Unemployment Insurance
Workers Compensation
Industrial Safety and Health
Labor Market Information Services
Fraud/Special Investigations
Legal
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Kansas
Department of Labor
2015
Annual
Report

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Message from the Secretary

Greetings!

The Kansas Department of Labor saw continued improvement in 2015. From December 2014 to December 2015, 6,928 individuals were added to the labor force. There were 1,451,271 people employed in December 2015, which is indeed the highest employment that we have had! The unemployment rate fell to the lowest level in more than 14 years.

During the Brownback administration we have focused on ensuring the integrity and solvency of the Unemployment Insurance (UI) Trust Fund, as well as providing excellent service to agency customers. The UI Fraud/Special Investigations unit recovered and returned to the UI Trust Fund more than $12 million in 2015.

KDOL was one of the state agencies which joined with the Attorney General in drawing attention to the disturbing problem of human trafficking. Human trafficking is the criminal activity of holding another person for the purpose of exploitation. Even here in Kansas, men, women and children are forced to work for long hours under deplorable conditions for little or no pay without the freedom to leave. We developed a website dedicated to explaining and assisting with the reporting of any such exploitation (http://www.dol.ks.gov/HumanTrafficking.aspx) and joined with the Governor in proclaiming January 2015 and January 2016, as Human Trafficking Awareness Month in Kansas

Some of the other highlights of the recent year, which are covered in greater detail in this report, include:

- The number of individuals claiming unemployment benefits also has dropped from 28,185 individuals at the first of the year to 18,024 at the end of 2015.
- Our Safety and Health consultants conducted more than 520 safety and health visits at Kansas businesses during the year. These visits identified 1,342 serious hazards in a variety of industries.
- The Workers Compensation Division assisted more than 17,530 injured workers, insurance agents, attorneys, employers and health care providers with questions about the Workers Compensation Law.
- The emphasis placed on preventing unemployment fraud yielded significant results in 2015. The unit closed more than 12,000 fraudulent cases related to UI benefits.

Additional information about the agency can be found on our website at www.dol.ks.gov.

Lana Gordon

Secretary of Labor

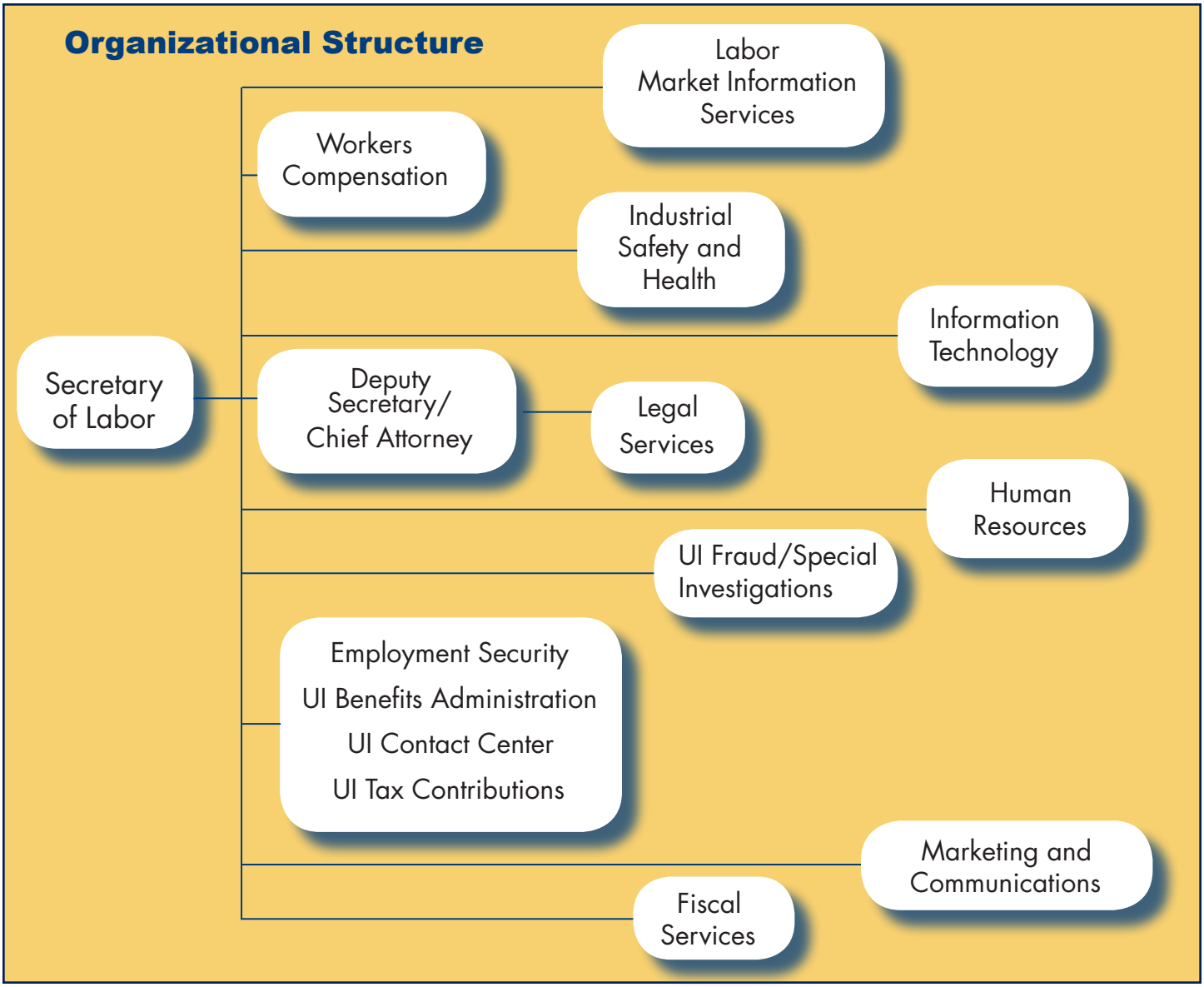
January 2016

The Roles of the Kansas Department of Labor

Customers of the Kansas Department of Labor (KDOL) include some 72,580 employers and 1.5 million workers in Kansas.

KDOL serves the people of Kansas in several ways, including:

- Administering the unemployment insurance program, processing benefit claims and collecting unemployment taxes.
- Overseeing the state's workers compensation system.
- Offering free workplace safety consultations for private employers and overseeing job safety for public employees. (This includes an inspection check list for all amusement park rides, at permanent or temporary locations.)
- Administering Kansas employment laws, including child labor laws and the Wage Payment Act
- Compiling data and performing research on the labor market, workforce and industries in Kansas.
- Overseeing the Public Employers and Employees Relations Act and Public Negotiations Act.



Unemployment Insurance

The stated public policy behind the Employment Security Law is to prevent economic insecurity – and the related dangers to the health and welfare of the citizens of the State of Kansas – brought about by involuntary unemployment. *See* K.S.A. 44-702.

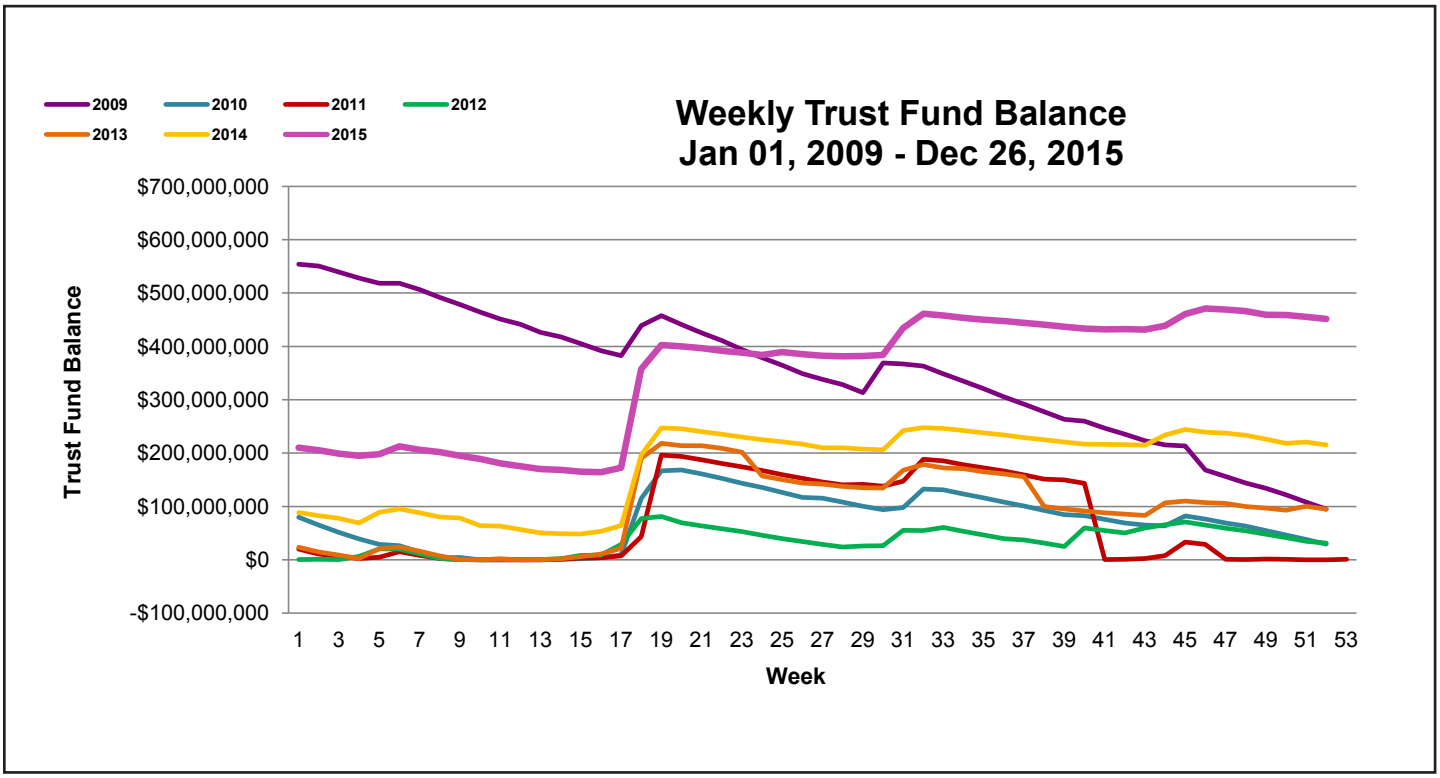
This policy is accomplished in large part by the compulsory setting aside of financial reserves to be used for the benefit of persons unemployed. The reserves distributed as benefits are funded entirely by contributions assessed against Kansas employers. Further, these funds are maintained in the Kansas Employment Security Trust Fund in accordance with applicable state and federal laws.

The framework of the Unemployment Insurance (UI) program is both state and federal. The program is administered by state employees under state law. But federal laws – the Social Security Act and the Federal Unemployment Tax Act – set forth broad coverage provisions, some benefit provisions and numerous administrative requirements. Further, the federal government provides administrative funding, ensures conformity and compliance with federal law and monitors state performance.

Kansas UI Trust Fund

As the Kansas economy continues to grow, the Employment Security Trust Fund approaches pre-recession levels. 2008 ended with a balance of $565 million dollars but due to the recession the balance was depleted to $95 million dollars by the end of 2009. At the end of 2014, the Trust Fund balance was approximately $215 million dollars. By the end of 2015, the Trust Fund balance more than doubled to approximately $451 million dollars.

The following chart shows changes in the Trust Fund balance since 2009.



Kansas Unemployment Contact Center

The lowest unemployment rate in Kansas in 14 years has led to a continued reduction in the number of Kansans filing for unemployment benefits. In 2014, there were 153,787 initial claims filed. In 2015 that number declined to 148,948. In 2014, approximately $293 million in benefits were paid. In 2015, that number declined to $253,615,710.

In terms of paying benefits, the federal government establishes a key performance metric of first-payment promptness. Nationwide, states have continued to struggle to meet this metric. But Kansas met and exceeded federal first-payment promptness standards for every month in 2015.

Unemployment Tax Administration

There are currently more than 72,584 Kansas employers reporting employees wages under the provisions of the Employment Security Law. UI tax staff performed 47,441 assignments in 2015, including audits, investigations, collections and reports.

There were 1,037 employer audits conducted, with approximately $572,767,800 in pre-audit wages audited. A difference of $23,412,080.84 (total wages) was reported as a result of audit findings. This includes Kansas employers both under reporting and over reporting taxable wages.

The efforts of UI tax staff also uncovered 2,880 misclassified workers from 426 employers. The corrected classification of these workers created an additional $10,716,483 in reportable wages. The potential amount to be returned to the Trust Fund from these wages is $457,136 (this amount does not include assessed penalties and interest).

UI tax staff was once again timely concerning its legal obligation to inform Kansas employers of their contribution rate for the upcoming year by no later than Nov. 30. See K.S.A. 44-710b(a). Experience rating notices for 2015 were mailed on Nov. 6, 2015.

Unemployment Appeals

Similar to the Contact Center, the Office of UI Appeals must comply with federal government performance standards concerning the timeliness of its ability to hold hearings and issue appropriate decisions. Under federal standards, at least 60 percent of appeal decisions must be issued within 30 days of the appeal being filed. UI appeals staff continued to exceed this metric throughout 2015.

Labor Market Information Services (LMIS)

Economic Report

LMIS released the *2015 Economic Report* in October. The *Economic Report* provides details related to the state's economic condition in 2014, including job growth, employment gains, unemployment rates, the state's global business position and an economist's note. The report, including its charts and tables, give the reader insight into what is happening currently in the Kansas economy. It is the most comprehensive annual report published about the Kansas labor market.

The report can be found at https://klic.dol.ks.gov/gsipub/index.asp?docid=524

Job Vacancy Survey

The *Kansas Job Vacancy Survey* provides an assessment of labor demand in the state and each of the five local areas based on a survey of Kansas employers. It gives valuable information regarding the specific occupations that are in demand as well as numerous details pertaining to such openings. These details include the duration of vacancies, the permanent/temporary and full-time/part-time status of vacancies and the educational requirements, average wage offers and benefits associated with an area's job openings.

The 2015 Job Vacancy Survey was released in September, reporting 47,269 job vacancies in Kansas during the second quarter of 2015. This is a 5.3 percent increase in the number of openings from the previous year. At the time of the survey, there were 3.4 vacancies for every 100 jobs.

The report can be found at https://klic.dol.ks.gov/gsipub/index.asp?docid=522

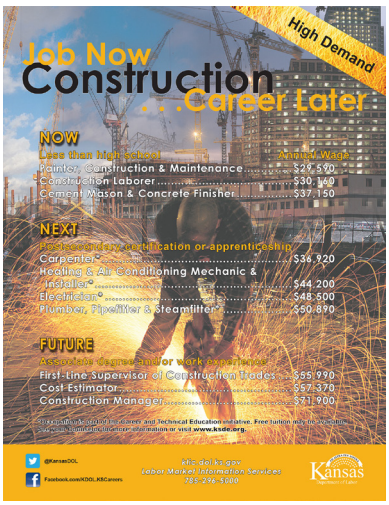
Wage Survey

The Kansas Wage Survey produces employment and wage estimates for more than 700 occupations. The report includes estimates of the number of jobs in certain occupations, and estimates of the wages paid to them. Estimates are available for the state, its metro areas and designated non-metro areas including all Kansas counties. This survey is the most requested and used product from LMIS.

The 2015 Wage Survey was released in September. It reported the average hourly wage in Kansas is $20.20. The average annual wage in the state is $42,020.

The report can be found at https://klic.dol.ks.gov/gsipub/index.asp?docid=554

Kansas Career Posters



The Kansas career posters outline different career paths that high school students might be considering. The posters, for high demand industries, guide students to occupations that they can obtain immediately after high school, along with future careers that they can work towards with additional education or work experience. High demand occupations mean they have larger than average combined current and projected demand from employers in the state.
The posters are made available for download online. Secretary Gordon has also promoted the posters and shared them with many technical schools, economic development groups, the Governor's Council of Economic Advisors and others during her visits across Kansas. The statistical information is updated regularly.

The posters can be found at https://klic.dol.ks.gov/gsipub/index.asp?docid=501 and https://www.facebook.com/media/set/?set=a.563903637086982.1073741830.397344837076197&type=3

High Demand Occupations

The list of high demand occupations in Kansas, released annually, combines the number of projected job openings with the number of current job openings to rank occupations by demand from Kansas employers. Occupations are ranked by the number of job openings at the current time, in the next two years and in the next ten years. The job vacancy survey, short-term projections program and long-term projections program are all used to compile the list of high demand occupations. This list is widely used by groups such as the Kansas Legislature, the Department of Commerce and the Board of Regents in crafting policies and programs related to workforce development.

The Kansas High Demand Occupations report can be found at https://klic.dol.ks.gov/gsipub/index.asp?docid=403

Collaborations

Kansas LMIS continues working with the Kansas Department of Commerce, Kansas Board of Regents and the Kansas State Department of Education on the Workforce Data Quality Initiative (WDQI) Grant. The Kansas State Longitudinal Data System (SLDS) built linkages between education and labor data and workforce systems for program evaluation. WDQI expands the SLDS to connect workforce systems to education, including adult basic programs. The links will enable agencies to create indicators and/or analyze data relationships to support enhanced reporting and/or training capacity. Not only will this avoid duplication in collection and reporting where possible, it will help evaluate performance of federally and state supported job training and education programs to make policy adjustments for continuous program improvements. The creation of a collaborative web-based dashboard will include information on Kansas programs providers, High Demand data and training programs. Consumers will have real-time information with easily accessible information including, but not limited to, demand occupations, earnings information, current job vacancies, training providers for credentials, estimated costs per training, and related statistical information by local area.

Members of the LMIS team have been involved with the Kansas State Plan Management Team, charged by the KansasWorks State Board, to begin planning for Workforce Innovation and Opportunity Act (WIOA) implementation. As labor market information plays a key role in informing decisions under WIOA, LMIS looks forward to continued involvement in workforce policy for the State of Kansas.

Kansas Index of Leading Indicators (KILI)

Will Kansas continue to see job growth in the next 6 to 12 months? That is one question the KILI is designed to answer. It is an index formulated to lead changes in the number of nonfarm jobs in Kansas. The KILI is composed of 10 leading indicators, five of which are specific to Kansas and five are U.S. indicators. The KILI was created at the request of the Governor's Council of Economic Advisors following the recession in 2008. Kansas was in need of a product that could signal a downturn with enough lead time for state lawmakers to prepare. The KILI has been able to meet that need.

Career Technical Education

For the fourth straight year, LMIS has implemented the occupation selection system called for by the Career Technical Education Initiative. The selection of occupations begins with survey data collected from employers in the state and, when complete, provides a list of occupations that are attainable by

a student at high school graduation. The occupations selected must be considered high demand and pay at least 70 percent of the average wage of all occupations in the state. Twenty-two occupations made the list for the 2016-2017 school year. Some examples of these occupations are truck drivers, nursing assistants, carpenters, mechanics and computer user support specialists.

Workers Compensation

Revisions to the Workers Compensation Act were passed by the 2013 Kansas Legislature. The revisions enacted included adoption of the American Medical Association (AMA) Guides to Rating Impairments 6th Edition. The new 6th Edition is used to determine impairment ratings for injured workers beginning Jan. 1, 2015. In response, the division conducted training for both our judicial staff and administrative staff on the new guides.

Division of Workers Compensation accomplishments:

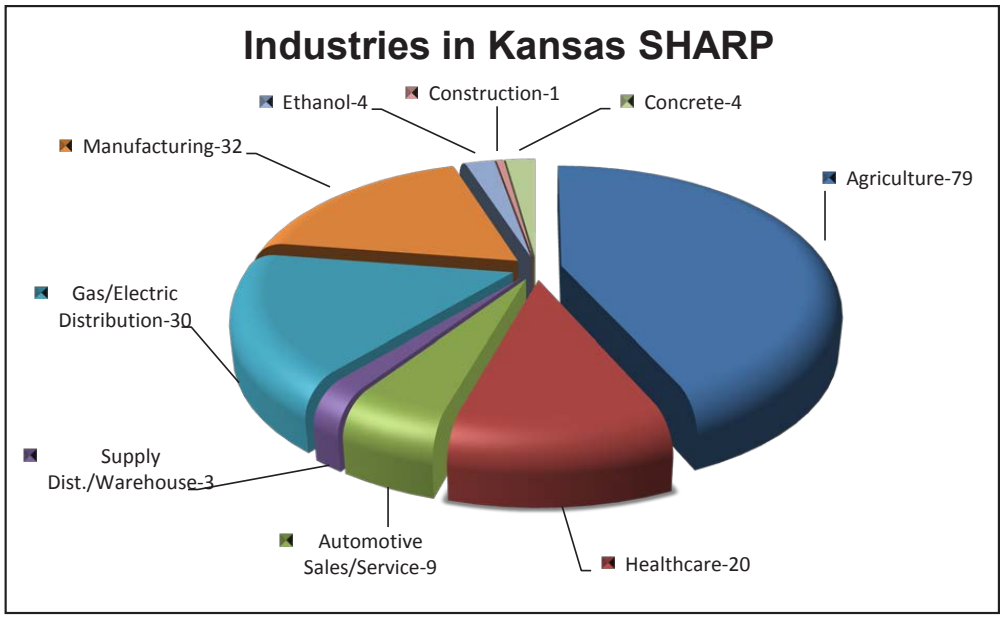
- A total of 50,568 work injuries and illnesses were reported to and processed by the division, a 6.4 percent decrease from 2014
- A digital (paperless) system continues to be studied to create a new reporting system. (A formal Request for Proposal to vendors for the new system will be issued the end of 2015)
- 495 workers compensation fraud and abuse referrals were received and investigated, 57 fraud and abuse administrative cases were prosecuted, four criminal cases collected more than $315,251 in fraud and abuse fines and restitution
- Provided educational presentations to a total of 851 individuals including attorneys and representatives from employers, insurance carriers and health care providers
- Assisted 17,530 injured workers, insurance agents, attorneys, employers and health care providers with questions about the workers compensation law
- Hosted more than 625 attendees and in excess of 100 exhibitors and sponsors at the annual Workers Compensation Seminar held in Overland Park. The seminar focused on the changes resulting from amendments to the Kansas Workers Compensation Act and recent court decisions.
- Settled more than 650 disputes between medical providers and payers

Industrial Safety and Health (ISH)

Identifying safety hazards and helping Kansas businesses and public sector entities eliminate unsafe practices are the focuses of the Industrial Safety and Health Division (ISH). Helping Kansas workers avoid on-the-job injuries and providing a safe working environment is the ultimate goal of the division. These programs are promoted throughout the state, but sell themselves by word of mouth from satisfied employers.

The Kansas Consultation Program has a Cooperative Agreement with the Occupational Safety and Health Administration (OSHA). The 11 Safety and Health Consultants assigned in the OSHA grant conducted 524 safety and health visits this year. These visits identified 1,342 hazards in a variety of industries. OSHA has placed an emphasis on construction, oil and gas, manufacturing facilities with amputation hazards, nursing homes and grain handling. The focus of this program continues to be small companies with less than 250 employees on-site that are considered a high hazard industry.

The Safety and Health Achievement Recognition Program (SHARP) continues to grow in Kansas with 182 active sites and 20 inactive sites. Kansas continues to have the greatest number of SHARP sites in the nation and the highest percentage of SHARP sites per workplace establishment in states under federal OSHA jurisdiction.



The Kansas SHARP Association, established in 2011, provides an avenue for networking and mentoring, serving as a valuable tool for businesses. The Association prides itself on its website to assist Kansas employers in many safety initiatives. Additionally, it has partnered with Pittsburg State University (PSU) to sponsor a scholarship for students pursuing a degree in Occupational Safety Management at PSU.

The division is responsible for investigating safety and health issues with public entities. During 2015, four safety and health consultants assigned to that unit conducted 208 inspections at 1,221 cities, counties and school districts. These inspections indentified 5,085 hazards and involved 36,844 employees. The division investigated two fatalities.

The Safety and Health Award for Public Employees (SHAPE) recognition program, awarding public sector and state workplace entities such as state and local governments, state universities and unified school districts for accident-free work hours and having an exemplary safety and health program, was implemented two years ago. Flint Hills Technical College, Emporia, received this prestigious award in 2015. KDOL's safety consultants continuously seek out public sector and state workplace entities that qualify for the award.

The division has assisted the Kansas Department of Health and Environment with the State Workplace Health and Safety Program, created under K.S.A 44-575, section (f). During 2015 our division conducted 375 ergonomic assessments at 81 locations and made 2,201 recommendations and conducted 83 safety and health inspections at 232 state agency sites, assisting 6,314 employees. Additionally, safety and health consultants identified and corrected 658 hazards.

For 20 years, as a prerequisite for authority to provide workers compensation insurance coverage, Kansas insurance companies and group-funded plans have been required to provide accident prevention programs upon request of the covered employer. KDOL is charged with inspecting these programs. The division completed more than 700 audits.

The 66th Annual Safety and Health Conference was held Oct. 6-9 in Topeka with 206 attendees and 39 exhibitors. The conference covers a variety of topics for the diverse array of industries in attendance. Feedback from those in attendance included: "It was by far one of the best conferences that we have had."

The *Amusement Ride Inspection* Program was implemented in 2012. In 2015 our inspectors visited six parks, festivals and fairs. Of those six locations, only two violations were found, which were resolved quickly.

The main focus of the division's Hispanic Outreach Program is to provide safety and health information to the Hispanic workforce. Through partnerships with established associations, we are able to conduct outreach and training activities to all their membership throughout the state. Eighteen Hispanic workers received the OSHA 10-hour training in Spanish in 2015.

Legal Services

The KDOL legal division represents the agency and all subordinate units and divisions of the agency in state and federal court and in administrative hearings. The legal division provides legal advice, counsel and representation to the Secretary, directors, and other managers and employees of the Department of Labor.

KDOL attorneys have expertise on:

- Contract formation
- Contract enforcement
- Civil litigation, including matters arising under the Kansas Judicial Review Act (KJRA), and defense of the agency in state and federal court
- Kansas Open Records Act (KORA)
- Kansas Open Meetings Act (KOMA)
- Fair Labor Standards Act (FLSA)
- Family and Medical Leave Act (FMLA)
- Americans with Disabilities Act (ADA)
- Kansas Civil Service Act
- Social Security Act (SSA)
- Public Employer-Employee Relations Act (PEERA)
- Professional Negotiations Act (PNA)
- Kansas Wage Payment Act
- Kansas Workers Compensation Act; the Kansas Employment Security Law
- Kansas Child Labor Law
- Kansas Minimum Wage and Maximum Hours Law
- Industrial safety and health laws
- Governmental ethics
- Civil collections and enforcement
- Subpoena enforcement
- Civil rights laws and various Kansas Administrative Regulations, as well as miscellaneous general counsel legal expertise.

The KDOL legal division also represents the State of Kansas Public Employee Relations Board (PERB) and the Kansas Employment Security Board of Review, and defends their administrative decisions when such decisions are appealed under the Kansas Judicial Review Act.

Employment Standards

The unit administers the Kansas Wage Payment Act and other labor laws. Its primary focus is to ensure employees recover unpaid wages. In 2015, KDOL received 878 new claims for unpaid wages, with 840 served. The remainder were closed prior to service, referred to the proper agency or sent back for additional information. A total of 807 claims were fully processed and closed by investigation or Order at year's end. A total of $600,965.59 was collected and returned to Kansas employees during the year.

Asset Recovery

The Asset Recovery Unit focuses on preserving the Employment Security Trust Fund by aggressively combating fraud and actively recovering overpayment benefits. In 2015, more than $15 million was recovered for the Trust Fund.

These collections fall into three categories:

- **Voluntary cash payments** – represent all cash, credit card and check payments recovered directly from claimants.
- **UI Benefit Offsets** – represent all funds collected by withholding UI benefits to satisfy outstanding UI overpayments.
- **State Tax Setoffs** – represent all funds collected by the Kansas Department of Administration on behalf of KDOL.

UI Fraud/Special Investigations

There is no greater responsibility within the mandate of the Kansas Department of Labor than to protect and ensure the integrity of the Unemployment Insurance Trust Fund. The payment of benefits only to those individuals lawfully entitled to receive them is essential to both the security of the Trust Fund and the public's faith in its vital institutions.

Kansas statutes allow KDOL to utilize commissioned law enforcement officers to investigate and prosecute those committing unemployment fraud and other criminal acts.

During the past year, KDOL's Fraud/Special Investigations Unit has hired another commissioned law enforcement officer, who is stationed in the Wichita office, bringing the total number of law enforcement officers to three. Hiring law enforcement officers has allowed for a more focused investigative process as it relates to unemployment fraud cases and opening the doors to a more proactive working relationship with other local, state and federal law enforcement agencies in the area.

The unit has fostered a day-to-day working relationship with civilian fraud investigators and the investigators from the Workers Compensation Division. This relationship has continued to develop into a more streamlined investigative process including but not limited to criminal prosecutions.

The unit was assigned approximately 12,000 cases in 2015 with an associated amount of more than $12 million in fraudulent overpayments.

Restitution orders from state and federal courts obtained an excess of $440,000 during 2015. By December, the unit has obtained more than $91,000 in restitution payments via the associated courts.

Another vital aspect of KDOL's ongoing efforts to protect the Trust Fund has been development of a Chief Integrity Officer's (CIO) role within the agency, focusing on the parallels between internal and external processes to provide UI integrity and proactively identify potential fraud. Examples are looking for identity theft and fictitious employers. A key component in this development has been the working relationship between the CIO, fraud unit supervision and KDOL's Information Technology Division. Proactive collaborations are taking place to aid in the detection and mitigation of fraud across all areas of UI to assure proper benefit payments to all claimants.

During the final months of 2015, KDOL joined the Kansas Sheriff's Association in the development, planning and initial implementation steps of a database allowing for the comparison of incarcerated individuals and unemployment claims. Individuals who are incarcerated typically are not eligible for UI Benefits due to not being "able and available" to obtain employment. This cross match system will identify those incarcerated individuals who are also obtaining UI benefits.

Next year should be an exciting time for the UI Fraud Unit as it continues to develop a more proactive, real world and data driven approach to fraud detection, mitigation and prosecution of those who have made the conscious choice to violate the employment security laws. In 2016, the unit will strive to build stronger, more connective working relationships with outside law enforcement agencies at the local, state and federal levels.

Follow the Kansas Department of Labor:

Fiscal Year 2015 Actual Expenditures

	Actual Expenditures	Percent
	$340,654,100	**100.00%**
State General Fund:		
General Administration	$62,577	
Legal Services	$120,601	
Employment Standards	$140,830	
Public Employees Relations Board	$1,466	
Total SGF	**$325,474**	**0.10%**
Fee Funded Programs:		
Wage Claims Assignment Fund	$1,962	
Workers Compensation	$10,380,590	
Total Fee Funds	**$10,382,552**	**3.05%**
Federal Funded Programs:		
Unemployment Insurance	$24,203,044	
Wagner Peyser (LMI One-Stop)	$505,957	
OSHA	$747,427	
Labor Force Statistics (BLS)	$665,472	
OSH/CFOI	$88,241	
Workforce Data Quality Initiative	$16,283	
Total Federal	**$26,226,424**	**7.70%**
Unemployment Insurance Benefits:	**$299,789,207**	**88.00%**
Other Funds:		
Penalty & Interest Funds	**$866,506**	**0.25%**
Federal Indirect Offset Fund	**$80,072**	**0.02%**
Indirect Cost Fund	**$1,975,489**	**0.58%**
Human Resources Special Projects Fund	**$339,807**	**0.10%**
Special Wage Payment Clearing Trust Fund	**$60,289**	**0.02%**
KDOL Off Budget (MOUs)	**$608,280**	**0.18%**