenditures	8935.5%	--	--	7730.4%	7730.4%
Month Highest Ending Balance	November \$ 1,004,292,000	July \$ 660,947,800	July \$ 660,947,800	July \$ 120,390,420	July \$ 120,390,420
Month Lowest Ending Balance	June \$ 705,096,200	June \$ 147,998,202	June \$ 147,998,202	October \$ 0	October \$ 0

## Workmen's Compensation Fee Fund Analysis

The Workmen's Compensation Fee Fund is supported by fees paid by insurance companies and employers based on an assessment rate applied to insurance benefit payments. The assessment rate, which is the product of the total amount of revenue needed for the state fiscal year divided by the total amount of claims paid, is 2.75 percent in FY 2020. This fund is authorized under KSA 74-715.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 17,796,278	\$ 14,221,955	\$ 14,221,955	\$ 10,950,964	\$ 10,950,964
Revenue	8,199,284	11,020,000	11,020,000	10,490,000	10,490,000
Transfers in	0	4,288,421	4,288,421	2,056,426	2,056,426
<i>Funds Available</i>	<i>\$ 25,995,562</i>	<i>\$ 29,530,376</i>	<i>\$ 29,530,376</i>	<i>\$ 23,497,390</i>	<i>\$ 23,497,390</i>
Less:					
Expenditures	\$ 11,714,627	\$ 14,255,325	\$ 14,255,325	\$ 14,018,652	\$ 14,091,218
Transfers Out	0	4,288,421	4,288,421	2,056,426	2,056,426
Off-Budget Expenditures	58,980	35,666	35,666	35,981	35,981
<b>Ending Balance</b>	<b>\$ 14,221,955</b>	<b>\$ 10,950,964</b>	<b>\$ 10,950,964</b>	<b>\$ 7,386,331</b>	<b>\$ 7,313,765</b>
Ending Balance as Percent of Expenditures	121.4%	76.8%	76.8%	52.7%	51.9%
Month Highest Ending Balance	July \$ 18,863,803	July \$ 19,912,963	July \$ 19,912,963	July \$ 18,540,000	July \$ 18,467,434
Month Lowest Ending Balance	April \$ 11,474,531	April \$ 11,390,000	April \$ 11,390,000	April \$ 10,390,000	April \$ 10,317,434

# PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 20,002,897	4.4 %	\$ 703,863	53.9 %
Labor Market Information	1,151,311	0.3	0	0.0
Unemployment Insurance	419,889,800	92.8	0	0.0
Industrial Safety and Health	1,863,427	0.4	270,731	20.7
Workers Compensation	9,105,254	2.0	0	0.0
Labor Relations and Employment Standards	404,592	0.1	331,592	25.4
Debt Service	12,691	0.0	0	0.0
<b>TOTAL</b>	<b>\$ 452,429,972</b>	<b>100.0 %</b>	<b>\$ 1,306,186</b>	<b>100.0 %</b>

<b>FTE POSITIONS BY PROGRAM FY 2020 – FY 2022</b>					
<b>Program</b>	<b>Actual FY 2020</b>	<b>Agency Est. FY 2021</b>	<b>Gov. Rec. FY 2021</b>	<b>Agency Req. FY 2022</b>	<b>Gov. Rec. FY 2022</b>
Administration	93.9	107.2	107.2	107.2	107.2
Labor Market Information	16.0	16.0	16.0	16.0	16.0
Unemployment Insurance	182.8	287.1	287.1	287.1	287.1
Industrial Safety and Health	19.6	20.3	20.3	20.3	20.3
Workers Compensation	71.0	72.5	72.5	72.5	72.5
Labor Relations	3.1	3.0	3.0	3.0	3.0
<b>TOTAL</b>	<b>386.4</b>	<b>506.1</b>	<b>506.1</b>	<b>506.1</b>	<b>506.1</b>

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

### **A. Administration and Support Services**

The Administration and Support Services program includes the central management and administrative support function of the Department of Labor. The program is composed of six subprograms: General Administration, Legal, Fiscal, Human Resources, Communications, and Information Systems and Technology.

<b>PERFORMANCE MEASURES</b>						
<b>Measure</b>	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Gov. Rec. FY 2020</b>	<b>Actual FY 2020</b>	<b>Gov. Rec. FY 2021</b>	<b>Gov. Rec. FY 2022</b>
Average Number of Days to Process Vouchers for Payment	2.0	2.0	2.0	2.0	2.0	2.0
<b>Agency Expenditures</b>						
All Funds (Dollars in Millions)	\$ 11.4	\$ 10.3	\$ 12.1	\$ 11.2	\$ 22.5	\$ 20.6
FTE Positions	82.9	93.9	93.9	93.9	107.2	107.2

<b>ADMINISTRATION</b>					
<b>SUMMARY OF EXPENDITURES FY 2020 – FY 2022</b>					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
<b>Expenditures:</b>					
Salaries and Wages	\$ 7,253,789	\$ 8,222,271	\$ 8,222,271	\$ 8,273,015	\$ 8,273,015
Contractual Services	3,756,942	11,546,798	11,546,641	11,510,473	11,510,473
Commodities	13,612	67,568	67,568	65,066	65,066
Capital Outlay	214,015	2,648,947	2,648,947	154,343	154,343
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 11,238,358</u>	<u>\$ 22,485,584</u>	<u>\$ 22,485,427</u>	<u>\$ 20,002,897</u>	<u>\$ 20,002,897</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 11,238,358</u></b>	<b><u>\$ 22,485,584</u></b>	<b><u>\$ 22,485,427</u></b>	<b><u>\$ 20,002,897</u></b>	<b><u>\$ 20,002,897</u></b>
<b>Financing:</b>					
State General Fund	\$ 388,011	\$ 850,552	\$ 850,395	\$ 848,995	\$ 703,863
All Other Funds	10,850,347	21,635,032	21,635,032	19,153,902	19,299,034
<b>TOTAL</b>	<b><u>\$ 11,238,358</u></b>	<b><u>\$ 22,485,584</u></b>	<b><u>\$ 22,485,427</u></b>	<b><u>\$ 20,002,897</u></b>	<b><u>\$ 20,002,897</u></b>
FTE Positions	93.9	107.2	107.2	107.2	107.2

The **agency** requests FY 2022 Administration expenditures of \$20.0 million, including \$848,995 SGF. This is an all funds decrease of \$2.5 million, or 11.0 percent, and an SGF decrease of \$1,557, or 0.2 percent, below the FY 2021 revised estimate. The request includes 107.2 FTE positions, which is the same as the FY 2021 revised estimate. The SGF decrease is due to decreased expenditures contractual services, partially offset by increased expenditures on salaries and wages. The all funds decrease is primarily due to decreased expenditures on capital outlay. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests salaries and wages expenditures of \$8.3 million, including \$155,972 SGF. This is an all funds increase of \$50,744, or 0.6 percent, and an SGF increase of \$1,368, or 0.9 percent, above the FY 2021 revised estimate. Both increases are due to increased expenditures on KPERS and group health insurance;
- **Contractual Services.** The agency requests contractual services expenditures of \$11.5 million, including \$691,721 SGF. This is an all funds decrease of \$36,325, or 0.3 percent, and an SGF decrease of \$2,887, or 0.4 percent, below the FY 2021 revised estimate. Both decreases are due to computer services for Unemployment Insurance program modernization projects and for the agency to migrate system functions to the cloud; and
- **Capital Outlay.** The agency requests capital outlay expenditures of \$154,343, including \$1,087 SGF. This is an all funds decrease of \$2.5 million, or 94.2 percent, and an SGF increase of \$21, or 2.0 percent, from the FY 2021 revised estimate. The all funds decrease is due to decreased expenditures for hardware for Unemployment Insurance program modernization projects that occurred in FY 2021 and do not occur in FY 2022.

The **Governor** recommends FY 2022 Administration program expenditures of \$20.0 million, including \$703,863 SGF. These total expenditures are the same as the agency's FY 2022 request. However, the Governor also recommends implementing the agency's reduced resources budget and using fee funds to offset the SGF decrease. This recommendation creates an SGF decrease and a special revenue funds increase while keeping total expenditures the same as the agency's request.

**B. Labor Market Information Services**

The Labor Market Information Services program is the major research and statistical arm of the agency. The program maintains the State's reporting requirements for the U.S. Department of Labor–Bureau of Labor Statistics. The Labor Market Information Services program is also responsible for the following items:

- Calculating and reporting the monthly and annual unemployment rates for the state, each county, and the metropolitan statistical areas of the state;
- Calculating the number of people employed in each industrial sector;
- Preparing periodic reports and survey concerning the labor market in Kansas; and
- Serving as the actuarial trustee for the Unemployment Insurance Trust Fund.

<b>PERFORMANCE MEASURES</b>						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Labor Market Information Requests Processed within Three Days	92.5 %	94.1 %	95.0 %	95.3 %	95.0 %	95.0 %
Number of Labor Market Information Requests Received	373	255	350	236	450	450
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 1.7	\$ 1.4	\$ 1.3	\$ 1.0	\$ 1.1	\$ 1.2
FTE Positions	24.0	16.0	16.0	16.0	16.0	16.0

<b>LABOR MARKET INFORMATION SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022</b>					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
<b>Expenditures:</b>					
Salaries and Wages	\$ 874,153	\$ 985,019	\$ 985,019	\$ 994,098	\$ 994,098
Contractual Services	136,380	134,654	134,654	137,347	137,347
Commodities	5,709	5,517	5,517	5,628	5,628
Capital Outlay	14,120	13,958	13,958	14,238	14,238
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,030,362</u>	<u>\$ 1,139,148</u>	<u>\$ 1,139,148</u>	<u>\$ 1,151,311</u>	<u>\$ 1,151,311</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 1,030,362</u></b>	<b><u>\$ 1,139,148</u></b>	<b><u>\$ 1,139,148</u></b>	<b><u>\$ 1,151,311</u></b>	<b><u>\$ 1,151,311</u></b>
<b>Financing:</b>					
State General Fund	\$ 491	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,029,871	1,139,148	1,139,148	1,151,311	1,151,311
<b>TOTAL</b>	<b><u>\$ 1,030,362</u></b>	<b><u>\$ 1,139,148</u></b>	<b><u>\$ 1,139,148</u></b>	<b><u>\$ 1,151,311</u></b>	<b><u>\$ 1,151,311</u></b>
FTE Positions	16.0	16.0	16.0	16.0	16.0

The **agency** requests FY 2022 Labor Market Information Services expenditures of \$1.2 million, all from special revenue funds. This is an increase of \$12,163, or 1.1 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on KPERS, group health insurance, and software maintenance fees. The request includes 16.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the Labor Market Information Services request for FY 2022.

### ***C. Unemployment Insurance Services***

The Unemployment Insurance Services program provides benefits to eligible applicants to replace part of the wages lost from involuntary unemployment. The agency collects funds for benefits from employers and deposits the revenue in the Unemployment Trust Fund. The federal Employment Security Administration Fund (ESAF) provides funding for Unemployment Insurance Services Administration expenditures. The federal Unemployment Tax Act allows the Internal Revenue Service (the IRS) to collect taxes from employers to administer the Unemployment Insurance program. Unemployment Insurance Services receives a base budget from the ESAF. The program also can receive contingency funds from ESAF in proportion to increases in workload. Unemployment Insurance Services operates through the following units:

- **Benefits Section.** This unit is responsible for processing unemployment insurance claims and oversees the call center that takes claims;
- **Contributions Section.** This unit is responsible for ensuring employers in Kansas pay unemployment taxes on qualifying employees;
- **Appeals Section.** This unit is composed of unemployment insurance hearing judges who review appeals of determinations concerning unemployment

insurance benefits eligibility and whether employers are charged for provided benefits; and

- **Board of Review.** This unit confirms, denies, or changes any appeal made by the unemployment insurance judges.

<b>PERFORMANCE MEASURES</b>						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Unemployment Insurance Benefits Paid within 14 Days	87.6 %	88.7 %	87.0 %	79.3 %	84.0 %	87.0 %
Number of Initial Claims Filed for Benefits (In Thousands)	98.4	86.7	102.4	376.1	269.7	195.5
Average Duration of Unemployment Benefits (In Weeks)	11.2	11.5	10.8	7.9	17.1	14.6
Number of Claimants Exhausting Unemployment Benefits	16,029	12,680	13,190	14,230	76,295	34,767
<b>Agency Expenditures</b>						
All Funds (Dollars in Millions)	\$ 175.2	\$ 145.9	\$ 135.2	\$ 1,327.6	\$ 709.8	\$ 419.9
FTE Positions	174.8	182.8	182.8	182.8	287.1	287.1

<b>UNEMPLOYMENT INSURANCE SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022</b>					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
<b>Expenditures:</b>					
Salaries and Wages	\$ 10,471,282	\$ 13,619,561	\$ 13,619,561	\$ 13,748,560	\$ 13,748,560
Contractual Services	4,176,903	3,524,641	24,374,641	3,595,132	3,595,132
Commodities	102,643	134,640	134,640	137,332	137,332
Capital Outlay	424,729	469,338	9,619,338	478,725	478,725
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 15,175,557</i>	<i>\$ 17,748,180</i>	<i>\$ 47,748,180</i>	<i>\$ 17,959,749</i>	<i>\$ 17,959,749</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,312,396,531	662,028,662	662,028,662	401,930,051	401,930,051
<b>TOTAL</b>	<b><u>\$ 1,327,572,088</u></b>	<b><u>\$ 679,776,842</u></b>	<b><u>\$ 709,776,842</u></b>	<b><u>\$ 419,889,800</u></b>	<b><u>\$ 419,889,800</u></b>
<b>Financing:</b>					
State General Fund	\$ 1,229	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,327,570,859	679,776,842	709,776,842	419,889,800	419,889,800
<b>TOTAL</b>	<b><u>\$ 1,327,572,088</u></b>	<b><u>\$ 679,776,842</u></b>	<b><u>\$ 709,776,842</u></b>	<b><u>\$ 419,889,800</u></b>	<b><u>\$ 419,889,800</u></b>
FTE Positions	182.8	287.1	287.1	287.1	287.1

The **agency** requests FY 2022 Unemployment Insurance Services expenditures of \$419.9 million, all from special revenue funds. This is a decrease of \$259.9 million, or 38.2 percent, below the FY 2021 revised estimate. This decrease is due to decreased expenditures on benefits payments from the Unemployment Insurance Trust Fund, partially offset by increased expenditures on KPERS, group health insurance, and computer services for



modernization projects. The request includes 287.1 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's Unemployment Insurance program request for FY 2022.

#### ***D. Industrial Safety and Health***

The Industrial Safety and Health program coordinates six programs: Accident Prevention, OSHA 21(d) Consultation Program, Public Sector Compliance, Kansas Workplace Health and Safety, Annual Safety and Health Conference, and Amusement Ride Inspections. Additional information regarding the programs includes the following items:

- **Workers Compensation Accident Prevention.** This program is responsible for reviewing the quantity and quality of safety and health services provided by insurance companies. The Workers Compensation Act required insurance carriers to provide these services for their clients. This program is administered by the Industrial Safety and Health program, but is funded through the Workmen's Compensation Fee Fund;
- **OSHA 21(d) Consultation Program.** This program is partially funded by a federal grant and offers free and confidential advice to small- and medium-sized businesses with priority given to high-hazard work sites. Consultants from the Kansas Department of Labor work with employers to identify workplace hazards, provide advice on compliance with Occupational Safety and Health Act (OSHA) standards, and assist in establishing safety and health management systems;
- **Public Sector Compliance.** This area covers state and local government workers who are excluded from federal coverage under the Occupational Safety and Health Act of 1970;
- **Kansas Workplace Health and Safety.** This program is operated with the Kansas Department of Health and Environment and provides free safety and health consultations to state agencies;
- **Annual Safety and Health Conference.** This program is fee-funded and offers workplace health and safety education and training education for emergency personnel, employers, employees, and safety professionals; and
- **Amusement Ride Inspections.** This program ensures amusement ride owners and operators comply with the Kansas Amusement Ride Act.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Consultations Performed under Federal Contracts	375	284	375	264	300	300
Number of Serious or Imminent Hazards Identified	666	639	700	560	600	600
<b>Agency Expenditures</b>						
All Funds (Dollars in Millions)	\$ 1.7	\$ 1.8	\$ 1.9	\$ 1.7	\$ 1.8	\$ 1.9
FTE Positions	20.3	19.7	19.7	19.6	20.3	20.3

INDUSTRIAL SAFETY AND HEALTH SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
<b>Expenditures:</b>					
Salaries and Wages	\$ 1,317,083	\$ 1,303,903	\$ 1,303,903	\$ 1,315,972	\$ 1,315,972
Contractual Services	396,281	439,743	439,743	509,337	509,337
Commodities	9,039	9,515	9,515	11,705	11,705
Capital Outlay	26,197	25,895	25,895	26,413	26,413
Debt Service	0	0	0	0	0
Subtotal - Operations	<u>\$ 1,748,600</u>	<u>\$ 1,779,056</u>	<u>\$ 1,779,056</u>	<u>\$ 1,863,427</u>	<u>\$ 1,863,427</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 1,748,600</u></b>	<b><u>\$ 1,779,056</u></b>	<b><u>\$ 1,779,056</u></b>	<b><u>\$ 1,863,427</u></b>	<b><u>\$ 1,863,427</u></b>
<b>Financing:</b>					
State General Fund	\$ 235,656	\$ 267,828	\$ 267,828	\$ 270,731	\$ 270,731
All Other Funds	1,512,944	1,511,228	1,511,228	1,592,696	1,592,696
<b>TOTAL</b>	<b><u>\$ 1,748,600</u></b>	<b><u>\$ 1,779,056</u></b>	<b><u>\$ 1,779,056</u></b>	<b><u>\$ 1,863,427</u></b>	<b><u>\$ 1,863,427</u></b>
FTE Positions	19.6	20.3	20.3	20.3	20.3

The **agency** requests FY 2022 Industrial Safety and Health expenditures of \$1.9 million, including \$270,731 SGF. This is an all funds increase of \$84,371, or 4.7 percent, and an SGF increase of \$2,903, or 1.1 percent, above the FY 2021 revised estimate. The SGF increase is due to increased expenditures on KPERs, group health insurance, and communication services. The all funds increase is due to increased expenditures on KPERs, group health insurance, travel, and OITS initiatives. The request includes 20.3 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's Industrial Safety and Health expenditures request for FY 2022.

### **E. Workers Compensation Services**

The Workers Compensation Services program administers the Kansas Workers Compensation Act, pursuant to KSA 44-501, *et seq.* The program files and maintains required reports of industrial accidents and discretionary notices of the employment of disabled workers; directs and audits physical and vocational rehabilitation for injured workers; provides the trial

court, appellate review, and records repository for contested workers' compensation claims; certifies qualified employers as self-insured; and, through its Claims Advisory Section, provides information and claims assistance to injured workers, insurance carriers, employers, and attorneys. Workers Compensation Services is fee-funded by assessments from insurance carriers and self-insured employers. Assessments are based on paid claims during the most recent calendar year in relation to the approved budget. This program is funded entirely from special revenue funds.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Average Numbers of Days Between the Time Application for Benefits is Riled and the Time Award is Issued*	N/A	1,281	N/A	1,027	1,143	1,143
Number of Accident Reports	46,991	45,920	47,088	43,463	47,088	47,088
Number of Fraud Abuse Cases Investigated	445	320	426	200	426	426
<b>Agency Expenditures</b>						
All Funds (Dollars in Millions)	\$ 11.9	\$ 10.7	\$ 10.2	\$ 7.5	\$ 9.0	\$ 9.1
FTE Positions	72.0	71.0	71.0	71.0	72.5	72.5

\* New Measure for FY 2019

WORKERS COMPENSATION SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
<b>Expenditures:</b>					
Salaries and Wages	\$ 5,562,186	\$ 5,798,255	\$ 5,798,255	\$ 5,852,809	\$ 5,852,809
Contractual Services	1,722,114	2,818,403	2,818,403	3,016,831	3,016,831
Commodities	24,325	34,664	34,664	35,614	35,614
Capital Outlay	149,997	300,000	300,000	200,000	200,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 7,458,622	\$ 8,951,322	\$ 8,951,322	\$ 9,105,254	\$ 9,105,254
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 7,458,622</b>	<b>\$ 8,951,322</b>	<b>\$ 8,951,322</b>	<b>\$ 9,105,254</b>	<b>\$ 9,105,254</b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	7,458,662	8,951,322	8,951,322	9,105,254	9,105,254
<b>TOTAL</b>	<b>\$ 7,458,662</b>	<b>\$ 8,951,322</b>	<b>\$ 8,951,322</b>	<b>\$ 9,105,254</b>	<b>\$ 9,105,254</b>
FTE Positions	71.0	72.5	72.5	72.5	72.5

The **agency** requests FY 2022 Workers Compensation Services expenditures of \$9.1 million, all from special revenue funds. This is an all funds increase of \$153,932, or 1.7 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on KPERs, group health insurance, and computer services to move to the cloud. The increase is partially offset by decreased expenditures on hardware for the program's business analytic system, Online System for Claims and Research/Regulation (OSCAR).

The **Governor** concurs with the agency's Workers Compensation Services request for FY 2022.

**F. Labor Relations and Employment Standards**

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

- **Employment Standards.** This subprogram is primarily responsible for the enforcement of minimum wages, wage payment, and child labor laws and regulates private employment agencies. The Employment Standards section consists of the Labor Relations and Employment Standards program and the Public Employee Relations Board;
- **Labor Relations.** This subprogram provides assistance in the organizational or collective bargaining process to employers and employees in the private sector who are exempt from federal laws, agricultural employers and employees, and all public employers and employees of the State and its agencies, as well as other public employers who elect to be brought under the provision of KSA 75-4321, *et seq.* Assistance provided by staff includes holding bargaining unit determination hearings, conducting elections, and holding hearings to resolve prohibited practice charges. Mediation, fact-finding, and arbitration services are available in the event of an impasse; and
- **Public Employee Relations.** This administers the Public Employer-Employee Relations Act, which covers employees of the State and its agencies, cities, counties, fire districts, school districts (except for teachers), and some colleges.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Impasse Cases	11	11	12	17	15	15
Number of Prohibited Practice Cases Processed	3	7	7	15	10	10
Number of Wage Claims Filed	823	808	800	602	650	700
Amount of Wages Collected/Recovered	\$ 534,700	\$ 735,141	\$ 650,000	\$ 795,200	\$ 650,000	\$ 650,000
<u>Agency Expenditures</u>						
All Funds (Dollars in Thousands)	\$ 224.1	\$ 236.1	\$ 328.0	\$ 337.5	\$ 404.3	\$ 404.6
FTE Positions	3.0	3.1	3.1	3.1	3.0	3.0

<b>LABOR RELATIONS SUMMARY OF EXPENDITURES FY 2020 – FY 2022</b>					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
<b>Expenditures:</b>					
Salaries and Wages	\$ 223,590	\$ 211,943	\$ 211,943	\$ 213,885	\$ 213,885
Contractual Services	110,869	182,439	182,439	184,688	184,688
Commodities	865	908	908	926	926
Capital Outlay	2,195	5,052	5,052	5,093	5,093
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 337,519</u>	<u>\$ 400,342</u>	<u>\$ 400,342</u>	<u>\$ 404,592</u>	<u>\$ 404,592</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 337,519</u></b>	<b><u>\$ 400,342</u></b>	<b><u>\$ 400,342</u></b>	<b><u>\$ 404,592</u></b>	<b><u>\$ 404,592</u></b>
<b>Financing:</b>					
State General Fund	\$ 337,217	\$ 327,342	\$ 327,342	\$ 331,592	\$ 331,592
All Other Funds	302	73,000	73,000	73,000	73,000
<b>TOTAL</b>	<b><u>\$ 337,519</u></b>	<b><u>\$ 400,342</u></b>	<b><u>\$ 400,342</u></b>	<b><u>\$ 404,592</u></b>	<b><u>\$ 404,592</u></b>
FTE Positions	3.1	3.0	3.0	3.0	3.0

The **agency** requests FY 2022 Labor Relations expenditures of \$404,592, including \$331,592 SGF. This is an increase of \$4,250, or 1.1 percent, all SGF, above the FY 2021 revised estimate. This increase is due to increased expenditures on OITS initiatives and KPERS. The request includes 3.0 FTE positions, which is the same as the number included in the FY 2021 revised estimate.

The **Governor** concurs with the agency's Labor Relations expenditure request for FY 2022.

# CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Rehabilitation and Repair	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
2650 E. Circle Dr. South- First Floor Renovation (Phase 2)	350,000	350,000	0	0
2650 E. Circle Dr. South- Intercom System	100,000	100,000	0	0
2650 E. Circle Dr. South- Masonry	20,000	20,000	0	0
401 SW Topeka-Lobby Barrier	50,000	50,000	0	0
401 SW Topeka-Roof Replacement	350,000	350,000	0	0
2650 East Circle Dr. South- HVAC	300,000	300,000	300,000	300,000
2650 East Circle Dr. South- Basement (Phase 3)	0	0	350,000	350,000
401 SW Topeka-Boilers	0	0	200,000	200,000
Debt Service	250,000	250,000	270,000	270,000
<b>TOTAL</b>	<b>\$ 1,595,000</b>	<b>\$ 1,595,000</b>	<b>\$ 1,295,000</b>	<b>\$ 1,295,000</b>
<b>Financing:</b>				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,595,000	1,595,000	1,295,000	1,295,000
<b>TOTAL</b>	<b>\$ 1,595,000</b>	<b>\$ 1,595,000</b>	<b>\$ 1,295,000</b>	<b>\$ 1,295,000</b>

**FY 2021 – Current Year.** The agency estimates revised capital improvement expenditures of \$1.6 million, all from special revenue funds. This is an increase of \$460,000, or 40.5 percent, above the FY 2021 approved amount. This increase is entirely due to the agency's supplemental request for capital improvement projects. These projects include a roof replacement at 401 SW Topeka, adjusted costs for the first floor remodel at 2650 E. Circle Dr. South, masonry work at 2650 East Circle Dr. South, and a barrier for the front desk at 401 SW Topeka. Details of each capital improvement project are below:

- **Rehabilitation and Repair.** The agency estimates rehabilitation and repair expenditures of \$175,000, all from the Workmen's Compensation Fee Fund, in FY 2021. Rehabilitation and repair projects include overlaying parking lots, replacing sidewalks, painting, carpeting, and caulking;
- **2650 E. Circle Dr. South-First Floor Renovation (Phase 2).** The agency estimates expenditures of \$350,000, all from the Workmen's Compensation Fee Fund, to complete the first floor renovation at 2650 E. Circle Dr. South. This phase of the renovation includes replacing and improving lighting; carpet replacement; painting; heating, ventilation, and air conditioning (HVAC) improvements; and enhancing air flow;

- **2650 E. Circle Dr. South-Intercom System.** The agency estimates expenditures of \$100,000, all from the Workmen's Compensation Fee Fund, to install an intercom system at 2650 E. Circle Dr. South;
- **2650 E. Circle Dr. South-Masonry Work.** The agency estimates expenditures of \$20,000, all from the Workmen's Compensation Fee Fund, to repair damaged masonry at 2650 E. Circle Dr. South;
- **401 SW Topeka-Lobby Barrier.** The agency estimates expenditures of \$50,000, all from the Workmen's Compensation Fee Fund, to install a permanent sneeze barrier in the front lobby of 401 SW Topeka;
- **401 SW Topeka - Roof Replacement.** The agency estimates expenditures of \$350,000, all from the Workmen's Compensation Fee Fund, to replace the roof at 401 SW Topeka;
- **2650 E. Circle Dr. South- HVAC.** The agency estimates expenditures of \$300,000, all from the Workmen's Compensation Fee Fund, to repair and replace the HVAC system at 2650 E. Circle Dr. South. The agency states that it purchased the building over a decade ago and the ventilation system was not part of the original renovations; and
- **Debt Service.** The agency estimates expenditures of \$250,000, all from special revenue funds, to pay principal on existing capital improvements debts.

The **Governor** concurs with the agency's FY 2021 revised capital improvements estimate.

**FY 2022 – Budget Year.** The agency requests capital improvement expenditures of \$1.3 million, all from special revenue funds. This is a decrease of \$300,000, or 18.8 percent, below the FY 2021 revised estimate. This decrease is due to the completion of the first floor renovation at 2650 E. Circle Dr. South and the completion of the roof replacement at 401 SW Topeka, partially offset by the boiler replacement at 401 SW Topeka and an increase in debt service. Details of each capital improvement project are below:

- **Rehabilitation and Repair.** The agency requests rehabilitation and repair expenditures of \$175,000, all from the Workmen's Compensation Fee Fund, in FY 2021. Rehabilitation and repair projects include overlaying parking lots, replacing sidewalks, painting, carpeting, and caulking;
- **2650 E. Circle Dr. South- HVAC.** The agency requests expenditures of \$300,000, all from the Workmen's Compensation Fee Fund, to repair and replace the HVAC system at 2650 E. Circle Dr. South. The agency states that it purchased the building over a decade ago and the ventilation system was not part of the original renovations;
- **2650 E. Circle Dr. South- Basement Renovation (Phase 3).** The agency requests \$350,000, all from the Workmen's Compensation Fee Fund, to complete the basement renovation at 2650 E. Circle Dr. South. This phase



includes replacing lighting, removing walls, renovating two bathrooms, carpeting, and painting;

- **401 SW Topeka- Boiler Replacement.** The agency requests \$200,000, all from the Workmen's Compensation Fee Fund, to replace the boilers at 401 SW Topeka. The agency states that the current boilers were purchased 18 years ago and due to their age, replacement parts are difficult to locate. The new boiler system will be more energy efficient; and
- **Debt Service.** The agency requests expenditures of \$270,000, all from special revenue funds, to pay principal on existing capital improvements debts.

The **Governor** concurs with the agency's FY 2022 capital improvements request.