

KANSAS DEPARTMENT OF LABOR

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 294,102	\$ 334,454	\$ 325,600	\$ 332,943	\$ 318,309	\$ 332,943	\$ 318,284
Other Funds	406,321,804	379,605,882	379,348,575	324,407,805	324,167,580	282,673,573	282,428,536
TOTAL	\$ 406,615,906	\$ 379,940,336	\$ 379,674,175	\$ 324,740,748	\$ 324,485,889	\$ 283,006,516	\$ 282,746,820
Capital Improvements:							
State General Fund	\$ 48	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,544,792	2,815,000	2,815,000	3,025,000	3,025,000	605,000	605,000
TOTAL	\$ 2,544,840	\$ 2,815,000	\$ 2,815,000	\$ 3,025,000	\$ 3,025,000	\$ 605,000	\$ 605,000
GRAND TOTAL	\$ 409,160,746	\$ 382,755,336	\$ 382,489,175	\$ 327,765,748	\$ 327,510,889	\$ 283,611,516	\$ 283,351,820
Percentage Change:							
Operating Expenditures							
State General Fund	(12.9) %	13.7 %	10.7 %	(0.5) %	(2.2) %	0.0 %	(0.0) %
All Funds	(28.2)	(6.6)	(6.6)	(14.5)	(14.5)	(12.9)	(12.9)
FTE Positions	335.1	232.5	232.5	232.5	232.5	232.5	232.5
Non-FTE							
Perm.Uncl.Pos.	157.5	193.4	193.4	193.4	193.4	193.4	193.4
TOTAL	492.6	425.9	425.9	425.9	425.9	425.9	425.9

AGENCY OVERVIEW

The Kansas Department of Labor's (KDOL) mission is to advance the economic well being of all Kansans by providing quality, accessible, and responsive workforce services. The Department has six programs to assist with the agency's

mission: Administration, Labor Market Information Services, Unemployment Insurance (UI), Industrial Safety and Health, Workers' Compensation, and Labor Relations.

MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** approved the transfer of \$600,000 in unused bond proceeds from the renovation of the state-owned building at 401 SW Topeka Blvd. to other renovation projects subject to review by the Joint Committee on State Building Construction. The projects were subsequently approved.

- The Legislature also allowed the implementation of the Governor's Executive Reorganization Order (ERO) No. 31, effective July 1, 2004 which did the following.
 - Transferred the duties of the division of Employment and Training from the Kansas Department of Human Resources (KDHR) to the newly established Division of Workforce Development in the Kansas Department of Commerce.
 - Moved the Kansas Commission on Disability Concerns, the Apprenticeship program, and the portion of Support Services from KDHR to the Department of Commerce.
 - Changed the name of the Kansas Department of Human Resources to the

Kansas Department of Labor. 2004 HB 2948 made numerous statutory changes to reflect the name change.

- The implementation of 2004 ERO No. 31 resulted in the transfer of \$39.2 million, including \$237,350 from the State General Fund, and 280.6 FTE positions from Kansas Department of Human Resources to the Department of Commerce in FY 2005.
- The **Legislature** also approved Sub. for HB 2435, which also affected the organizational structure of Kansas Department of Human Resources. Effective July 1, 2004, the statute allows the following.
 - Created the Hispanic and Latin Affairs Commission, which is housed in the Governor's Office.
 - Repealed statutes concerning the Hispanic Affairs Advisory Committee, which was housed in Kansas Department of Human Resources.

- Moved the Advisory Committee on African-American Affairs from Kansas Department of Human Resources to the Governor's Office.
- The **Legislature** transferred the Office of Native-American Affairs from Kansas Department of Human Resources to the Governor's Office, effective July 1, 2004. A total of \$501,591, including \$87,560 from the State General Fund, and 7.0 FTE positions were transferred from Kansas Department of Human Resources to the Governor's Office in FY 2005.
- The **Legislature** approved a provision in the Omnibus appropriations' bill (2004 Senate Sub. for HB 2471), which authorized the issuance of \$21.0 million in bonds to finance a comprehensive upgrade of Kansas' Unemployment Insurance Benefits computer system. This statute directed KDOL to pay the principal and interest on the bonds with State General Fund moneys or appropriated special revenue funds, including federal Reed Act funds. The duration of the bonds would be for six years. By utilizing bond financing, the Department intended to use an amount roughly equivalent to the interest earned on the principal of the Reed Act funds over the period of six years to finance the project. This ensured that the principal amount of the Reed Act funds would remain relatively consistent over the six-year period.
- The **Legislature** included a proviso that the Joint Committee on Information Technology (JCIT) was to review the unemployment insurance benefits system project. Additionally, the \$21.0

million in bonding authority would be subject to the approval by the State Finance Council.

During the **2004 Interim** the Joint Committee on Information Technology reviewed the findings of KDOL's needs assessment and feasibility study of the Unemployment Insurance Benefits computer system. The findings of the study are as follows.

- The application and underlying data structure of the Unemployment Insurance Benefits system used obsolete technology. It was overly complex and difficult to maintain. The Unemployment Insurance Benefits system also had many unresolved errors.
- The majority of the Information Services programmers lacked the knowledge and understanding to adequately maintain the outdated system.
- Recent mandated changes, including the Temporary Extended Unemployment Compensation (TEUC) and the Kansas Additional Benefit, were implemented quickly. The upgrades were not designed well and resulted in a number of problems and errors.
- Unemployment Insurance Services could not make changes to improve business operating efficiency because only mandated changes could be made to the UIB system.

In June 2004, after Joint Committee on Information Technology reviewed the needs assessment and feasibility study, the Department received the approval of the State Finance Council to issue \$21.0 million in bond authority.

During the **2005 Interim**, the **State Finance Council** authorized the agency to purchase the Eastman Building at the grounds of the former Topeka State Hospital from the Department of Administration. KDOL used federal funds to purchase the property. These funds were proceeds from the sale of property originally purchased with federal funds. The proceeds could only be used to purchase additional buildings. Had the funding not been spent by the end of the federal fiscal year, the funding would have reverted back to the federal government.

KDOL transferred the America's Joblink Alliance program to the Kansas Department of Commerce. This transfer was to follow up on ERO No. 31, which transferred the workforce development related program from KDOL to the Department of Commerce.

The **2006 Legislature** approved FY 2006 expenditures of \$2.3 million and FY 2007 expenditures of \$2.6 million on bond payments for the \$21.0 million in bonds for the Unemployment Insurance Modernization.

- Total additional expenditures of \$282,380 from the Workers Compensation Fee Fund to increase salaries of workers' compensation administration law judges to 75.0 percent of the salary of a district court administrative law judge.
- Total additional expenditures of \$451,750 from the Workers Compensation Fee Fund for increased salaries for board members. Workers' Compensation Board members' salaries are based on district court judge salaries.

The **2007 Legislature** approved FY 2007 expenditures of \$113,438, all from special revenue funds, to reclassify two existing positions to investigator/auditor positions to examine

instances of worker misclassification and to enforce the resulting unemployment insurance collection changes in accordance with 2006 HB 2772. The Legislature also added \$107,438, all from special revenue funds, in FY 2008 to continue the two positions. Additionally, the Legislature approved the following items.

- FY 2007 expenditures totaling \$26.0 million, all from federal Reed Act funds, for modernization of the Unemployment Insurance Benefits (UIB) computer system.
- FY 2007 expenditures of \$87,500, all from the State General Fund, and 1.0 FTE position in FY 2008 to expand the Public Employees' Relations Board.

The **2008 Legislature** approved FY 2009 expenditures of \$105,322, all from the State General Fund, and deleted the same from the Federal Indirect Cost Offset Fund, for the Employment Standards program.

The **2009 Legislature** deleted \$7,600, all from the State General Fund, to reduce the agency's FY 2009 approved budget by 1.3 percent and deleted \$73,168, from the State General Fund, to reduce the agency's FY 2010 approved State General Fund budget to 12.6 percent below the FY 2009 approved amount. Additionally, the Legislature transferred \$549,500 from the Human Resources Special Projects Fund and the Workers Compensation Fund to the State General Fund.

During the **2009 Interim**, the Kansas Department of Labor and the Division of the Budget altered the manner in which KDOL reports non-expense items. Starting in FY 2010, Administration, Unemployment Insurance Services, Labor Market Information Services and Industrial Safety and Health

Divisions will each have a parallel off-budget program. These off-budget programs are codified in Memorandums of Understanding between KDOL and the Department for Children and Families, formerly known as the Department of Social and Rehabilitative Services (SRS), and, the Kansas Department of Health and Environment (KDHE).

The **2010 Legislature** deleted \$11,172, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011. The Legislature also transferred \$800,000 from the Workers' Compensation Fee Fund to the State General Fund for FY 2011, leaving a balance of \$223,782 in the fund.

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

The **2011 Legislature** enacted SB 77, which revised provisions of the unemployment security laws pertaining to loan interest payments, the taxable wage base, and extension of tax rate caps on positive balance employers, and the number of rate groups for negative balance employers 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 from the State General Fund, 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 Workman's Compensation 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 State General Fund for FY 2014 and FY 2015, respectively. The Legislature also deleted \$592,913, including \$3,031 from the State General Fund, to reflect reduced funding for salaries and wages in FY 2014. The Legislature similarly deleted \$601,960, including \$3,077 from the State General Fund, to reflect reduced funding for salaries and wages in FY 2015.

The **2013 Legislature** also enacted 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 from the State General Fund, 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 FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates revised FY 2015 total expenditures of \$382.8 million, including \$334,454 from the State General Fund.

The revised estimate is an all funds increase of \$49,015, or less than 0.1 percent, including a State General Fund increase of

\$8,854, or 2.7 percent, above the amount approved by the 2014 Legislature. The increase is attributable to a supplemental request of \$40,161, all from special revenue funds, to pay for the second interest payment on the 401 SW Topeka Blvd. remodeling bond and to the Governor's December allotment, which reduced the agency's approved FY 2015 budget by \$8,854, all from the State General Fund. The Governor's allotment consists of a \$1,270 reduction in KPERs employer contribution expenditures, a \$913 reappropriation lapse, and a

4.0 percent State General Fund expenditure reduction totaling \$6,671. The agency indicates it will reduce expenditures for professional fees by \$7,584 to account for the 4.0 percent State General Fund expenditure reduction and reappropriation lapse allotted by the Governor. The revised estimate includes 232.5 FTE positions, which is a decrease of 98.5 positions below the amount approved by the 2014 Legislature. The reduction in FTE positions is largely due to the elimination of vacant positions.

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 total expenditures of \$382.5 million, including \$325,600 from the State General Fund. The recommendation is an all funds decrease of \$266,161, or 0.1 percent, including a State General Fund decrease of \$8,854, or 2.6 percent, below the agency's revised FY 2015 estimate. The all funds decrease is attributable to the Governor's December allotment plan, which reduced the agency's approved

FY 2015 budget by \$8,854, all from the State General Fund, and to a reduction of \$257,307, all from special revenue funds, due to a reduced Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERs Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's revised estimate.

FY 2016 Agency Request

The **agency** requests FY 2016 operating expenditures of \$324.7 million, including \$332,943 from the State General Fund. The request is an all funds decrease of \$55.2 million, or 14.5 percent, including a State General Fund decrease of \$1,511, or 0.5 percent, below the agency's revised FY 2015 estimate. The decrease is primarily due to a reduction in projected unemployment insurance benefit payments. Included in the request is an enhancement of \$18,600, all from the KDOL Off Budget Fund, for the purchase of a passenger vehicle. The request includes 232.5 FTE positions, which is the same as the revised FY 2015 estimate.

The agency requests a capital improvements budget of \$3.0 million, which is an increase of \$210,000, or 7.5 percent, above the revised FY 2015 estimate. The increase is due to renovations at 1309 SW Topeka Blvd. and 401 SW Topeka Blvd., as well as increased debt service principal payments on the UI Modernization bond and the 401 SW Topeka Blvd. bond. All capital improvements expenditures in FY 2016 are funded by special revenue funds.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 operating expenditures of \$324.5 million, including \$318,309 from the State General Fund. The recommendation is an all funds decrease of \$254,859, or 0.1 percent, including a State General Fund decrease of \$14,634, or 4.4 percent, below the agency's FY 2016 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling \$13,342, as well as recommending a

reduction of \$241,517, including \$1,292 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's request.

The **Governor** concurs with the agency's FY 2016 capital improvements request of \$3.0 million.

FY 2017 Agency Request

The **agency** requests FY 2017 operating expenditures of \$283.0 million, including \$332,943 from the State General Fund. The request is an all funds decrease of \$41.7 million, or 12.9 percent, below the agency's FY 2016 request. The FY 2017 State General Fund request is unchanged from the FY 2016 request. The all funds decrease is primarily due to a reduction in projected unemployment insurance benefit payments. The request includes 232.5 FTE positions, which is the same as the requested FY 2016 amount.

The agency requests a capital improvements budget of \$605,000, which is a decrease of \$2.4 million, or 80.0 percent, below the FY 2016 request. The decrease is due to a \$2.5 million reduction in debt service principal payments resulting from the Unemployment Insurance Modernization bond being fully repaid in FY 2016. All capital improvements expenditures in FY 2017 are funded by special revenue funds.

FY 2017 Governor Recommendation

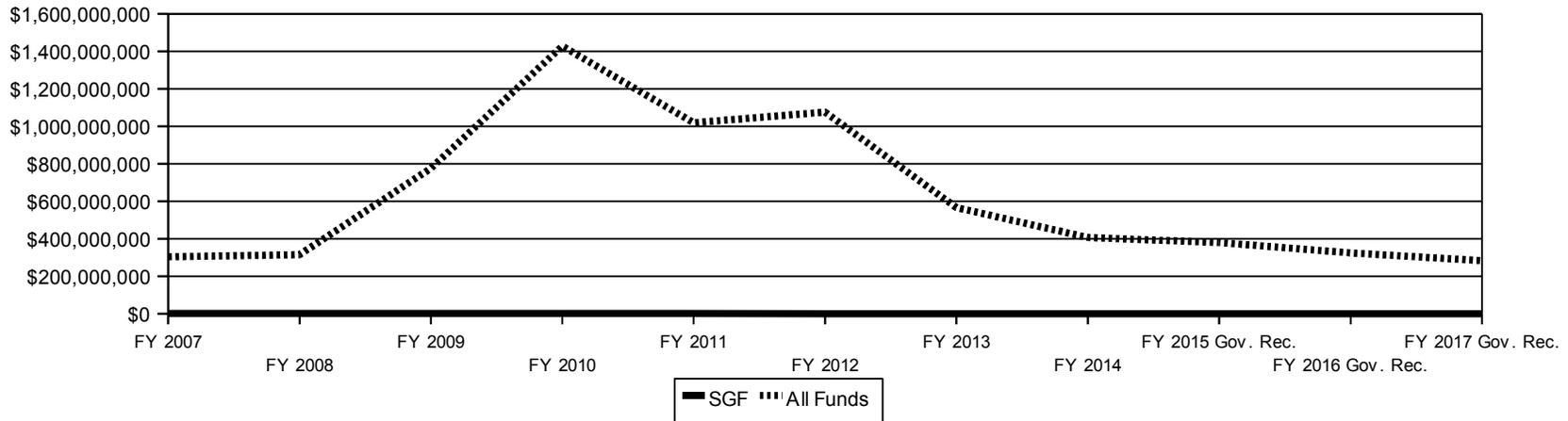
The **Governor** recommends FY 2017 operating expenditures of \$282.7 million, including \$318,284 from the State General Fund. The recommendation is an all funds decrease of \$259,696, or 0.1 percent, including a State General Fund decrease of \$14,659, or 4.4 percent, below the agency's FY 2017 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling \$13,342, as well as recommending a

reduction of \$246,354, including \$1,317 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's request.

The **Governor** concurs with the agency's FY 2017 capital improvements request of \$605,000.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 382,733	0.1 %	\$ 303,715,639	5.7 %	601.2
2008	481,018	25.7	315,069,214	3.7	552.0
2009	542,458	12.8	775,632,425	146.2	552.0
2010	453,981	(16.3)	1,427,457,051	84.0	552.0
2011	438,372	(3.4)	1,018,695,876	(28.6)	552.0
2012	347,858	(20.6)	1,075,691,350	5.6	489.0
2013	337,594	(3.0)	566,079,719	(47.4)	439.2
2014	294,102	(12.9)	406,615,906	(28.2)	330.9
2015 Gov. Rec.	325,600	10.7	379,674,175	(6.6)	232.5
2016 Gov. Rec.	318,309	(2.2)	324,485,889	(14.5)	232.5
2017 Gov. Rec.	318,284	(0.0)	282,746,820	(12.9)	232.5
Eleven-Year Change	\$ (64,449)	(16.8)%	\$ (20,968,819)	(6.9)%	(368.7)

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 8,674,970	\$ 10,330,673	\$ 10,094,585	\$ (236,088)	(2.3) %	\$ 10,260,601	\$ 10,035,015	\$ (225,586)	(2.2)%
Labor Market Information	1,844,347	1,839,464	1,809,177	(30,287)	(1.6)	1,823,843	1,791,727	(32,116)	(1.8)
Unemployment Insurance	386,220,763	355,517,064	300,057,258	(55,459,806)	(15.6)	355,407,255	299,937,782	(55,469,473)	(15.6)
Industrial Safety and Health	1,455,916	1,242,391	1,588,276	345,885	27.8	1,232,748	1,578,327	345,579	28.0
Workers Compensation	7,742,880	10,470,801	10,775,129	304,328	2.9	10,411,670	10,728,150	316,480	3.0
Labor Relations	253,023	223,071	218,245	(4,826)	(2.2)	221,186	216,810	(4,376)	(2.0)
Debt Service	424,007	316,872	198,078	(118,794)	(37.5)	316,872	198,078	(118,794)	(37.5)
TOTAL	\$ 406,615,906	\$ 379,940,336	\$ 324,740,748	\$ (55,199,588)	(14.5) %	\$ 379,674,175	\$ 324,485,889	\$ (55,188,286)	(14.5)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 25,751,503	\$ 26,215,728	\$ 25,817,718	\$ (398,010)	(1.5) %	\$ 25,957,151	\$ 25,576,201	\$ (380,950)	(1.5)%
Contractual Services	7,019,920	7,383,974	7,699,450	315,476	4.3	7,376,390	7,686,108	309,718	4.2
Commodities	164,783	307,994	361,342	53,348	17.3	307,994	361,342	53,348	17.3
Capital Outlay	3,413,027	3,287,422	3,300,632	13,210	0.4	3,287,422	3,300,632	13,210	0.4
Debt Service	424,007	316,872	198,078	(118,794)	(37.5)	316,872	198,078	(118,794)	(37.5)
Subtotal - Operations	\$ 36,773,240	\$ 37,511,990	\$ 37,377,220	\$ (134,770)	(0.4) %	\$ 37,245,829	\$ 37,122,361	\$ (123,468)	(0.3)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	369,842,666	342,428,346	287,363,528	(55,064,818)	(16.1)	342,428,346	287,363,528	(55,064,818)	(16.1)
TOTAL	\$ 406,615,906	\$ 379,940,336	\$ 324,740,748	\$ (55,199,588)	(14.5) %	\$ 379,674,175	\$ 324,485,889	\$ (55,188,286)	(14.5)%
Financing:									
State General Fund	\$ 294,102	\$ 334,454	\$ 332,943	\$ (1,511)	(0.5) %	\$ 325,600	\$ 318,309	\$ (7,291)	(2.2)%
Workmen's Compensation FF	10,070,812	12,347,342	13,227,336	879,994	7.1	12,273,026	13,165,303	892,277	7.3
3335 Unemployment Insurance	21,245,448	19,471,678	18,195,818	(1,275,860)	(6.6)	19,322,576	18,047,152	(1,275,424)	(6.6)
7054 Unemployment Insurance	361,599,523	342,330,796	287,263,528	(55,067,268)	(16.1)	342,330,796	287,263,528	(55,067,268)	(16.1)
All Other Funds	13,406,021	5,456,066	5,721,123	265,057	4.9	5,422,177	5,691,597	269,420	5.0
TOTAL	\$ 406,615,906	\$ 379,940,336	\$ 324,740,748	\$ (55,199,588)	(14.5) %	\$ 379,674,175	\$ 324,485,889	\$ (55,188,286)	(14.5)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 10,094,585	\$ 10,492,065	\$ 397,480	3.9 %	\$ 10,035,015	\$ 10,431,570	\$ 396,555	4.0 %
Labor Market Information	1,809,177	1,790,283	(18,894)	(1.0)	1,791,727	1,772,483	(19,244)	(1.1)
Unemployment Insurance	300,057,258	256,727,650	(43,329,608)	(14.4)	299,937,782	256,605,781	(43,332,001)	(14.4)
Industrial Safety and Health	1,588,276	1,614,306	26,030	1.6	1,578,327	1,604,158	25,831	1.6
Workers Compensation	10,775,129	12,090,729	1,315,600	12.2	10,728,150	12,042,809	1,314,659	12.3
Labor Relations	218,245	227,560	9,315	4.3	216,810	226,096	9,286	4.3
Debt Service	198,078	63,923	(134,155)	(67.7)	198,078	63,923	(134,155)	(67.7)
TOTAL	\$ 324,740,748	\$ 283,006,516	\$ (41,734,232)	(12.9) %	\$ 324,485,889	\$ 282,746,820	\$ (41,739,069)	(12.9) %
By Major Object of Expenditure:								
Salaries and Wages	\$ 25,817,718	\$ 27,004,144	\$ 1,186,426	4.6 %	\$ 25,576,201	\$ 26,757,790	\$ 1,181,589	4.6 %
Contractual Services	7,699,450	7,865,343	165,893	2.2	7,686,108	7,852,001	165,893	2.2
Commodities	361,342	280,863	(80,479)	(22.3)	361,342	280,863	(80,479)	(22.3)
Capital Outlay	3,300,632	4,290,243	989,611	30.0	3,300,632	4,290,243	989,611	30.0
Debt Service	198,078	63,923	(134,155)	(67.7)	198,078	63,923	(134,155)	(67.7)
Subtotal - Operations	\$ 37,377,220	\$ 39,504,516	\$ 2,127,296	5.7 %	\$ 37,122,361	\$ 39,244,820	\$ 2,122,459	5.7 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	287,363,528	243,502,000	(43,861,528)	(15.3)	287,363,528	243,502,000	(43,861,528)	(15.3)
TOTAL	\$ 324,740,748	\$ 283,006,516	\$ (41,734,232)	(12.9) %	\$ 324,485,889	\$ 282,746,820	\$ (41,739,069)	(12.9) %
Financing:								
State General Fund	\$ 332,943	\$ 332,943	\$ 0	0.0 %	\$ 318,309	\$ 318,284	\$ (25)	(0.0)%
Workmen's Compensation FF	13,227,336	14,634,008	1,406,672	10.6	13,165,303	14,570,733	1,405,430	10.7
3335 Unemployment Insurance	18,195,818	18,799,131	603,313	3.3	18,047,152	18,647,487	600,335	3.3
7054 Unemployment Insurance	287,263,528	243,400,000	(43,863,528)	(15.3)	287,263,528	243,400,000	(43,863,528)	(15.3)
All Other Funds	5,721,123	5,840,434	119,311	2.1	5,691,597	5,810,316	118,719	2.1
TOTAL	\$ 324,740,748	\$ 283,006,516	\$ (41,734,232)	(12.9) %	\$ 324,485,889	\$ 282,746,820	\$ (41,739,069)	(12.9) %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The 2014 Legislature approved a State General Fund budget of \$333,541 for the Department of Labor in FY 2015. Two adjustments have subsequently been made 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 \$913, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.

- A reduction of \$8,854 as the result of the Governor’s December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund amount to \$325,600. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency’s budget was submitted prior to the December allotment, so the agency’s revised budget estimates do not incorporate the allotment.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 325,600	\$ 334,454	\$ 8,854	\$ 325,600	\$ 0
All Other Funds	382,380,721	382,420,882	40,161	382,163,575	(217,146)
TOTAL	<u>\$ 382,706,321</u>	<u>\$ 382,755,336</u>	<u>\$ 49,015</u>	<u>\$ 382,489,175</u>	<u>\$ (217,146)</u>
FTE Positions	330.9	232.5	(98.5)	232.5	(98.5)

The **agency** estimates revised FY 2015 total expenditures of \$382.8 million, including \$334,454 from the State General Fund. The revised estimate is an all funds increase of \$49,015, or less than 0.1 percent, including a State General Fund increase of

\$8,854, or 2.7 percent, above the amount approved by the 2014 Legislature. The increase is attributable to a supplemental request of \$40,161, all from special revenue funds, to pay for the second interest payment on the 401 SW Topeka Blvd.

remodeling bond and to the Governor's December allotment, which reduced the agency's approved FY 2015 budget by \$8,854, all from the State General Fund. The revised estimate includes 232.5 FTE positions, which is a decrease of 98.5 positions below the amount approved by the 2014 Legislature. The reduction in FTE positions is largely due to the elimination of vacant positions.

The **Governor** recommends FY 2015 total expenditures of \$382.5 million, including \$325,600 from the State General Fund. The recommendation is an all funds decrease of \$266,161, or

0.1 percent, including a State General Fund decrease of \$8,854, or 2.6 percent, below the agency's revised FY 2015 estimate. The all funds decrease is attributable to the Governor's December allotment, which reduced the agency's approved FY 2015 budget by \$8,854, all from the State General Fund, and a reduction of \$257,307, all from special revenue funds, due to a reduced Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's revised estimate.

Supplemental Detail

Supplementals	FY 2015 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Debt Service - Interest Payment	\$ 0	\$ 40,161	0.0	\$ 0	\$ 40,161	0.0

The **agency** requests \$40,161, all from special revenue funds, to pay for the second interest payment on the 401 SW Topeka Blvd. remodeling bond. The agency indicates the interest payment was not accounted for in the FY 2015 budget approved by the 2014 Legislature.

The **Governor** concurs with the agency's request for \$40,161, all from special revenue funds, to fund the second interest payment on the 401 SW Topeka Blvd. remodeling bond.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014, subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a \$278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling \$280.0 million which reduced

expenditures by \$60.1 million. The allotment plan also included recommendations to transfer funds and adjust non-State General Fund expenditures an additional \$219.9 million. The adjustments included in the \$219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS				
Allotment		SGF	All Funds	FTE
December Allotment				
Reduce KPERS Employer Contribution Rate	\$	(1,270)	\$ (1,270)	0.0
Lapse Reappropriations		(913)	(913)	0.0
Reduce SGF Funding by 4.0 Percent		(6,671)	(6,671)	0.0
TOTAL	\$	<u>(8,854)</u>	<u>\$ (8,854)</u>	<u>0.0</u>

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of \$1,270 from the State General Fund as a result of the Governor's allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional \$257,307 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of \$258,577.

Reappropriations Lapse:

A reduction of \$913 as a result of the Governor's State General Fund reappropriation allotment. This is a reduction to

the total FY 2015 State General Fund reappropriation of \$913 for the agency. The agency indicates this allotment will decrease available funding for contractual services in the Administration program.

4.0 Percent Reduction to Cabinet-level and Other SGF Funded Agencies:

A reduction of \$6,671 as a result of the Governor's State General Fund allotment of 4.0 percent over the last six months, or 2.0 percent for the whole fiscal year, to Cabinet and other State General Funded agencies in FY 2015. The agency indicates this allotment will be managed by reducing contractual services expenditures to the Office of Administrative Hearings for legal proceedings.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 324,740,748	\$ 324,485,889	\$ (254,859)
FTE Positions	232.5	232.5	0.0
Change from FY 2015:			
<i>Dollar Change:</i>			
State General Fund	\$ (1,511)	\$ (7,291)	
All Other Funds	(55,198,077)	(55,180,995)	
TOTAL	<u>\$ (55,199,588)</u>	<u>\$ (55,188,286)</u>	
<i>Percent Change:</i>			
State General Fund	(0.5) %	(2.2) %	
All Other Funds	(14.5)	(14.5)	
TOTAL	<u>(14.5) %</u>	<u>(14.5) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2016 operating expenditures of \$324.7 million, including \$332,943 from the State General Fund. The request is an all funds decrease of \$55.2 million, or 14.5 percent, including a State General Fund decrease of \$1,511, or 0.5 percent, below the agency's revised FY 2015 estimate. The decrease is primarily due to a reduction in projected unemployment insurance benefit payments. Included in the request is an enhancement of \$18,600, all from the KDOL Off

Budget Fund, for the purchase of a passenger vehicle. The request includes 232.5 FTE positions, which is the same as the revised FY 2015 estimate.

The request includes the following items.

- **Salaries and wages** expenditures of \$25.8 million, which is a decrease of \$398,010, or 1.5

percent, below the revised FY 2015 estimate. The decrease is primarily attributable to \$111,141 for employee bonuses being budgeted in FY 2015 but not FY 2016 and staffing reductions resulting from UI workload decreases.

- **Contractual services** expenditures of \$7.7 million, which is an increase of \$315,476, or 4.3 percent, above the revised FY 2015 estimate. The increase is primarily attributable to professional consulting fees related to a workers' compensation digitization project to modernize the agency's process of storing and transferring information, as well as expenditures to complete UI information technology projects that will improve federal compliance results and are funded by additional grant monies received from the US Department of Labor.
- **Commodities** expenditures of \$361,342, which is an increase of \$53,348, or 17.3 percent, above the revised FY 2015 estimate. The increase is primarily attributable to increases in supplies due to an expected workload increase associated with the Workforce Data Quality Initiative and the replacement of safety equipment for the Industrial Safety and Health program.
- **Capital outlay** expenditures of \$3.3 million, which is an increase of \$13,210, or 0.4 percent,

above the revised FY 2015 estimate. The increase is primarily attributable to an increase in computers and equipment related to the workers' compensation digitization project.

- **Debt service** expenditures of \$198,078, which is a decrease of \$118,794, or 37.5 percent, below the revised FY 2015 estimate. The decrease is due to the amortization of the 401 SW Topeka Blvd. bond and the UI modernization bond.
- **Other assistance** expenditures of \$287.4 million, which is a decrease of \$55.1 million, or 16.1 percent, below the revised FY 2015 estimate. The decrease is due to a reduction in projected unemployment insurance benefit payments.

The **Governor** recommends FY 2016 operating expenditures of \$324.5 million, including \$318,309 from the State General Fund. The recommendation is an all funds decrease of \$254,859, or 0.1 percent, including a State General Fund decrease of \$14,634, or 4.4 percent, below the agency's FY 2016 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling \$13,342, as well as recommending a reduction of \$241,517, including \$1,292 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's FY 2016 request.

Enhancements Detail

FY 2016 ENHANCEMENTS								
Enhancements	Agency Request			Governor's Recommendation				
	SGF	All Funds	FTE	SGF	All Funds	FTE		
New Vehicle - Unemployment Insurance Fraud Unit	\$ 0	\$ 18,600	0.0	\$ 0	\$ 18,600	0.0		

The **agency** requests \$18,600, all from the KDOL Off Budget Fund, to purchase a new vehicle for the Unemployment Insurance Fraud Unit. The agency indicates the Fraud Unit needs to be a mobile unit to carry out investigations. The purchase of the vehicle is funded through the Department's Motor Pool program, which is an off budget program whereby divisions within KDOL are charged a per mile fee for the use of Department vehicles. The assessed mileage fees are used to

pay for the repair, maintenance, and replacement of the Department's fleet. In order to not double count this expenditure, this item is classified as a non-expense item in the requested budget.

The **Governor** concurs with the agency's enhancement request to fund the purchase of a new vehicle for the Unemployment Insurance Fraud Unit.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 283,006,516	\$ 282,746,820	\$ (259,696)
FTE Positions	232.5	232.5	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ (25)	
All Other Funds	(41,734,232)	(41,739,044)	
TOTAL	<u>\$ (41,734,232)</u>	<u>\$ (41,739,069)</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	(0.0) %	
All Other Funds	(12.9)	(12.9)	
TOTAL	<u>(12.9) %</u>	<u>(12.9) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2017 operating expenditures of \$283.0 million, including \$332,943 from the State General Fund. The request is an all funds decrease of \$41.7 million, or 12.9 percent, below the agency's FY 2016 request. The FY 2017 State General Fund request is unchanged from the FY 2016 request. The all funds decrease is primarily due to a reduction in projected unemployment insurance benefit payments. The

request includes 232.5 FTE positions, which is the same as the FY 2016 request.

The request includes the following items.

- **Salaries and wages** expenditures of \$27.0 million, which is an increase of \$1.2 million, or 4.6 percent, above the FY 2016 request. The

increase is attributable to increases in KPERS employer contributions and an additional (27th) payroll period in FY 2017.

- **Contractual services** expenditures of \$7.9 million, which is an increase of \$165,893, or 2.2 percent, above the FY 2016 request. The increase is primarily due to an increase in professional fees related to the workers' compensation digitization project and an increase in software maintenance agreement expenditures.
- **Commodities** expenditures of \$280,863, which is a decrease of \$80,479, or 22.3 percent, below the FY 2016 request. The decrease is primarily attributable a reduction in supplies expenditures resulting from the loss of funding from the Workforce Data Quality Initiative, which ends in early FY 2017, and a reduction in safety equipment expenditures for the Industrial Safety and Health program.
- **Capital outlay** expenditures of \$4.3 million, which is an increase of \$989,611, or 30.0 percent, above the FY 2016 request. The increase is attributable to a \$1.0 million increase in information technology equipment

expenditures associated with the workers' compensation digitization project.

- **Debt service** expenditures of \$63,923, which is a decrease of \$134,155, or 67.7 percent, below the FY 2016 request. The decrease is due to the amortization of the 401 SW Topeka Blvd. bond and the payoff of the UI Modernization bond in FY 2016.
- **Other assistance** expenditures of \$243.5 million, which is a decrease of \$43.9 million, or 15.3 percent, below the FY 2016 request. The decrease is due to a reduction in projected unemployment insurance benefit payments.

The **Governor** recommends FY 2017 operating expenditures of \$282.7 million, including \$318,284 from the State General Fund. The recommendation is an all funds decrease of \$259,696, or 0.1 percent, including a State General Fund decrease of \$14,659, or 4.4 percent, below the agency's FY 2017 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling \$13,342, as well as recommending a reduction of \$246,354, including \$1,317 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's FY 2017 request.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$111,141, including \$598 from the State General Fund, and affects 357 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, 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 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$151,324, including \$999 from the State General Fund, and FY 2017 longevity payments total \$159,928, including \$1,056 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency, this is a reduction of \$241,517, including \$1,292 from the State General Fund, for FY 2016. This is a reduction of \$246,354, including \$1,317 from the State General Fund, for FY 2017.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.1 %	0.1 %	0.1 %	0.1 %
Unemployment Insurance - Benefits	88.5	88.5	86.0	86.1
Unemployment Insurance - Administration	5.6	5.6	6.6	6.6
Workmen's Compensation	4.1	4.1	5.2	5.2
All Other Funds	1.8	1.8	2.1	2.1
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

Employment Security Fund

Unemployment Insurance benefits are paid out through the Employment Security Fund, which consists of three accounts.

- *Clearing account:* Receipts into the clearing account are unemployment insurance taxes collected from employers.
- *Trust account:* Receipts into the trust account are transfers from the clearing account along with interest earnings on the Unemployment Insurance 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 Compensation (TEUC).

- *Benefit account:* Receipts into the benefit account are transfers from the Unemployment Insurance Trust Fund to pay unemployment insurance benefits.

The state authorization for this fund is found in KSA 44-712.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 156,392,984	\$ 223,993,000	\$ 223,993,000	\$ 279,763,941	\$ 279,763,941	\$ 361,846,808	\$ 361,846,808
Revenue	88,570,590	7,857,712	7,857,712	7,293,866	7,293,866	7,806,550	7,806,550
Transfers in	395,313,770	392,885,575	392,885,575	364,693,279	364,693,279	390,327,510	390,327,510
Total Funds Available	\$ 640,277,344	\$ 624,736,287	\$ 624,736,287	\$ 651,751,086	\$ 651,751,086	\$ 759,980,868	\$ 759,980,868
Less: Expenditures	8,105,257	0	0	0	0	0	0
Transfers Out	357,970,289	344,972,346	344,972,346	289,904,278	289,904,278	243,400,000	243,400,000
Off Budget Expenditures	50,208,798	0	0	0	0	0	0
Ending Balance	<u>\$ 223,993,000</u>	<u>\$ 279,763,941</u>	<u>\$ 279,763,941</u>	<u>\$ 361,846,808</u>	<u>\$ 361,846,808</u>	<u>\$ 516,580,868</u>	<u>\$ 516,580,868</u>
Ending Balance as Percent of Expenditures	2763.6%	--	--	--	--	--	--
Month Highest Ending Balance	May <u>\$ 242,354,000</u>	May <u>\$ 394,812,702</u>	May <u>\$ 394,812,702</u>	May <u>\$ 570,645,005</u>	May <u>\$ 570,645,005</u>	May <u>\$ 802,171,676</u>	May <u>\$ 802,171,676</u>
Month Lowest Ending Balance	March <u>\$ 60,419,000</u>	March <u>\$ 195,854,233</u>	March <u>\$ 195,854,233</u>	March <u>\$ 403,974,592</u>	March <u>\$ 403,974,592</u>	March <u>\$ 635,501,263</u>	March <u>\$ 635,501,263</u>

Employment Security Administration Fund

The Employment Security Administration Fund is supported by a grant from the U.S. Department of Labor, which is drawn down after each payroll period. The fund is used to pay for the

expenditures associated with administering the Unemployment Insurance program. The statutory authority for this fund is found in KSA 44-716.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ (435,230)	\$ (2,472,728)	\$ (2,472,728)	\$ 1,764,772	\$ 1,913,874	\$ 2,064,774	\$ 2,362,542
Revenue	21,263,912	26,169,599	26,169,599	20,127,028	20,127,028	20,936,371	20,936,371
Transfers in	2,687,801	2,641,550	2,641,550	3,144,002	3,144,002	503,252	503,252
Total Funds Available	\$ 23,516,483	\$ 26,338,421	\$ 26,338,421	\$ 25,035,802	\$ 25,184,904	\$ 23,504,397	\$ 23,802,165
Less: Expenditures	23,558,392	21,876,678	21,727,576	20,710,818	20,562,152	18,799,131	18,647,487
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	2,430,819	2,696,971	2,696,971	2,260,210	2,260,210	2,340,493	2,340,493
Ending Balance	\$ (2,472,728)	\$ 1,764,772	\$ 1,913,874	\$ 2,064,774	\$ 2,362,542	\$ 2,364,773	\$ 2,814,185
Ending Balance as Percent of Expenditures	(10.5%)	8.1%	8.8%	10.0%	11.5%	12.6%	15.1%
Month Highest Ending Balance	June \$ 198,222	June \$ 90,000	June \$ 239,100	June \$ 150,000	June \$ 447,770	June \$ 100,000	June \$ 549,412
Month Lowest Ending Balance	February \$ (1,734,459)	August \$ (2,474,901)	August \$ (2,450,051)	February \$ (900,000)	February \$ (651,786)	December \$ (950,000)	December \$ (576,410)

Special Employment Security Fee Fund

The Special Employment Security Fund is supported by charges to employers for late filing of unemployment claims and is used to pay for the expenditures associated with

administering the Unemployment Insurance program. The statutory authority for this fund is found in KSA 44-716a. The revenue into this fund is found in KSA 44-717.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 534,650	\$ 807,492	\$ 807,492	\$ 1,130,780	\$ 1,130,780	\$ 1,275,517	\$ 1,275,517
Revenue	946,731	700,000	700,000	750,000	750,000	750,000	750,000
Transfers in	846,565	700,000	700,000	750,000	750,000	750,000	750,000
Total Funds Available	\$ 2,327,946	\$ 2,207,492	\$ 2,207,492	\$ 2,630,780	\$ 2,630,780	\$ 2,775,517	\$ 2,775,517
Less: Expenditures	1,170,454	1,076,712	1,076,712	1,205,263	1,205,263	1,286,400	1,286,400
Transfers Out	350,000	0	0	150,000	150,000	100,000	100,000
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 807,492</u>	<u>\$ 1,130,780</u>	<u>\$ 1,130,780</u>	<u>\$ 1,275,517</u>	<u>\$ 1,275,517</u>	<u>\$ 1,389,117</u>	<u>\$ 1,389,117</u>
Ending Balance as Percent of Expenditures	69.0%	105.0%	105.0%	105.8%	105.8%	108.0%	108.0%
Month Highest Ending Balance	January	October	October	June	June	June	June
	<u>\$ 1,383,728</u>	<u>\$ 1,364,033</u>	<u>\$ 1,364,033</u>	<u>\$ 1,346,643</u>	<u>\$ 1,346,643</u>	<u>\$ 1,277,036</u>	<u>\$ 1,277,036</u>
Month Lowest Ending Balance	July	July	July	July	July	August	August
	\$ 624,797	\$ 1,024,463	\$ 1,024,463	\$ 1,147,507	\$ 1,147,507	\$ 1,159,282	\$ 1,159,282

Workmen's Compensation Fee Fund

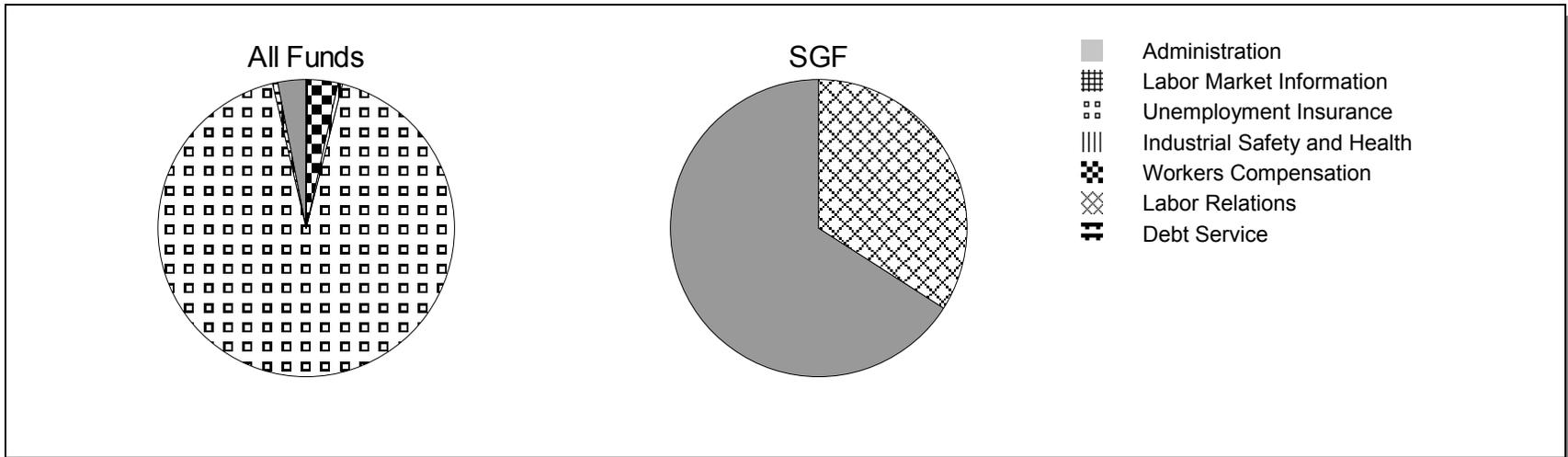
The Workmen's Compensation Fee Fund is supported by fees paid by insurance companies and employers based on a percentage of insurance benefits paid out. The assessment rate for FY 2015 is 2.79 percent. The fund is authorized under KSA 74-715. The Governor recommends increasing the amount withheld from the agency's fee fund revenue from 10.0 percent

or \$100,000, whichever is less, to 20.0 percent or \$200,000, whichever is less, and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a. For this fund, that amount is estimated at \$100,000 for FY 2016 and FY 2017.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 11,649,804	\$ 24,957,589	\$ 24,957,589	\$ 24,188,018	\$ 24,262,334	\$ 21,916,848	\$ 21,953,197
Revenue	23,497,832	11,757,271	11,757,271	11,200,000	11,100,000	11,000,000	10,900,000
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 35,147,636	\$ 36,714,860	\$ 36,714,860	\$ 35,388,018	\$ 35,362,334	\$ 32,916,848	\$ 32,853,197
Less: Expenditures	10,174,685	12,521,142	12,446,826	13,451,586	13,389,553	14,904,258	14,840,983
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	15,362	5,700	5,700	19,584	19,584	19,992	19,992
Ending Balance	<u>\$ 24,957,589</u>	<u>\$ 24,188,018</u>	<u>\$ 24,262,334</u>	<u>\$ 21,916,848</u>	<u>\$ 21,953,197</u>	<u>\$ 17,992,598</u>	<u>\$ 17,992,222</u>
Ending Balance as Percent of Expenditures	245.3%	193.2%	194.9%	162.9%	164.0%	120.7%	121.2%
Month Highest Ending Balance	June	July	July	July	July	July	July
	<u>\$ 24,957,589</u>	<u>\$ 30,471,807</u>	<u>\$ 30,477,308</u>	<u>\$ 29,327,022</u>	<u>\$ 29,351,143</u>	<u>\$ 26,838,718</u>	<u>\$ 26,824,964</u>
Month Lowest Ending Balance	April	April	April	April	April	April	April
	\$ 16,003,747	\$ 20,912,859	\$ 20,975,116	\$ 19,046,498	\$ 19,117,926	\$ 15,448,318	\$ 15,482,820

PROGRAM DETAIL

EXPENDITURES BY PROGRAM—GOVERNOR’S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Administration	\$ 10,035,015	3.1 %	\$ 209,875	65.9 %
Labor Market Information	1,791,727	0.6	0	0.0
Unemployment Insurance	299,937,782	92.4	0	0.0
Industrial Safety and Health	1,578,327	0.5	0	0.0
Workers Compensation	10,728,150	3.3	0	0.0
Labor Relations	216,810	0.1	108,434	34.1
Debt Service	198,078	0.1	0	0.0
TOTAL	\$ 324,485,889	100.0 %	\$ 318,309	100.0 %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

Program	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Administration	66.8	29.8	29.8	29.8	29.8	29.8	29.8
Labor Market Information	23.0	12.0	12.0	12.0	12.0	12.0	12.0
Unemployment Insurance	146.2	111.5	111.5	111.5	111.5	111.5	111.5
Industrial Safety and Health	12.0	7.9	7.9	7.9	7.9	7.9	7.9
Workers Compensation	78.8	66.8	66.8	66.8	66.8	66.8	66.8
Labor Relations	4.2	2.0	2.0	2.0	2.0	2.0	2.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Off-Budget	4.1	2.5	2.5	2.5	2.5	2.5	2.5
TOTAL	335.1	232.5	232.5	232.5	232.5	232.5	232.5

A. Administration

The Administration program includes the central management and administrative support function of the Department of Labor. Two sub-programs support the activities of the agency's programs: General Administration and Support

Services. Five divisions make up the Support Services sub-program: Communications, Fiscal, Human Resources, Information Systems and Technology, and Legal.

ADMINISTRATION
SUMMARY OF EXPENDITURES FY 2014 – 2017

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 5,834,742	\$ 6,387,295	\$ 6,324,807	\$ 5,860,052	\$ 5,813,824	\$ 6,131,469	\$ 6,084,316
Contractual Services	2,305,638	3,501,737	3,494,153	3,839,120	3,825,778	3,968,382	3,955,040
Commodities	11,555	123,941	123,941	119,131	119,131	110,408	110,408
Capital Outlay	390,592	220,150	220,150	176,282	176,282	179,806	179,806
Subtotal - Operations	\$ 8,542,527	\$ 10,233,123	\$ 10,163,051	\$ 9,994,585	\$ 9,935,015	\$ 10,390,065	\$ 10,329,570
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	132,443	97,550	97,550	100,000	100,000	102,000	102,000
TOTAL	<u>\$ 8,674,970</u>	<u>\$ 10,330,673</u>	<u>\$ 10,260,601</u>	<u>\$ 10,094,585</u>	<u>\$ 10,035,015</u>	<u>\$ 10,492,065</u>	<u>\$ 10,431,570</u>
Financing:							
State General Fund	\$ 176,152	\$ 209,071	\$ 201,169	\$ 223,791	\$ 209,875	\$ 219,131	\$ 205,204
All Other Funds	8,498,818	10,121,602	10,059,432	9,870,794	9,825,140	10,272,934	10,226,366
TOTAL	<u>\$ 8,674,970</u>	<u>\$ 10,330,673</u>	<u>\$ 10,260,601</u>	<u>\$ 10,094,585</u>	<u>\$ 10,035,015</u>	<u>\$ 10,492,065</u>	<u>\$ 10,431,570</u>
FTE Positions	66.8	29.8	29.8	29.8	29.8	29.8	29.8
Non-FTE Uncl. Perm. Pos.	42.0	52.7	52.7	52.7	52.7	52.7	52.7
TOTAL	<u>108.8</u>	<u>82.5</u>	<u>82.5</u>	<u>82.5</u>	<u>82.5</u>	<u>82.5</u>	<u>82.5</u>

The **agency** requests FY 2016 expenditures of \$10.1 million, including \$223,791 from the State General Fund, for the Administration program. The request is an all funds decrease of \$236,088, or 2.3 percent, below the revised FY 2015 estimate. The State General Fund request is an increase of \$14,720, or 7.0 percent, above the revised FY 2015 amount. The all funds decrease is primarily attributable to a reduction in classified and unclassified pay largely due to vacated positions that were left unfilled, which is partially offset by an increase in contractual services due to expenditures associated with modernizing the

Department's information technology systems. The request includes 29.8 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of \$10.0 million, including \$209,875 from the State General Fund, for the Administration program. The recommendation is an all funds decrease of \$59,570, or 0.6 percent, including a State General Fund decrease of \$13,916, or 6.2 percent, below the agency's FY 2016 request. The all funds decrease is attributable to the

Governor recommending a 4.0 percent State General Fund reduction totaling \$13,342, as well as recommending a reduction of \$46,228, including \$574 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 29.8 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of \$10.5 million, including \$219,131 from the State General Fund, for the Administration program. The request is an all funds increase of \$397,480, or 3.9 percent, above the FY 2016 request. The State General Fund request is a decrease of \$4,660, or 2.1 percent, below the FY 2016 request. The all funds increase is primarily attributable to increases in KPERS employer contributions, an additional (27th) payroll period in FY 2017, and an increase in expenditures associated with modernizing the Department's

B. Labor Market Information Services

The Labor Market Information Services program is the major research and statistical arm of the agency. The Labor Market Information Services program maintains the state's reporting requirements for the US Department of Labor - Bureau of Labor Statistics. The Labor Market Information Services program is 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.

information technology systems. The request includes 29.8 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of \$10.4 million, including \$205,204 from the State General Fund, for the Administration program. The recommendation is an all funds decrease of \$60,495, or 0.6 percent, including a State General Fund decrease of \$13,927, or 6.4 percent, below the agency's FY 2017 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling \$13,342, as well as recommending a reduction of \$47,153, including \$585 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 29.8 FTE positions, which is the same number included in the agency's FY 2017 request.

- Calculating the number of employed in each industrial sector.
- Preparing periodic reports and surveys concerning the labor market in Kansas.
- Serving as the actuarial trustee for the Unemployment Insurance Trust Fund.

**LABOR MARKET INFORMATION SERVICES
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 1,529,138	\$ 1,659,744	\$ 1,644,123	\$ 1,601,498	\$ 1,584,048	\$ 1,674,054	\$ 1,656,254
Contractual Services	257,074	145,875	145,875	133,609	133,609	106,656	106,656
Commodities	5,791	16,223	16,223	54,920	54,920	6,360	6,360
Capital Outlay	52,110	17,622	17,622	19,150	19,150	3,213	3,213
Subtotal - Operations	\$ 1,844,113	\$ 1,839,464	\$ 1,823,843	\$ 1,809,177	\$ 1,791,727	\$ 1,790,283	\$ 1,772,483
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	234	0	0	0	0	0	0
TOTAL	<u>\$ 1,844,347</u>	<u>\$ 1,839,464</u>	<u>\$ 1,823,843</u>	<u>\$ 1,809,177</u>	<u>\$ 1,791,727</u>	<u>\$ 1,790,283</u>	<u>\$ 1,772,483</u>
Financing:							
State General Fund	\$ 958	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,843,389	1,839,464	1,823,843	1,809,177	1,791,727	1,790,283	1,772,483
TOTAL	<u>\$ 1,844,347</u>	<u>\$ 1,839,464</u>	<u>\$ 1,823,843</u>	<u>\$ 1,809,177</u>	<u>\$ 1,791,727</u>	<u>\$ 1,790,283</u>	<u>\$ 1,772,483</u>
FTE Positions	23.0	12.0	12.0	12.0	12.0	12.0	12.0
Non-FTE Uncl. Perm. Pos.	14.5	14.0	14.0	14.0	14.0	14.0	14.0
TOTAL	<u>37.5</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>

The **agency** requests FY 2016 expenditures of \$1.8 million, all from special revenue funds, for the Labor Market Information Services program. The request is an all funds decrease of \$30,287, or 1.6 percent, below the revised FY 2015 estimate. The decrease is attributable to decreases in classified regular pay and repairs due to the upcoming reduction in funding from the Workforce Data Quality Initiative grant, which ends in early FY 2017. The reductions are partially offset by an increase in supplies and materials resulting from workload increases. The

request includes 12.0 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of \$1.8 million, all from special revenue funds, for the Labor Market Information Services program. The recommendation is a decrease of \$17,450, or 1.0 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of \$17,450 to reduce the employer contribution rate for state employee health insurance. The

recommendation includes 12.0 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of \$1.8 million, all from special revenue funds, for the Labor Market Information Services program. The request is an all funds decrease of \$18,894, or 1.0 percent, below the FY 2016 request. The decrease reflects reductions in capital outlay, commodities, and contractual services expenditures due to the Workforce Data Quality Initiative grant ending in early FY 2017, partially offset by increases in KPERS employer contributions and an additional (27th) payroll period in FY 2017. The request includes

C. Unemployment Insurance

The Unemployment Insurance 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 a federally controlled Trust Fund account. The federal Employment Security Administration Fund (ESAF) provides funding for Unemployment Insurance Services Administration expenditures. The Federal Unemployment Tax Act allows 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 can also receive contingency funds from ESAF in proportion to increases in workload. Unemployment Insurance Services (also known as the Employment Security Division) operates through the following units.

12.0 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of \$1.8 million, all from special revenue funds, for the Labor Market Information Services program. The recommendation is a decrease of \$17,800, or 1.0 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor recommending a reduction of \$17,800 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 12.0 FTE positions, which is the same number included in the agency's FY 2017 request.

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

**UNEMPLOYMENT INSURANCE
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 11,039,558	\$ 11,221,468	\$ 11,111,659	\$ 10,900,635	\$ 10,781,159	\$ 11,396,763	\$ 11,274,894
Contractual Services	2,672,181	1,840,810	1,840,810	1,796,400	1,796,400	1,832,258	1,832,258
Commodities	74,526	88,440	88,440	72,695	72,695	74,149	74,149
Capital Outlay	2,727,528	35,550	35,550	24,000	24,000	24,480	24,480
Subtotal - Operations	\$ 16,513,793	\$ 13,186,268	\$ 13,076,459	\$ 12,793,730	\$ 12,674,254	\$ 13,327,650	\$ 13,205,781
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	369,706,970	342,330,796	342,330,796	287,263,528	287,263,528	243,400,000	243,400,000
TOTAL	<u>\$ 386,220,763</u>	<u>\$ 355,517,064</u>	<u>\$ 355,407,255</u>	<u>\$ 300,057,258</u>	<u>\$ 299,937,782</u>	<u>\$ 256,727,650</u>	<u>\$ 256,605,781</u>
Financing:							
State General Fund	\$ 9,118	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	386,211,645	355,517,064	355,407,255	300,057,258	299,937,782	256,727,650	256,605,781
TOTAL	<u>\$ 386,220,763</u>	<u>\$ 355,517,064</u>	<u>\$ 355,407,255</u>	<u>\$ 300,057,258</u>	<u>\$ 299,937,782</u>	<u>\$ 256,727,650</u>	<u>\$ 256,605,781</u>
FTE Positions	146.2	111.5	111.5	111.5	111.5	111.5	111.5
Non-FTE Uncl. Perm. Pos.	75.9	95.6	95.6	95.6	95.6	95.6	95.6
TOTAL	<u>222.0</u>	<u>207.1</u>	<u>207.1</u>	<u>207.1</u>	<u>207.1</u>	<u>207.1</u>	<u>207.1</u>

The **agency** requests FY 2016 expenditures of \$300.1 million, all from special revenue funds, for the Unemployment Insurance program. The request is an all funds decrease of \$55.5 million, or 15.6 percent, below the revised FY 2015 estimate. The decrease is attributable to a reduction in projected unemployment insurance benefit payments and decreases in all expenditure categories due to projected workload decreases. The request includes 111.5 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of \$299.9 million, all from special revenue funds, for the Unemployment Insurance program. The recommendation is a decrease of \$119,476, or less than 0.1 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of \$119,476 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 111.5 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of \$256.7 million, all from special revenue funds, for the Unemployment Insurance program. The request is an all funds decrease of \$43.3 million, or 14.4 percent, below the FY 2016 request. The decrease is primarily attributable to a reduction in projected unemployment insurance benefit payments, partially offset by increases in KPERS employer contributions and an additional (27th) payroll period in FY 2017. The request includes 111.5 FTE positions, which is the same number included in the agency's FY 2016 request.

D. Industrial Safety and Health

The Industrial Safety and Health program coordinates six programs: Accident Prevention, 21(d) Consultation Project, Public Sector Compliance, Kansas Workplace Health and Safety, Annual Safety and Health Conference, and Amusement Ride Inspections. The Annual Safety and Health Conference program is funded by attendee and vendor registration fees. Accident Prevention and Public Sector Compliance receive funding from the Division of Workers' Compensation Assessments. These funds also supply the state funded match for the 21(d) Consultation Project, which derives up to 90.0 percent of its funding from a federal government grant.

Additional information regarding the programs includes the following items.

- **Workers' Compensation Accident Prevention** is responsible for reviewing the quantity and quality of safety and health services provided by insurance companies. The Workers' Compensation Act requires insurance carriers to provide these services for their clients. This program is administered by the Industrial Safety

The **Governor** recommends FY 2017 expenditures of \$256.6 million, all from special revenue funds, for the Unemployment Insurance program. The recommendation is a decrease of \$121,869, or less than 0.1 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor recommending a reduction of \$121,869 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 111.5 FTE positions, which is the same number included in the agency's FY 2017 request.

and Health. However, it is funded through Workers' Compensation Fee Fund.

- **21(d) Consultation Project** 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 OSHA standards, and assist in establishing safety and health management systems.
- **Public Sector Compliance** 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** is operated with the Department of Health and Environment and provides free safety and health consultations to state agencies.

- **Annual Safety and Health Conference** is fee-funded and offers workplace health and safety education and training education for emergency personnel, employers, employees, and safety professionals.

- **Amusement Ride Inspections** ensures carnival owners comply with the Kansas Amusement Ride Act.

INDUSTRIAL SAFETY AND HEALTH SUMMARY OF EXPENDITURES FY 2014 – 2017							
Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 1,071,239	\$ 979,621	\$ 969,978	\$ 1,193,199	\$ 1,183,250	\$ 1,248,229	\$ 1,238,081
Contractual Services	327,924	243,500	243,500	344,901	344,901	340,920	340,920
Commodities	12,583	15,270	15,270	44,176	44,176	19,117	19,117
Capital Outlay	43,758	4,000	4,000	6,000	6,000	6,040	6,040
Subtotal - Operations	\$ 1,455,504	\$ 1,242,391	\$ 1,232,748	\$ 1,588,276	\$ 1,578,327	\$ 1,614,306	\$ 1,604,158
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	412	0	0	0	0	0	0
TOTAL	\$ 1,455,916	\$ 1,242,391	\$ 1,232,748	\$ 1,588,276	\$ 1,578,327	\$ 1,614,306	\$ 1,604,158
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,455,916	1,242,391	1,232,748	1,588,276	1,578,327	1,614,306	1,604,158
TOTAL	\$ 1,455,916	\$ 1,242,391	\$ 1,232,748	\$ 1,588,276	\$ 1,578,327	\$ 1,614,306	\$ 1,604,158
FTE Positions	12.0	7.9	7.9	7.9	7.9	7.9	7.9
Non-FTE Uncl. Perm. Pos.	7.1	10.4	10.4	10.4	10.4	10.4	10.4
TOTAL	19.1	18.3	18.3	18.3	18.3	18.3	18.3

The **agency** requests FY 2016 expenditures of \$1.6 million, all from special revenue funds, for the Industrial Safety and Health program. The request is an all funds increase of

\$345,885, or 27.8 percent, above the revised FY 2015 estimate. The increase is attributable to higher salaries and wages and contractual services resulting from an increase in the annual

OSHA grant and an increase in commodities due to the replacement of safety equipment. The request includes 7.9 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of \$1.6 million, all from special revenue funds, for the Industrial Safety and Health program. The recommendation is a decrease of \$9,949, or 0.6 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of \$9,949 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 7.9 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of \$1.6 million, all from special revenue funds, for the Industrial Safety and

E. Workers' Compensation

The Workers' Compensation program administers the Kansas Workers' Compensation Act, 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-

Health program. The request is an all funds increase of \$26,030, or 1.6 percent, above the FY 2016 request. The increase is attributable to an increase in KPERS employer contributions and an additional (27th) payroll period in FY 2017, which are partially offset by a reduction in safety equipment expenditures. The request includes 7.9 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of \$1.6 million, all from special revenue funds, for the Industrial Safety and Health program. The recommendation is a decrease of \$10,148, or 0.6 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor recommending a reduction of \$10,148 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 7.9 FTE positions, which is the same number included in the agency's FY 2017 request.

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. The program is funded entirely from special revenue funds.

**WORKERS' COMPENSATION
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 6,053,389	\$ 5,770,229	\$ 5,711,098	\$ 6,069,859	\$ 6,022,880	\$ 6,352,354	\$ 6,304,434
Contractual Services	1,428,826	1,637,922	1,637,922	1,561,000	1,561,000	1,592,220	1,592,220
Commodities	59,300	62,650	62,650	69,270	69,270	69,655	69,655
Capital Outlay	198,792	3,000,000	3,000,000	3,075,000	3,075,000	4,076,500	4,076,500
Subtotal - Operations	<u>\$ 7,740,307</u>	<u>\$ 10,470,801</u>	<u>\$ 10,411,670</u>	<u>\$ 10,775,129</u>	<u>\$ 10,728,150</u>	<u>\$ 12,090,729</u>	<u>\$ 12,042,809</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	2,573	0	0	0	0	0	0
TOTAL	<u><u>\$ 7,742,880</u></u>	<u><u>\$ 10,470,801</u></u>	<u><u>\$ 10,411,670</u></u>	<u><u>\$ 10,775,129</u></u>	<u><u>\$ 10,728,150</u></u>	<u><u>\$ 12,090,729</u></u>	<u><u>\$ 12,042,809</u></u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	7,742,880	10,470,801	10,411,670	10,775,129	10,728,150	12,090,729	12,042,809
TOTAL	<u><u>\$ 7,742,880</u></u>	<u><u>\$ 10,470,801</u></u>	<u><u>\$ 10,411,670</u></u>	<u><u>\$ 10,775,129</u></u>	<u><u>\$ 10,728,150</u></u>	<u><u>\$ 12,090,729</u></u>	<u><u>\$ 12,042,809</u></u>
FTE Positions	78.8	66.8	66.8	66.8	66.8	66.8	66.8
Non-FTE Uncl. Perm. Pos.	14.7	16.8	16.8	16.8	16.8	16.8	16.8
TOTAL	<u><u>93.5</u></u>	<u><u>83.5</u></u>	<u><u>83.5</u></u>	<u><u>83.5</u></u>	<u><u>83.5</u></u>	<u><u>83.5</u></u>	<u><u>83.5</u></u>

The **agency** requests FY 2016 expenditures of \$10.8 million, all from special revenue funds, for the Workers' Compensation program. The request is an all funds increase of \$304,328, or 2.9 percent, above the revised FY 2015 estimate. The increase is primarily attributable to statutorily required salary increases for eight administrative law judges, reduced salaries and wages shrinkage, and an increase in computer and equipment expenditures related to the digitization project. The request includes 66.8 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of \$10.7 million, all from special revenue funds, for the Workers' Compensation program. The recommendation is a decrease of \$46,979, or 0.4 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of \$46,979 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 66.8 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of \$12.1 million, all from special revenue funds, for the Workers' Compensation program. The request is an all funds increase of \$1.3 million, or 12.2 percent, above the FY 2016 request. The increase is primarily attributable to a \$1.0 million increase in capital outlay expenditures related to the digitization project, increases in KPERS employer contributions, and an additional (27th) payroll period in FY 2017. The request includes 66.8 FTE positions, which is the same number included in the agency's FY 2016 request.

F. Labor Relations

The Labor Relations program enforces laws relating to employment standards, labor relations, and public employee relations.

- **Employment Standards** is primarily responsible for the enforcement of minimum wage, 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 (PERB).
- **Labor Relations** provides assistance in the organizational or collective bargaining process to employers and employees in the private sector who are exempt from federal laws, agricultural

The **Governor** recommends FY 2017 expenditures of \$12.0 million, all from special revenue funds, for the Workers' Compensation program. The recommendation is a decrease of \$47,920, or 0.4 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor recommending a reduction of \$47,920 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 66.8 FTE positions, which is the same number included in the agency's FY 2017 request.

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 provisions 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.

- **Public Employee Relations** administers the Public Employer-Employee Relations Act (PEERA). PEERA covers employees of the state and its agencies, cities, counties, fire districts, school districts (except for teachers), and some colleges.

**LABOR RELATIONS
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 223,437	\$ 197,371	\$ 195,486	\$ 192,475	\$ 191,040	\$ 201,275	\$ 199,811
Contractual Services	28,277	14,130	14,130	24,420	24,420	24,907	24,907
Commodities	1,028	1,470	1,470	1,150	1,150	1,174	1,174
Capital Outlay	247	10,100	10,100	200	200	204	204
Subtotal - Operations	\$ 252,989	\$ 223,071	\$ 221,186	\$ 218,245	\$ 216,810	\$ 227,560	\$ 226,096
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	34	0	0	0	0	0	0
TOTAL	<u>\$ 253,023</u>	<u>\$ 223,071</u>	<u>\$ 221,186</u>	<u>\$ 218,245</u>	<u>\$ 216,810</u>	<u>\$ 227,560</u>	<u>\$ 226,096</u>
Financing:							
State General Fund	\$ 107,874	\$ 125,383	\$ 124,431	\$ 109,152	\$ 108,434	\$ 113,812	\$ 113,080
All Other Funds	145,149	97,688	96,755	109,093	108,376	113,748	113,016
TOTAL	<u>\$ 253,023</u>	<u>\$ 223,071</u>	<u>\$ 221,186</u>	<u>\$ 218,245</u>	<u>\$ 216,810</u>	<u>\$ 227,560</u>	<u>\$ 226,096</u>
FTE Positions	4.2	2.0	2.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	1.2	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	<u>5.4</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>

The **agency** requests FY 2016 expenditures of \$218,245, including \$109,152 from the State General Fund, for the Labor Relations program. The request is an all funds decrease of \$4,826, or 2.2 percent, and a State General Fund decrease of \$16,231, or 12.9 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to reductions in group health insurance and furniture fixtures and equipment, which are partially offset by an increase in professional fees resulting from a change in the billing methodology utilized by the Office of Administrative Hearings (OAH) after a review determined OAH

was undercharging KDOL for legal proceedings. The request includes 2.0 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of \$216,810, including \$108,434 from the State General Fund, for the Labor Relations program. The recommendation is an all funds decrease of \$1,435, or 0.7 percent, and a State General Fund decrease of \$718, or 0.7 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor

recommending a reduction of \$1,435, including \$718 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 2.0 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of \$227,560, including \$113,812 from the State General Fund, for the Labor Relations program. The request is an all funds increase of \$9,315, or 4.3 percent, and a State General Fund increase of \$4,660, or 4.3 percent, above the FY 2016 request. The increase is primarily attributable to increases in KPERS employer contributions and an additional (27th) payroll period in

G. Debt Service

The Debt Service program includes the interest expenditures for repayment of two bonds: the Lease Revenue Bond, Series 2002H for the acquisition and renovation of the 401 SW Topeka Blvd. headquarters building and the UI

FY 2017. The request includes 2.0 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of \$226,096, including \$113,080 from the State General Fund, for the Labor Relations program. The recommendation is an all funds decrease of \$1,464, or 0.6 percent, and a State General Fund decrease of \$732, or 0.6 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of \$1,464, including \$732 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 2.0 FTE positions, which is the same number included in the agency's FY 2017 request.

Modernization Bond. The Lease Revenue bond was obtained in 2002 for \$3,765,000 and was issued for fifteen years. The UI Modernization Bond was issued for \$21.0 million in 2005 and is amortized over ten years.

DEBT SERVICE
SUMMARY OF EXPENDITURES FY 2014 – 2017

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Debt Service	\$ 424,007	\$ 316,872	\$ 316,872	\$ 198,078	\$ 198,078	\$ 63,923	\$ 63,923
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	424,007	316,872	316,872	198,078	198,078	63,923	63,923
TOTAL	<u>\$ 424,007</u>	<u>\$ 316,872</u>	<u>\$ 316,872</u>	<u>\$ 198,078</u>	<u>\$ 198,078</u>	<u>\$ 63,923</u>	<u>\$ 63,923</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

The **agency** requests FY 2016 expenditures of \$198,078, all from special revenue funds, for the Debt Service program. The request is an all funds decrease of \$118,794, or 37.5 percent, below the revised FY 2015 estimate. The decrease is due to a reduction in interest payments resulting from the amortization of the two outstanding bonds.

The **Governor** concurs with the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of \$63,923, all from special revenue funds, for the Debt Service program. The request is an all funds decrease of \$134,155, or 67.7 percent, below the FY 2016 request. The decrease is due to a reduction in interest payments after the UI Modernization bond is fully repaid in FY 2016.

The **Governor** concurs with the agency's FY 2017 request.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000
1309 SW Topeka Blvd	66,000	66,000	115,000	115,000	0	0
2650 E Circle Dr South	34,000	34,000	0	0	0	0
401 SW Topeka Blvd	0	0	75,000	75,000	75,000	75,000
427 SW Topeka Blvd	0	0	0	0	200,000	200,000
Debt Service - Principal	2,600,000	2,600,000	2,720,000	2,720,000	215,000	215,000
TOTAL	<u>\$ 2,815,000</u>	<u>\$ 2,815,000</u>	<u>\$ 3,025,000</u>	<u>\$ 3,025,000</u>	<u>\$ 605,000</u>	<u>\$ 605,000</u>
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,815,000	2,815,000	3,025,000	3,025,000	605,000	605,000
TOTAL	<u>\$ 2,815,000</u>	<u>\$ 2,815,000</u>	<u>\$ 3,025,000</u>	<u>\$ 3,025,000</u>	<u>\$ 605,000</u>	<u>\$ 605,000</u>

Current Year Agency Estimate

FY 2015 – Current Year. The **agency** estimates FY 2015 capital improvements expenditures of \$2.8 million, all from

special revenue funds. The estimate is the same amount approved by the 2014 Legislature.

Current Year Governor Recommendation

The **Governor** concurs with the agency's FY 2015 estimate.

Budget Year Agency Request

FY 2016 – Budget Year. The **agency** requests FY 2016 capital improvements expenditures of \$3.0 million, all from special revenue funds, which is an increase of \$210,000, or 7.5 percent, above the revised FY 2015 estimate. The increase is

due to renovations at 1309 SW Topeka Blvd. and 401 SW Topeka Blvd., as well as increased debt service principal payments on the UI Modernization bond and the 401 SW Topeka Blvd. bond.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's FY 2016 request.

Budget Year Agency Request

FY 2017 – Budget Year. The **agency** requests FY 2017 capital improvements expenditures of \$605,000, all from special revenue funds, which is a decrease of \$2.4 million, or 80.0

percent, below the FY 2016 request. The decrease is due to reduced debt service principal payments after the UI Modernization bond is fully repaid in FY 2016.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's FY 2017 request.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Administration					
Average number of days to process vouchers for payment	2.0	2.0	2.0	2.0	2.0
Labor Market Information Services					
Percent of labor market requests processed within three days	90.0%	95.2%	95.0%	95.0%	95.0%
Number of requests received	200	310	350	380	410
Unemployment Insurance					
Number of initial claims filed for benefits	154,259	155,264	153,843	150,849	148,417
Percent of intrastate claimants to be issued first payment within 14 days	87.0%	84.5%	88.0%	88.0%	88.0%
Average duration of unemployment benefits (in weeks)	15.7	15.0	14.0	12.0	12.0
Number of claimants exhausting unemployment benefits	26,865	27,480	28,470	26,736	24,895
Industrial Safety and Health					
Number of consultations performed under federal contract	410	501	353	410	475
Number of serious or imminent hazards identified	1,500	2,549	1,500	1,800	2,000
Workers Compensation					
Number of accident reports	66,000	54,205	61,000	59,000	58,000
Average number of days from initial report of fraud or abuse to investigation completion	90	54	90	90	90
Number of fraud abuse cases reviewed	500	288	350	350	350
Average number of days from hearing to issued order from appeal of final award	30	50	30	30	30
Labor Relations					
Number of impasse cases	165	102	165	165	165
Number of prohibited practice cases processed	15	9	10	10	10
Number of wage claims filed	875	827	725	750	800
Amount of wages collected/recovered	\$1,100,000	\$582,188	\$600,000	\$650,000	\$700,000