

KANSAS DEPARTMENT OF LABOR

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 279,191	\$ 315,031	\$ 315,031	\$ 313,065	\$ 313,065
Other Funds	<u>327,401,291</u>	<u>339,760,582</u>	<u>339,760,582</u>	<u>281,747,382</u>	<u>281,747,382</u>
TOTAL	\$ 327,680,482	\$ 340,075,613	\$ 340,075,613	\$ 282,060,447	\$ 282,060,447
Capital Improvements:					
State General Fund	\$ 46,281	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	<u>2,649,567</u>	<u>2,951,700</u>	<u>2,951,700</u>	<u>730,000</u>	<u>730,000</u>
TOTAL	\$ 2,695,848	\$ 2,951,700	\$ 2,951,700	\$ 730,000	\$ 730,000
GRAND TOTAL	<u>\$ 330,376,330</u>	<u>\$ 343,027,313</u>	<u>\$ 343,027,313</u>	<u>\$ 282,790,447</u>	<u>\$ 282,790,447</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(5.1) %	12.8 %	12.8 %	(0.6) %	(0.6) %
All Funds	(19.4)	3.8	3.8	(17.1)	(17.1)
FTE Positions	230.0	216.4	216.4	216.4	216.4
Non-FTE Perm.Uncl.Pos.	190.4	204.0	204.0	204.0	204.0
TOTAL	<u>420.4</u>	<u>420.4</u>	<u>420.4</u>	<u>420.4</u>	<u>420.4</u>

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; and
 - 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; and
 - 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; and
- 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; and
- 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; and
- 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; and
- 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.

The **2015 Legislature** enacted 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 Fund.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised FY 2016 budget totaling \$343.0 million, including \$315,031 from the State General Fund. The request is an increase of \$15.9 million, or 4.8 percent, above the approved FY 2016 amount and all from special revenue funds. The increase is primarily due to increased projected unemployment insurance benefit payments and additional grant funding from the U.S. Department of Labor for information technology (IT) projects, offset partially by a reduction in wages for the Unemployment Insurance and Workers' Compensation programs resulting from workload reductions and unfilled vacancies. The request includes 216.4 FTE positions, which is a reduction of 13.5 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions.

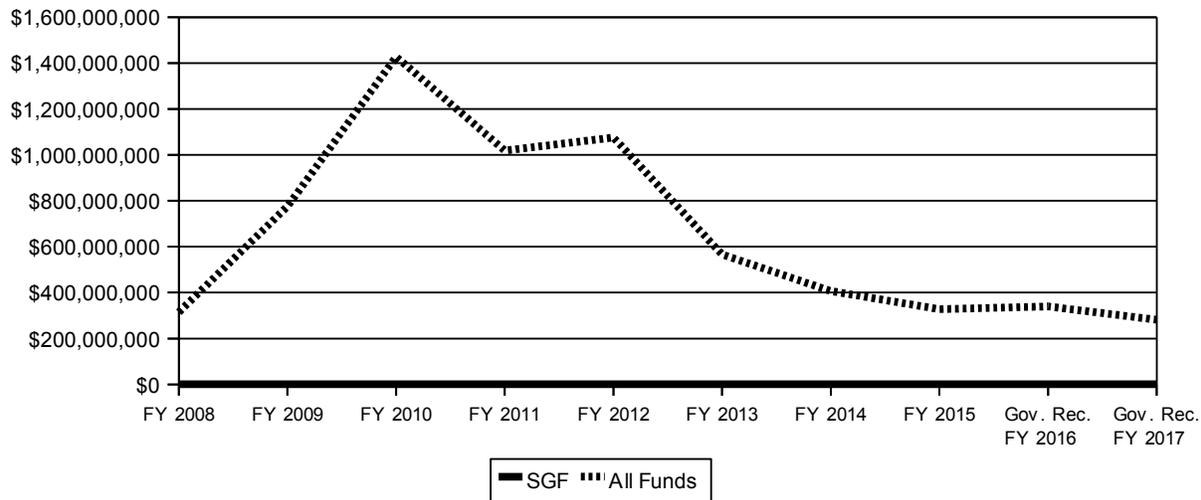
The **Governor** concurs with the agency's FY 2016 estimate.

FY 2017 – Budget Year. The **agency** requests a revised FY 2017 budget totaling \$282.8 million, including \$313,065 from the State General Fund. The request is an increase of \$52,155, or less than 0.1 percent and all from special revenue funds, above the approved FY 2017 amount. The increase is primarily due to fees associated with the implementation of the agency's incarceration cross-matching database. The request includes 216.4 FTE positions, which is a reduction of 13.5 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions.

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

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	279,191	(5.1)	327,680,482	(19.4)	230.0
2016 Gov. Rec.	315,031	12.8	340,075,613	3.8	216.4
2017 Gov. Rec.	313,065	(0.6)	282,060,447	(17.1)	216.4
Ten-Year Change Dollars/Percent	\$ (167,953)	(34.9)%	\$ (33,008,767)	(10.5)%	(335.6)

Summary of Operating Budget FY 2015 - FY 2017

Kansas Department of Labor

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate 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	\$ 12,610,025	\$ 12,989,530	\$ 10,216,253	\$ (2,773,277)	(21.4) %	\$ 12,989,530	\$ 10,216,253	\$ (2,773,277)	(21.4) %
Labor Market									
Information Services	1,627,873	1,712,188	1,704,352	(7,836)	(0.5)	1,712,188	1,704,352	(7,836)	(0.5)
Unemployment									
Insurance	303,484,266	312,760,513	256,443,825	(56,316,688)	(18.0)	312,760,513	256,443,825	(56,316,688)	(18.0)
Industrial Safety and									
Health	1,594,529	1,601,464	1,638,139	36,675	2.3	1,601,464	1,638,139	36,675	2.3
Workers' Compensation	7,843,027	10,577,754	11,753,271	1,175,517	11.1	10,577,754	11,753,271	1,175,517	11.1
Labor Relations	266,769	236,086	240,684	4,598	1.9	236,086	240,684	4,598	1.9
Debt Service	253,993	198,078	63,923	(134,155)	(67.7)	198,078	63,923	(134,155)	(67.7)
TOTAL	<u>\$ 327,680,482</u>	<u>\$ 340,075,613</u>	<u>\$ 282,060,447</u>	<u>\$ (58,015,166)</u>	<u>(17.1) %</u>	<u>\$ 340,075,613</u>	<u>\$ 282,060,447</u>	<u>\$ (58,015,166)</u>	<u>(17.1) %</u>
By Major Object of Expenditure:									
Salaries and Wages	\$ 24,703,014	\$ 24,927,918	\$ 25,732,809	\$ 804,891	3.2 %	\$ 24,927,918	\$ 25,732,809	\$ 804,891	3.2 %
Contractual Services	10,374,445	9,209,232	8,335,659	(873,573)	(9.5)	9,209,232	8,335,659	(873,573)	(9.5)
Commodities	266,246	316,427	279,584	(36,843)	(11.6)	316,427	279,584	(36,843)	(11.6)
Capital Outlay	1,851,422	5,278,615	4,248,472	(1,030,143)	(19.5)	5,278,615	4,248,472	(1,030,143)	(19.5)
Debt Service	253,993	198,078	63,923	(134,155)	(67.7)	198,078	63,923	(134,155)	(67.7)
Subtotal - Operations	<u>\$ 37,449,120</u>	<u>\$ 39,930,270</u>	<u>\$ 38,660,447</u>	<u>\$ (1,269,823)</u>	<u>(3.2) %</u>	<u>\$ 39,930,270</u>	<u>\$ 38,660,447</u>	<u>\$ (1,269,823)</u>	<u>(3.2) %</u>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	290,231,362	300,145,343	243,400,000	(56,745,343)	(18.9)	300,145,343	243,400,000	(56,745,343)	(18.9)
TOTAL	<u>\$ 327,680,482</u>	<u>\$ 340,075,613</u>	<u>\$ 282,060,447</u>	<u>\$ (58,015,166)</u>	<u>(17.1) %</u>	<u>\$ 340,075,613</u>	<u>\$ 282,060,447</u>	<u>\$ (58,015,166)</u>	<u>(17.1) %</u>
Financing:									
State General Fund	\$ 279,191	\$ 315,031	\$ 313,065	\$ (1,966)	(0.6) %	\$ 315,031	\$ 313,065	\$ (1,966)	(0.6) %
Workmen's Comp. Fee									
Fund	10,147,153	13,081,783	14,301,392	1,219,609	9.3	13,081,783	14,301,392	1,219,609	9.3
Unemployment Insurance									
Administration Fund	22,299,234	20,954,783	18,372,317	(2,582,466)	(12.3)	20,954,783	18,372,317	(2,582,466)	(12.3)
Unemployment Insurance									
Trust Fund	281,261,422	300,070,343	243,400,000	(56,670,343)	(18.9)	300,070,343	243,400,000	(56,670,343)	(18.9)
All Other Funds	13,693,482	5,653,673	5,673,673	20,000	0.4	5,653,673	5,673,673	20,000	0.4
TOTAL	<u>\$ 327,680,482</u>	<u>\$ 340,075,613</u>	<u>\$ 282,060,447</u>	<u>\$ (58,015,166)</u>	<u>(17.1) %</u>	<u>\$ 340,075,613</u>	<u>\$ 282,060,447</u>	<u>\$ (58,015,166)</u>	<u>(17.1) %</u>

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$314,903 for the Department of Labor in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$128, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016.

This adjustment changes the FY 2016 approved State General Fund to \$315,031. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 315,031	\$ 315,031	\$ 0	\$ 315,031	\$ 0
All Other Funds	326,857,452	342,712,282	15,854,830	342,712,282	15,854,830
TOTAL	\$ 327,172,483	\$ 343,027,313	\$ 15,854,830	\$ 343,027,313	\$ 15,854,830
FTE Positions	230.0	216.4	(13.5)	216.4	(13.5)

The **agency** requests a revised FY 2016 budget totaling \$343.0 million, including \$315,031 from the State General Fund. The request is an increase of \$15.9 million, or 4.8 percent and all from special revenue funds, above the approved FY 2016 amount. The request includes 216.4 FTE positions, which is a reduction of 13.5 FTE positions below the approved amount. The FTE position reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$24.9 million, including \$182,331 from the State General Fund. The request is an all funds decrease of \$310,936, or 1.2 percent, and a State General Fund increase of \$15,777, or 9.5 percent, from the approved amount. The all funds decrease is primarily due to reductions in wages for the Unemployment Insurance and Workers' Compensation programs. Wages for the Unemployment Insurance program are decreasing due to projected workload decreases, and wages for the Workers' Compensation

program are decreasing due to the agency leaving several vacant positions open as current staffing levels are sufficient;

- **Contractual Services.** The agency requests \$9.2 million, including \$115,819 from the State General Fund. The request is an all funds increase of \$1.5 million, or 19.8 percent, and a State General Fund increase of \$15,648, or 15.6 percent, above the approved amount. The all funds increase is primarily due to additional grant funding from the U.S. Department of Labor for IT projects. The agency indicates the funding will be used to purchase new computers and servers, improve its IT security, and develop an incarceration database to cross-match unemployment claims with a listing of individuals in correctional facilities;
- **Commodities.** The agency requests \$316,427, including \$15,179 from the State General Fund. The request is an all funds decrease of \$44,915, or 12.4 percent, including a State General Fund decrease of \$31,297, or 67.3 percent, below the approved amount. The all funds decrease is primarily due to reduced purchases of supplies for the Administration program and fewer expenditures on commodities for the Labor Market Information Services program as a result of a reduction in U.S. Bureau of Labor Statistics and One-Stop Career Center grant funding;
- **Capital Outlay.** The agency requests \$5.3 million, including \$1,702 from the State General Fund. The request is an increase of \$2.0 million, or 59.9 percent and all from special revenue funds, above the approved amount. The increase is primarily due to additional grant funding from the U.S. Department of Labor for information technology projects. The agency indicates the funding will be used to purchase new computers and servers, improve its IT security, and develop an incarceration database to cross-match unemployment claims with a listing of individuals in correctional facilities;
- **Other Assistance.** The agency requests \$300.1 million, all from special revenue funds. The request is an increase of \$12.8 million, or 4.4 percent, above the approved amount. The increase is due to an increase in projected unemployment insurance benefit payments; and
- **Debt Service.** The agency requests \$198,078, all from special revenue funds, for debt service interest payments. The request is unchanged from the approved amount.

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

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

No changes were requested to the FY 2017 approved State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 313,065	\$ 313,065	\$ 0	\$ 313,065	\$ 0
All Other Funds	<u>282,425,227</u>	<u>282,477,382</u>	<u>52,155</u>	<u>282,477,382</u>	<u>52,155</u>
TOTAL	<u>\$ 282,738,292</u>	<u>\$ 282,790,447</u>	<u>\$ 52,155</u>	<u>\$ 282,790,447</u>	<u>\$ 52,155</u>
FTE Positions	230.0	216.4	(13.5)	216.4	(13.5)

The **agency** requests a revised FY 2017 budget totaling \$282.8 million, including \$313,065 from the State General Fund. The request is an increase of \$52,155, or less than 0.1 percent and all from special revenue funds, above the approved FY 2017 amount. The request includes 216.4 FTE positions, which is a reduction of 13.5 FTE positions below the approved amount. The FTE position reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$25.7 million, including \$188,689 from the State General Fund. The request is an all funds decrease of \$412,645, or 1.6 percent, and a State General Fund increase of \$16,093, or 9.3 percent, from the approved amount. The all funds decrease is primarily due to reductions in wages for the Unemployment Insurance and Workers' Compensation programs. Wages for the Unemployment Insurance program are decreasing due to projected workload decreases, and wages for the Workers' Compensation program are decreasing due to the agency leaving several vacant positions open as current staffing levels are sufficient;
- **Contractual Services.** The agency requests \$8.3 million, including \$100,304 from the State General Fund. The request is an all funds increase of \$484,850, or 6.2 percent, and a State General Fund decrease of \$2,134, or 2.1 percent, from the approved amount. The all funds increase is primarily due to fees associated with the implementation of the agency's incarceration cross-matching database;
- **Commodities.** The agency requests \$279,584, including \$22,338 from the State General Fund. The request is an all funds decrease of \$1,279, or 0.5 percent, including a State General Fund decrease of \$13,959, or 38.5 percent, below the approved amount. The State General Fund decrease is due to the agency restructuring cost allocations based on square footage, resulting in reduced expenditures within the Administration program, which is funded in part by the State General Fund;
- **Capital Outlay.** The agency requests \$4.2 million, including \$1,734 from the State General Fund. The request is an all funds decrease of \$41,771, or 1.0 percent, below the approved amount. The State General Fund request remains unchanged from the approved amount. The all funds decrease is primarily due to a reduction in software expenditures resulting from the agency using its IT grant funding in FY 2016;

- **Other Assistance.** The agency requests \$243.4 million, all from special revenue funds. The request is a decrease of \$102,000, or less than 0.1 percent, below the approved amount; and
- **Debt Service.** The agency requests \$63,923, all from special revenue funds, for debt service interest payments. The request is unchanged from the approved amount.

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

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.1 %	0.1 %
Employment Security Fund - Benefits Account	86.1	86.1
Employment Security Administration Fund	6.5	6.5
Workmen's Compensation Fee Fund	5.2	5.2
All Other Funds	2.1	2.1
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Employment Security Fund Analysis

Unemployment Insurance benefits are paid out through 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:* 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); and
- *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.

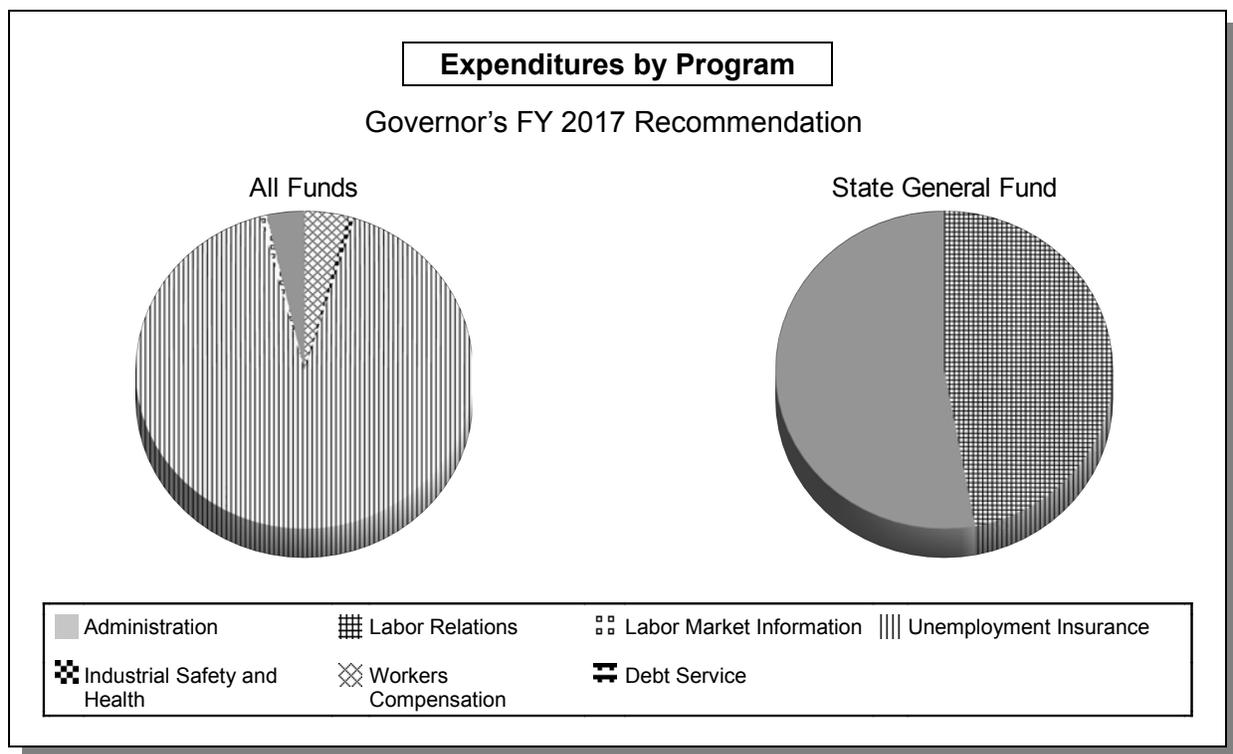
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 223,993,000	\$ 389,494,199	\$ 389,494,199	\$ 493,361,191	\$ 493,361,191
Revenue	37,048,935	7,414,572	7,414,572	9,491,912	9,491,912
Transfers in	423,771,942	390,000,000	390,000,000	340,000,000	340,000,000
Total Funds Available	\$ 684,813,877	\$ 786,908,771	\$ 786,908,771	\$ 842,853,103	\$ 842,853,103
Less: Expenditures	8,909,725	0	0	0	0
Transfers Out	286,288,483	293,547,580	293,547,580	235,010,000	235,010,000
Off Budget Expenditures	121,470	0	0	0	0
Ending Balance	<u>\$ 389,494,199</u>	<u>\$ 493,361,191</u>	<u>\$ 493,361,191</u>	<u>\$ 607,843,103</u>	<u>\$ 607,843,103</u>
Ending Balance as Percent of Expenditures	4371.6%	--	--	--	--
Month Highest Ending Balance	May \$ 573,684,600	May \$ 739,185,799	May \$ 739,185,799	May \$ 843,052,791	May \$ 843,052,791
Month Lowest Ending Balance	March \$ 121,884,200	March \$ 287,385,399	March \$ 287,385,399	March \$ 391,252,391	March \$ 391,252,391

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 for FY 2016 is 2.79 percent. The fund is authorized under KSA 74-715.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 25,183,090	\$ 27,593,877	\$ 27,593,877	\$ 25,810,286	\$ 25,810,286
Revenue	12,791,377	11,500,000	11,500,000	11,200,000	11,200,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 37,974,467	\$ 39,093,877	\$ 39,093,877	\$ 37,010,286	\$ 37,010,286
Less: Expenditures	10,349,950	13,269,383	13,269,383	14,634,142	14,634,142
Transfers Out	0	0	0	0	0
Off Budget Expenditures	30,640	14,208	14,208	14,505	14,505
Ending Balance	<u>\$ 27,593,877</u>	<u>\$ 25,810,286</u>	<u>\$ 25,810,286</u>	<u>\$ 22,361,639</u>	<u>\$ 22,361,639</u>
Ending Balance as Percent of Expenditures	266.6%	194.5%	194.5%	152.8%	152.8%
Month Highest Ending Balance	June \$ 27,368,841	July \$ 26,900,881	July \$ 26,900,881	July \$ 25,117,290	July \$ 25,117,290
Month Lowest Ending Balance	April \$ 17,632,447	April \$ 16,990,837	April \$ 16,900,837	April \$ 15,207,246	April \$ 15,207,246

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 10,216,253	3.6 %	\$ 165,751	52.9 %
Labor Market Information Services	1,704,352	0.6	0	0.0
Unemployment Insurance	256,443,825	90.9	0	0.0
Industrial Safety and Health	1,638,139	0.6	0	0.0
Workers' Compensation	11,753,271	4.2	0	0.0
Labor Relations	240,684	0.1	147,314	47.1
Debt Service	63,923	0.0	0	0.0
TOTAL	\$ 282,060,447	100.0 %	\$ 313,065	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	29.8	25.5	25.5	25.5	25.5
Labor Market Information Services	12.0	11.0	11.0	11.0	11.0
Unemployment Insurance	111.5	109.1	109.1	109.1	109.1
Industrial Safety and Health	7.9	5.4	5.4	5.4	5.4
Workers Compensation	66.8	63.5	63.5	63.5	63.5
Labor Relations	2.0	2.0	2.0	2.0	2.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	230.0	216.4	216.4	216.4	216.4

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 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 5,537,596	\$ 5,974,392	\$ 5,974,392	\$ 6,170,443	\$ 6,170,443
Contractual Services	5,230,253	4,754,539	4,754,539	3,860,507	3,860,507
Commodities	78,652	89,334	89,334	97,956	97,956
Capital Outlay	1,703,309	2,096,265	2,096,265	87,347	87,347
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,549,810</i>	<i>\$ 12,914,530</i>	<i>\$ 12,914,530</i>	<i>\$ 10,216,253</i>	<i>\$ 10,216,253</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	60,215	75,000	75,000	0	0
TOTAL	\$ 12,610,025	\$ 12,989,530	\$ 12,989,530	\$ 10,216,253	\$ 10,216,253
Financing:					
State General Fund	\$ 124,312	\$ 169,405	\$ 169,405	\$ 165,751	\$ 165,751
All Other Funds	12,485,713	12,820,125	12,820,125	10,050,502	10,050,502
TOTAL	\$ 12,610,025	\$ 12,989,530	\$ 12,989,530	\$ 10,216,253	\$ 10,216,253
FTE Positions	29.8	25.5	29.8	25.5	25.5
Non-FTE Uncl. Perm. Pos.	52.7	57.0	52.7	57.0	57.0
TOTAL	82.5	82.5	82.5	82.5	82.5

The **agency** requests FY 2017 expenditures of \$10.2 million, including \$165,751 from the State General Fund, for the Administration program. The request is an all funds decrease of \$73,880, or 0.7 percent, including a State General Fund decrease of \$36,522, or 18.1 percent, below the approved amount. The request includes 25.5 FTE positions, which is a reduction of 4.3 FTE positions below the approved amount. The reduction is due to the agency FTE converting positions from classified to unclassified non-FTE positions. Major changes in categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$6.2 million, including \$68,287 from the State General Fund. The request is an all funds increase of \$226,372, or 3.8 percent, and a State General Fund decrease of \$6,660, or 8.9 percent, from the approved amount. The all funds increase is primarily due to the hiring of an Attorney in the Legal department and a Telecommunications Specialist in the IT department, as well as an increase in employer contributions for employee health insurance;
- **Contractual Services.** The agency requests \$3.9 million, including \$74,081 from the State General Fund. The request is an all funds decrease of \$93,341, or 2.4 percent, including a State General Fund decrease of \$15,903, or 17.7 percent, below the approved amount. The all funds decrease is primarily due to additional grant funding being used in FY 2016 as well as the agency restructuring cost allocations based on square footage, resulting in reduced expenditures within the Administration program;
- **Commodities.** The agency requests \$97,956, including \$21,751 from the State General Fund. The request is an all funds decrease of \$12,452, or 11.3 percent, including a State General Fund decrease of \$13,959, or 39.1 percent, below the approved amount. The all funds decrease is primarily due to a reduction in supplies and materials; and
- **Capital Outlay.** The agency requests \$87,347, including \$1,632 from the State General Fund. The request is an all funds decrease of \$92,459, or 51.4 percent, below the approved amount. The State General Fund request remains unchanged from the approved amount. The all funds decrease is primarily due to a reduction in software expenditures resulting from the agency using its IT grant funding in FY 2016.

The **Governor** concurs with the agency's FY 2017 estimate for the Administration program.

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;
- Calculating the number of employed in each industrial sector;

- Preparing periodic reports and surveys concerning the labor market in Kansas; and
- Serving as the actuarial trustee for the Unemployment Insurance Trust Fund.

LABOR MARKET INFORMATION SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,385,884	\$ 1,535,921	\$ 1,535,921	\$ 1,588,363	\$ 1,588,363
Contractual Services	223,121	121,609	121,609	106,416	106,416
Commodities	5,920	35,508	35,508	6,360	6,360
Capital Outlay	12,948	19,150	19,150	3,213	3,213
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,627,873</u>	<u>\$ 1,712,188</u>	<u>\$ 1,712,188</u>	<u>\$ 1,704,352</u>	<u>\$ 1,704,352</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,627,873</u>	<u>\$ 1,712,188</u>	<u>\$ 1,712,188</u>	<u>\$ 1,704,352</u>	<u>\$ 1,704,352</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>1,627,873</u>	<u>1,712,188</u>	<u>1,712,188</u>	<u>1,704,352</u>	<u>1,704,352</u>
TOTAL	<u>\$ 1,627,873</u>	<u>\$ 1,712,188</u>	<u>\$ 1,712,188</u>	<u>\$ 1,704,352</u>	<u>\$ 1,704,352</u>
FTE Positions	12.0	11.0	11.0	11.0	11.0
Non-FTE Uncl. Perm. Pos.	<u>14.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
TOTAL	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>

The **agency** requests FY 2017 expenditures of \$1.7 million, all from special revenue funds, for the Labor Market Information Services program. The request is an all funds decrease of \$32,375, or 1.9 percent, below the approved amount. The request includes 11.0 FTE positions, which is a reduction of 1.0 FTE position below the approved amount. The FTE reduction is due to the agency converting a FTE position from classified to unclassified non-FTE position. Major changes in categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$1.6 million, which is an all funds decrease of \$32,135, or 2.0 percent, below the approved amount. The all funds decrease is largely due to reduced wages resulting from positions that have been vacated and filled at a lower rate; and
- **Contractual Services.** The agency requests \$106,416, which is an all funds decrease of \$240, or 0.2 percent, below the approved amount.

The **Governor** concurs with the agency's FY 2017 estimate for the Labor Market Information Services program.

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:

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

UNEMPLOYMENT INSURANCE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 10,524,808	\$ 10,428,045	\$ 10,428,045	\$ 10,738,167	\$ 10,738,167
Contractual Services	2,608,522	2,092,800	2,092,800	2,134,586	2,134,586
Commodities	93,001	87,325	87,325	89,072	89,072
Capital Outlay	86,788	82,000	82,000	82,000	82,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 13,313,119</u>	<u>\$ 12,690,170</u>	<u>\$ 12,690,170</u>	<u>\$ 13,043,825</u>	<u>\$ 13,043,825</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	290,171,147	300,070,343	300,070,343	243,400,000	243,400,000
TOTAL	<u>\$ 303,484,266</u>	<u>\$ 312,760,513</u>	<u>\$ 312,760,513</u>	<u>\$ 256,443,825</u>	<u>\$ 256,443,825</u>
Financing:					
State General Fund	\$ 3,899	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	303,480,367	312,760,513	312,760,513	256,443,825	256,443,825
TOTAL	<u>\$ 303,484,266</u>	<u>\$ 312,760,513</u>	<u>\$ 312,760,513</u>	<u>\$ 256,443,825</u>	<u>\$ 256,443,825</u>
FTE Positions	111.5	109.1	109.1	109.1	109.1
Non-FTE Uncl. Perm. Pos.	95.6	98.0	98.0	98.0	98.0
TOTAL	<u>207.1</u>	<u>207.1</u>	<u>207.1</u>	<u>207.1</u>	<u>207.1</u>

The **agency** requests FY 2017 expenditures of \$256.4 million, all from special revenue funds, for the Unemployment Insurance program. The request is an all funds increase of \$93,954, or less than 0.1 percent, above the approved amount. The request includes 109.1 FTE positions, which is a reduction of 2.5 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$10.7 million, which is an all funds decrease of \$280,817, or 2.5 percent, below the approved amount. The decrease is primarily due to projected workload reductions and reduced funding from the Unemployment Insurance Administration grant;
- **Contractual Services.** The agency requests \$2.1 million, which is an all funds increase of \$302,328, or 16.5 percent, above the approved amount. The increase is primarily due to fees associated with the implementation of the agency's incarceration database;
- **Commodities.** The agency requests \$89,072, which is an all funds increase of \$14,923, or 20.1 percent, above the approved amount. The increase is primarily due to an increase in office supplies expenditures;
- **Capital Outlay.** The agency requests \$82,000, which is an all funds increase of \$57,520, or 235.0 percent, above the approved amount. The increase is primarily due to software expenditures associated with the implementation of the agency's incarceration database; and
- **Other Assistance.** The agency requests \$243.4 million, which is the same as the approved amount. This category of expenditure reflects unemployment insurance benefit payments to unemployment persons.

The **Governor** concurs with the agency's FY 2017 estimate for Unemployment Insurance program.

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 follows.

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

INDUSTRIAL SAFETY AND HEALTH SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,171,840	\$ 1,169,160	\$ 1,169,160	\$ 1,209,142	\$ 1,209,142
Contractual Services	385,230	390,123	390,123	405,200	405,200
Commodities	17,323	36,181	36,181	17,757	17,757
Capital Outlay	20,136	6,000	6,000	6,040	6,040
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,594,529</i>	<i>\$ 1,601,464</i>	<i>\$ 1,601,464</i>	<i>\$ 1,638,139</i>	<i>\$ 1,638,139</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,594,529</u>	<u>\$ 1,601,464</u>	<u>\$ 1,601,464</u>	<u>\$ 1,638,139</u>	<u>\$ 1,638,139</u>
Financing:					
State General Fund	\$ 71	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,594,458	1,601,464	1,601,464	1,638,139	1,638,139
TOTAL	<u>\$ 1,594,529</u>	<u>\$ 1,601,464</u>	<u>\$ 1,601,464</u>	<u>\$ 1,638,139</u>	<u>\$ 1,638,139</u>
FTE Positions	7.9	5.4	5.4	5.4	5.4
Non-FTE Uncl. Perm. Pos.	10.4	12.9	12.9	12.9	12.9
TOTAL	<u>18.3</u>	<u>18.3</u>	<u>18.3</u>	<u>18.3</u>	<u>18.3</u>

The **agency** requests FY 2017 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 \$62,042, or 3.9 percent, above the approved amount. The request includes 5.4 FTE positions, which is a reduction of 2.5 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$1.2 million, which is an all funds decrease of \$878, or 0.1 percent, below the approved amount;
- **Contractual Services.** The agency requests \$405,200, which is an all funds increase of \$64,280, or 18.9 percent, above the approved amount. The increase is primarily due to increased expenditures on travel and training for new employees; and
- **Commodities.** The agency requests \$17,757, which is an all funds decrease of \$1,360, or 7.1 percent, below the approved amount. The decrease is primarily due to a reduction in supplies and materials.

The **Governor** concurs with the agency's FY 2017 estimate for the Industrial Safety and Health program.

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-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 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 5,876,374	\$ 5,626,398	\$ 5,626,398	\$ 5,826,066	\$ 5,826,066
Contractual Services	1,867,875	1,809,427	1,809,427	1,790,272	1,790,272
Commodities	70,647	66,929	66,929	67,265	67,265
Capital Outlay	28,131	3,075,000	3,075,000	4,069,668	4,069,668
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 7,843,027</u>	<u>\$ 10,577,754</u>	<u>\$ 10,577,754</u>	<u>\$ 11,753,271</u>	<u>\$ 11,753,271</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 7,843,027</u>	<u>\$ 10,577,754</u>	<u>\$ 10,577,754</u>	<u>\$ 11,753,271</u>	<u>\$ 11,753,271</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>7,843,027</u>	<u>10,577,754</u>	<u>10,577,754</u>	<u>11,753,271</u>	<u>11,753,271</u>
TOTAL	<u>\$ 7,843,027</u>	<u>\$ 10,577,754</u>	<u>\$ 10,577,754</u>	<u>\$ 11,753,271</u>	<u>\$ 11,753,271</u>
FTE Positions	66.8	63.5	63.5	63.5	63.5
Non-FTE Uncl. Perm. Pos.	<u>16.8</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>
TOTAL	<u>83.5</u>	<u>83.5</u>	<u>83.5</u>	<u>83.5</u>	<u>83.5</u>

The **agency** requests FY 2017 expenditures of \$11.8 million, all from special revenue funds, for the Workers' Compensation program. The request is an all funds decrease of \$141,748, or 1.2 percent, below the approved amount. The request includes 63.5 FTE positions, which is a reduction of 3.3 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$5.8 million, which is an all funds decrease of \$330,578, or 5.4 percent, below the approved amount. The decrease is largely due to reduced wages resulting from the agency leaving several vacant positions unfilled as current staffing levels are sufficient;
- **Contractual Services.** The agency requests \$1.8 million, which is an all funds increase of \$198,052, or 12.4 percent, above the approved amount. The increase is primarily due to professional fees and software maintenance fees related to the upgrade of the Workers' Compensation division's IT security system;
- **Commodities.** The agency requests \$67,265, which is an all funds decrease of \$2,390, or 3.4 percent, below the approved amount. The decrease is due to a reduction in office supplies expenditures; and

- **Capital Outlay.** The agency requests \$4.1 million, which is an all funds decrease of \$6,832, or 0.2 percent, below the approved amount. The decrease is due to a reduction in computer expenditures.

The **Governor** concurs with the agency's FY 2017 estimate for the Workers' Compensation program.

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 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; and
- **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 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 206,512	\$ 194,002	\$ 194,002	\$ 200,628	\$ 200,000
Contractual Services	59,444	40,734	40,734	38,678	38,678
Commodities	703	1,150	1,150	1,174	1,174
Capital Outlay	110	200	200	204	204
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 266,769</u>	<u>\$ 236,086</u>	<u>\$ 236,086</u>	<u>\$ 240,684</u>	<u>\$ 240,056</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 266,769</u>	<u>\$ 236,086</u>	<u>\$ 236,086</u>	<u>\$ 240,684</u>	<u>\$ 240,056</u>
Financing:					
State General Fund	\$ 150,909	\$ 145,626	\$ 145,626	\$ 147,314	\$ 147,314
All Other Funds	115,860	90,460	90,460	93,370	93,370
TOTAL	<u>\$ 266,769</u>	<u>\$ 236,086</u>	<u>\$ 236,086</u>	<u>\$ 240,684</u>	<u>\$ 240,684</u>
FTE Positions	2.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>

The **agency** requests FY 2017 expenditures of \$240,684, including \$147,314 from the State General Fund, for the Labor Relations program. The request is an all funds increase of \$19,162, or 8.7 percent, including a State General Fund increase of \$36,522, or 33.0 percent, above the approved amount. The request includes 2.0 FTE positions, which is the same as the approved amount. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$200,628, including \$120,402 from the State General Fund. The request is an all funds increase of \$5,391, or 2.8 percent, including a State General Fund increase of \$22,753, or 23.3 percent, above the approved amount. The all funds increase is largely due to greater employer contributions for employee health insurance;
- **Contractual Services.** The agency requests \$38,678, including \$26,223 from the State General Fund. The request is an all funds increase of \$13,771, or 55.3 percent, including a State General Fund increase of \$13,769, or 110.6 percent, above the approved amount. The all funds increase is due to increased fees to the Office of Administrative Hearings for wage payment hearings.

The **Governor** concurs with the agency's FY 2017 estimate for the Labor Relations program.

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 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 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	253,993	198,078	198,078	63,923	63,923
<i>Subtotal - Operations</i>	<u>\$ 253,993</u>	<u>\$ 198,078</u>	<u>\$ 198,078</u>	<u>\$ 63,923</u>	<u>\$ 63,923</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 253,993</u>	<u>\$ 198,078</u>	<u>\$ 198,078</u>	<u>\$ 63,923</u>	<u>\$ 63,923</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	253,993	198,078	198,078	63,923	63,923
TOTAL	<u>\$ 253,993</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
Non-FTE Uncl. Perm. Pos.	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>

The **agency** requests FY 2017 expenditures of \$63,923, all from special revenue funds, which is the same as the approved amount. The funding is for the interest payments on the 401 SW Topeka remodeling bond. The request includes 0.0 FTE positions, which is the same as the approved amount.

The **Governor** concurs with the agency’s FY 2017 estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000
Debt Service - Principal	2,720,000	2,720,000	215,000	215,000
1309 SW Topeka Basement Restrooms Reno.	60,000	60,000	0	0
1309 SW Topeka Basement Lighting Reno.	6,700	6,700	0	0
1309 SW Topeka Basement Reno.	40,000	40,000	0	0
2650 East Circle Drive South Lighting Reno.	10,000	10,000	0	0
Maintenance Building Construction	0	0	300,000	300,000
1309 SW Topeka First Floor Restrooms Reno.	0	0	60,000	60,000
1309 SW Topeka First Floor Reno.	0	0	40,000	40,000
TOTAL	\$ 2,951,700	\$ 2,951,700	\$ 730,000	\$ 730,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,951,700	2,951,700	730,000	730,000
TOTAL	\$ 2,951,700	\$ 2,951,700	\$ 730,000	\$ 730,000

FY 2016 – Current Year. The agency requests a revised capital improvements budget of \$3.0 million, all from special revenue funds. The request is a decrease of \$73,300, or 2.4 percent, below the approved amount. The decrease is due to the agency delaying all capital improvement projects during FY 2015 after discovering that the Employment Security Administration Property Sales Fund could not be used to fund capital improvements. The agency will replace that funding source with the Special Employment Security Fund and has resumed capital improvement projects in FY 2016. However, some projects originally planned for FY 2016 have been shifted to future fiscal years. Included in the agency request are the following.

- **Rehabilitation and Repair.** The agency requests \$115,000 for general rehabilitation and repair of agency-owned buildings. The rehabilitation and repair work includes roofing, painting, carpeting, caulking, replacing sidewalks, and overlaying parking lots;
- **Debt Service - Principal.** The agency requests \$2,720,000 for debt service principal payments for the UI Modernization bond and the 401 SW Topeka Blvd. remodel bond;

- **1309 SW Topeka Basement Restrooms Renovation.** This project involves removal of current walls, flooring, and ceiling in the two restrooms located on the basement floor of 1309 SW Topeka. The renovated restrooms will meet current ADA and energy use standards;
- **1309 SW Topeka Basement Lighting Renovation.** This project involves upgrading the lighting throughout the entire basement floor of 1309 SW Topeka;
- **1309 SW Topeka Basement Renovation.** This project involves renovating the basement floor at 1309 SW Topeka. This includes new painting and carpeting throughout the floor, including in hallways, office space, training and conference rooms, and the break room area; and
- **2650 East Circle Drive South Lighting Renovation.** This project involves renovating and upgrading the lighting that was not replaced in previous renovation projects in the Eastman Building at 2650 East Circle Drive South.

The **Governor** concurs with the agency's FY 2016 capital improvements estimate.

FY 2017 – Budget Year. The **agency** requests a revised capital improvements budget of \$730,000, all from special revenue funds. The request is an increase of \$125,000, or 20.7 percent, above the approved amount. The increase is due to the agency delaying all capital improvement projects during FY 2015 after discovering that the Employment Security Administration Property Sales Fund could not be used to fund capital improvements. The agency will replace that funding source with the Special Employment Security Fund and has resumed capital improvement projects in FY 2016. As a result, the agency has shifted the renovation of first floor restrooms at 1309 SW Topeka from FY 2015 to FY 2017. Additionally, the agency is requesting an additional \$100,000 for the construction of a maintenance building at 427 SW Topeka. Included in the agency request are the following.

- **Rehabilitation and Repair.** The agency requests \$115,000 for general rehabilitation and repair of agency-owned buildings. The rehabilitation and repair work includes roofing, painting, carpeting, caulking, replacing sidewalks, and overlaying parking lots;
- **Debt Service - Principal.** The agency requests \$215,000 for debt service principal payments for the 401 SW Topeka Blvd. remodel bond;
- **Maintenance Building Construction.** This project involves constructing a new maintenance building at 427 SW Topeka, adjacent to the agency's primary administrative office. The proposed project will consist of removing the existing building at this location and constructing a new building approximately 50 feet by 100 feet, which will house the agency's maintenance facilities. Construction of a new maintenance facility will allow the agency to vacate most of the space at 414 to 420 SW Jackson, after which the buildings could be sold;
- **1309 SW Topeka First Floor Restrooms Renovation.** This project involves removal of current walls, flooring, and ceiling in the two restrooms located on the

first floor of 1309 SW Topeka. The renovated restrooms will meet current ADA and energy use standards; and

- **1309 SW Topeka First Floor Renovation.** This project involves renovating the first floor at 1309 SW Topeka. This includes new painting, carpeting, and other updates throughout the floor, including in hallways, office space, and conference rooms.

The **Governor** concurs with the agency's FY 2017 capital improvements estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual 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
Labor Market Information Services				
Percent of labor market requests processed within three days	95.0%	97.2%	95.0%	95.0%
Number of requests received	350	571	600	600
Unemployment Insurance				
Number of initial claims filed for benefits	153,843	155,152	154,992	156,836
Percent of intrastate claimants to be issued first payment within 14 days	88.0%	91.3%	88.0%	88.0%
Average duration of unemployment benefits (in weeks)	14.0	12.9	13.6	13.5
Number of claimants exhausting unemployment benefits	28,470	28,705	23,076	23,941
Industrial Safety and Health				
Number of consultations performed under federal contract	353	477	410	475
Number of serious or imminent hazards identified	1,500	1,501	1,800	2,000
Workers Compensation				
Number of accident reports	61,000	52,314	55,000	55,000
Average number of days from initial report of fraud or abuse to investigation completion	90	50	60	60
Number of fraud abuse cases reviewed	350	489	350	350
Average number of days from hearing to issued order from appeal of final award	30	40	30	30
Labor Relations				
Number of impasse cases	165	21	25	25
Number of prohibited practice cases processed	10	7	7	7
Number of wage claims filed	725	878	900	900
Amount of wages collected/recovered	\$600,000	\$554,853	\$650,000	\$700,000