

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on January 20, 2005 in Room 241-N of the Capitol.

Committee members absent: L. Candy Ruff- excused
Mike Kiegerl- excused

Committee staff present: Jerry Ann Donaldson, Kansas Legislative Research Department
Renaë Jefferies, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee: Jim Garner, Secretary of Labor

The Chairman stated it is hard to hear members speaking from both the North and South ends in this room as the public address system is very antiquated. Members at each end need to speak up loudly.

The Chairman said the committee was honored to have Secretary Jim Garner give a briefing on the Department of Labor. Mr. Garner previously was a representative and minority leader for part of his service in the chamber before he decided to make some money.

Jim Garner, Secretary of Labor, gave a brief update of activities within the Kansas Department of Labor (KDOL) during the last several months. The agency has many responsibilities. It administers the unemployment insurance program—processing claims for benefits and collecting unemployment taxes to fund the system. The agency operates the state's workers compensation system. The Industrial Safety and Health unit offers workplace safety consultations for private employers and provides investigations into job-related accidents involving public employees. The Department of Labor enforces the employment laws for Kansas—including wage and hour laws and the Wage Payment Act. The agency's Labor Market Information Services is the research unit which compiles awesome data on the workforce in Kansas. The Public Employees Relations Board is located in the agency and oversees the Public Employers and Employees Relations Act and the Public Negotiations Act.

Executive Reorganization Order (ERO) No. 31 transferred all workforce development and job training programs to the Kansas Department of Commerce. Approximately 260 employees were transferred from KDOL effective July 1, 2004. The new name (KDOL vs KDHR) better reflects the responsibilities of the agency and helps the public better access the services of the agency.

The programming that processes all claims, makes the payments of benefits, tracks overpayments and compiles statistics on the unemployment benefits system is antiquated and inflexible. This is being updated.

The agency's Federal Unemployment Insurance funding was reduced by approximately \$2.5 million for the Federal Fiscal Year that began October 1, 2004. Employee positions were eliminated and a work share plan in the Unemployment Insurance call centers were implemented. Every division has been affected by the budget reduction.

In the last quarter of 2004, funds in the Penalty and Interest account were used to cover the processing fees for employers using online filing. Previously, employers were charged a processing fee in addition to their taxes if they chose to pay their taxes electronically. The fee was an impediment to encouraging more employers to use this convenient option. Unemployment director Wayne Maichel suggested that Penalty and Interest funds (money collected from late and past due accounts) be used to cover the charges. Legislation will be forthcoming that would permanently authorize the use of Penalty and Interest funds for this purpose.

Last year, the Unemployment Insurance Trust fund paid out \$451,000 to partially fund the State Treasurer's Office. KDOL is charged \$.29 by the State Treasurer for every UI warrant sent to unemployed workers. The bulk of the processing work remains in the Department of Administration's Division of Accounts and Reports, KDOL still must pay the Treasurer's office a fee for somewhat limited services. It is felt that funding a state office is an inappropriate use of the UI funds paid by employers across the state. The KDOL encourages the Legislature and the State Treasurer to work together to find a better, more appropriate way to fund the Treasurer's office.

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on January 20, 2005 in Room 241-N of the Capitol.

The Employment Security Advisory Council reviewed proposed changes to the Kansas Employment Security Laws. The Council authorized the introduction of legislation making three changes to the Kansas Employment Security Laws. The bill would: (1) provide for conformity language in the laws to meet the new federal requirements on SUTA Dumping, (2) authorize the use of Penalty and Interest funds to cover the processing charges for employers to file UI taxes electronically, (3) modify our laws to mirror federal law excluding tax purposes. In particular, the SUTA dumping legislation will be an important step in preventing improper manipulation of an employer's experience rating to avoid paying unemployment taxes (Attachments 1, 2, 3 & 4.)

Questions were asked and the Secretary responded that he did not know the answers but would send a delegate from KDOL to answer the questions that were asked.

Two bill requests were accepted as Committee Bills: (1) Concerning workers compensation; relating to date of accident; employer's maximum liability for disability compensation and (2) Concerning workers compensation; relating to burden of proof for admission of chemical test result into evidence.

The meeting adjourned at 10:00 a.m. The next meeting will be January 21, 2005.



KANSAS

DEPARTMENT OF LABOR
Jim Garner, Secretary

KATHLEEN SEBELIUS, Governor

**Testimony before the
House Commerce and Labor Committee
Jim Garner
Secretary of Labor
January 20, 2005**

Chairman Dahl and Members of the Committee:

Thank you for the opportunity to appear today and provide a brief update of activities within the Kansas Department of Labor during the last several months. The agency has many responsibilities. It administers the unemployment insurance program -- processing claims for benefits and collecting unemployment taxes to fund the system. The agency operates the state's workers compensation system. The Industrial Safety and Health unit offers workplace safety consultations for private employers and provides investigations into job-related accidents involving public employees. We enforce the employment laws for Kansas -- including wage and hour laws and the Wage Payment Act. The agency's Labor Market Information Services is the research unit which compiles awesome data on the workforce in Kansas. The Public Employees Relations Board is located in the agency and oversees the Public Employers and Employees Relations Act and the Public Negotiations Act.

The New Department of Labor and the implementation of ERO No. 31

Last year, Governor Sebelius presented Executive Reorganization Order (ERO) No. 31 which transferred all workforce development and job training programs from our agency to the Kansas Department of Commerce. This recommendation was a part of the Governor's Economic Revitalization Plan. Working closely with many staff from Commerce, KDOL successfully transferred approximately 260 employees effective July 1, 2004. This consolidation better meets the needs of Kansas businesses and citizens by integrating the responsibilities for job training into the agency that knows the demands of the business community for a trained workforce. In addition, the ERO renamed KDHR the Kansas Department of Labor. I am confident this new name better reflects the responsibilities of the agency and helps the public better access the services of the agency.

The Rewrite and the Modernization of the Unemployment Insurance System

The 2004 Legislature approved a major project for KDOL— a rewrite of our unemployment insurance benefits system. This is a huge, but extremely important, undertaking for the agency. The current system is antiquated and inflexible. I am not talking about computers or computer hardware – I am talking about the programming that processes all claims, makes the payments of benefits, tracks overpayments and compiles statistics on the unemployment benefits system.

The UI Benefit system was originally developed in 1967. It has been modified, changed and patched many times since then. The system consists of 1600 COBOL programs with

over one million lines of code. The current key support for changes or adaptations to the system is a ten year retired programmer. This is not a good situation. Following the legislative approval to move forward in the 2004 session, our agency shared a detailed presentation of our plans for the project with the Joint Committee on Information Technology in June 2004. Also in June 2004, the State Finance Council gave the final approval to proceed with the project and granted authority to issue the bonds to fund the project. We have been working with KDFA to outline the funding mechanism for the project.

At the end of 2004, we issued RFPs for the first phase of the project and we are currently reviewing the submissions of interested vendors. Our goal is to begin Phase I of the project by March. We will continue to present periodic updates to JCIT throughout this project. Our goal is to use this opportunity to not only modernize the system, but to document current business practices and reengineer the administration of the UI Benefits process. We do not want to simply repave the "old cow path." This is an opportunity to document what we have been doing and see how we can do things differently to introduce more efficiencies to the system.

Cuts in Federal Funding and Financial Challenges

The agency has been dealing with a significant reduction in federal funding for the administration of the unemployment insurance program. Continued reductions in claims for unemployment benefits and the resulting reduction in Federal funding have forced us to cut operations budgets. KDOL's Labor Market Information Services division is

projecting a 14 percent decline in initial unemployment claims for 2005. This is definitely good news for the Kansas economy. However, the decline in unemployment claims directly affects KDOL funding. The agency's Federal Unemployment Insurance funding was reduced by approximately \$2.5 million for the Federal Fiscal Year that began October 1.

As a result, we had to reduce our staffing levels. Effective November 15, 43 positions were eliminated in the department, including 25 full-time positions and 18 temporary positions. In addition, we implemented a work share plan in the Unemployment Insurance call centers, reducing hours for 65 employees in the centers. Every division has been affected by our budget reduction and I know that each person in our agency is trying to be responsible with every dollar we have.

Unemployment Insurance

During CY 2004, the agency processed 144,479 initial claims for unemployment benefits. Compared to the 198,398 initial claims in CY 2003, this represents a 27 percent reduction in initial claims this past year. The total amount of unemployment benefits paid (including regular benefits, temporary extended unemployment compensation, and the Kansas additional benefit program) was \$294 million for CY 2004.

I am pleased to report that the Unemployment Appeals Unit has made significant progress over the past year reducing the backlog of UI appeal cases. At the end of

December 2003, there was a backlog of 2,400 cases awaiting disposition. The judges and support staff worked hard this past year to reduce this backlog – a major priority for the agency. At the end of December 2004, only 800 cases were awaiting disposition. I am happy with this progress and the staff remains dedicated to continued progress.

The UI division continues its efforts to improve customer service and to promote online filing of unemployment insurance taxes for Kansas employers. The agency has the capability to process the tax reports and take payment of unemployment taxes electronically. In 2003, around 200 employers were using this service. We initiated an effort to inform employers of this service and this past fall more than 4,000 employers used our online system to file their tax reports. In addition, in 2004 we expanded the service to operate 24-hours a day, seven days a week. This will allow employers to go online any time day or night and file their reports.

In the last quarter of 2004, we began using some of the funds in the Penalty and Interest account to cover the processing fees for employers using online filing. Previously, employers were charged a processing fee in addition to their taxes if they chose to pay their taxes electronically. The fee was an impediment to encouraging more employers to use this convenient option. Unemployment Director Wayne Maichel suggested that Penalty and Interest funds (money collected from late and past due accounts) be used to cover the charges. We will be bringing legislation to you this year for your consideration that would permanently authorize the use of Penalty and Interest funds for this purpose.

The Employment Security Advisory Council has met twice since the end of the 2004 legislative session and is scheduled to meet next on February 4. The Council is primarily responsible for monitoring the solvency of the Unemployment Insurance Trust fund.

The fund is in better shape than it was this time last year. At the end of CY 2004, the trust fund balance stood at \$322.6 million, up 11.6 percent from the 2003 year-ending balance of \$289 million. In 2004, employers contributed \$298.2 million to the fund. Their contributions exceeded benefit payments by \$3.8M.

Last year, the trust fund paid out \$451,000 to partially fund the State Treasurer's Office. KDOL is charged \$.29 by the State Treasurer for every UI warrant we send to unemployed workers. Although it is my understanding that the bulk of the processing work remains in the Department of Administration's Division of Accounts and Reports, KDOL still must pay the Treasurer's office a fee for somewhat limited services. I feel that funding a state office is an inappropriate use of the Unemployment Insurance funds paid by employers across the state. I encourage the Legislature and the State Treasurer to work together to find a better, more appropriate, way to fund this office.

The ESAC is also responsible for reviewing proposed changes to Kansas Employment Security Laws. The Council authorized the introduction of legislation making three changes to the Kansas Employment Security Laws. The bill will: (1) provide for conformity language in our laws to meet the new federal requirements on SUTA Dumping; (2) authorize the use of Penalty and Interest funds to cover the processing charges for employers to file UI taxes electronically; and (3) modify our laws to mirror

federal law excluding payments to an employee's health saving account as wages for UI tax purposes. In particular, the SUTA dumping legislation will be an important step in preventing improper manipulation of an employer's experience rating to avoid paying unemployment taxes. We look forward to a later opportunity to visit with you about this legislation at a future hearing.

Workers Compensation

You will soon be receiving the annual statistical report from KDOL's Division of Workers Compensation. As a brief preview, I would share that in FY 2004 KDOL processed 65,894 reports of job related accidents and 15,566 applications for hearings.

This year, we also implemented the Electronic Data Interchange (EDI) system to allow electronic reporting of initial injuries and follow-up reports by insurers. In the months following its launch, EDI has been well received by Kansas employers and insurers, even exceeding our own expectations. By mid-February of last year, we exceeded our goal for EDI participation for the entire year. In FY2004, 7,915 first reports of injury were filed through the EDI program.

Our Industrial Safety and Health unit within the Division of Workers Compensation conducted over 1,400 safety consultations last year and the Boiler Safety Unit conducted 3,320 inspections.

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Labor Market Information Services

In December, Dorothy Stites was named the new director for our Labor Market Information Services Division. Dorothy served as assistant city manager in Hays for the past five years. Prior to that time, she worked for the City of Lawrence. Dorothy brings a great deal of expertise, vision and enthusiasm to KDOL.

Over the past several months, LMIS staff has been working closely with staff at KDHE to transfer two surveys currently conducted by KDHE to our agency. These surveys are funded by the Bureau of Labor Statistics and collect information on workplace illnesses, injuries and fatalities in Kansas and surrounding states. Our LMIS staff is skilled in survey administration and already works very closely with BLS on numerous projects. I am confident this is a much smarter alignment of responsibilities within state government.

Each month, LMIS issues a report on employment and job growth in our state. I've included a handout for you detailing the statewide job numbers for November. The report showed that Kansas nonfarm wage and salary jobs reached 1,351,200, a net increase of 25,200 jobs from November 2003. Most industries showed growth when compared to the year before. Sectors of the state's economy showing job gains for the 12-month period were construction, government, information, financial activities, leisure and hospitality, manufacturing, educational and health services and professional and business services sectors. These monthly reports show that Kansas businesses continue to add jobs in a variety of areas, with a majority of industries showing gains both over the month and

over the year. This is definitely good news for our state, but we need to remain focused on creating more high-skilled, good paying jobs throughout the state.

In 2004, LMIS produced a new survey highlighting unfilled jobs in Kansas that will be a useful tool for workforce development and education professionals, as well as Kansas businesses. The 2004 Job Vacancy Survey, produced for the first time by KDOL, revealed approximately 33,600 job vacancies in the state during the second quarter of 2004. Surveys like this provide a better understanding of the labor demands in the state and ensure that Kansas can provide skilled people to fill these jobs.

Employment Standards

For CY 2004, the agency processed 1,832 wage claims and collected \$860,000 in unpaid wages for Kansans.

Conclusion

This is a brief account of some of the activities within the Kansas Department of Labor since the end of the last legislative session. I hope you find this informative and helpful.

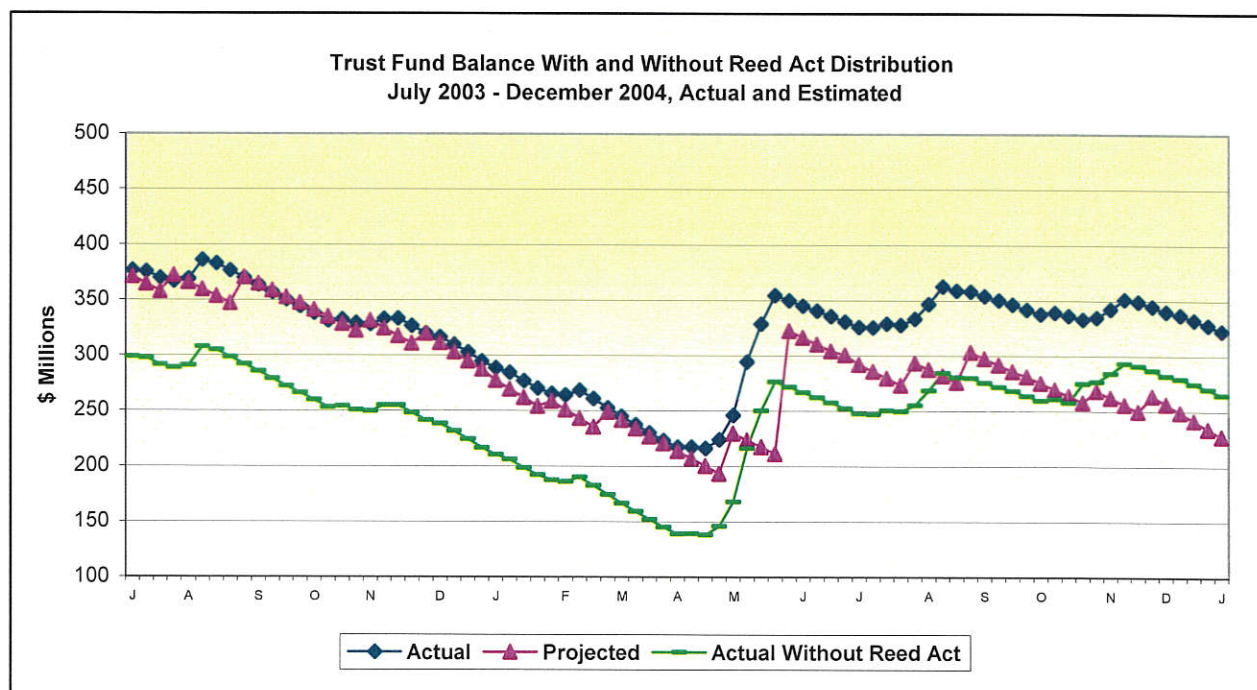
Again, Mr. Chairman, thank you for the opportunity to appear and share this information with you and the members of the committee. If you have any questions, I would be glad to respond.

Status of the Unemployment Insurance Trust Fund

Prepared for Secretary Garner
House Commerce and Labor Committee Meeting
January 18, 2005

	SFY 2004	CY 2004	CY 2004 (projected)
Trust Fund Balance	\$326.1M	\$322.6M	\$273.5M
Contributions Received	\$273.9M	\$298.2M	\$282.4M
Benefit Payments	\$353.4M	\$294.4M	\$324.8M
High Cost Multiple (as of June 30, 2004)	0.8	na	na
Average Insured Unemployment Rate	2.2%	2.0%	2.0%
Positive Balance Employer Rates (effective for entire Rate Year)	na	0.08 – 5.40 (6 rate groups above maximum)	na

na not applicable



Comm Labor
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Nonfarm Wage and Salary Employment

Place of Work Data (thousands)

	<u>Nov '04</u>	<u>Oct '04</u>	<u>Nov '03</u>
Kansas			
All Industries	1351.2	1345.9	1326.0
Natural Resources and Mining	6.5	6.5	6.6
Construction	65.0	65.5	63.1
Manufacturing	174.1	173.5	171.2
Trade, Transportation and Utilities	264.0	262.9	265.5
Information	46.7	46.5	46.5
Financial Activities	71.4	71.4	70.4
Professional and Business Services	127.6	127.4	125.0
Educational and Health Services	160.9	159.8	159.0
Leisure and Hospitality	113.8	114.0	109.6
Other Services	53.6	53.5	52.2
Government	267.6	264.9	256.9
Lawrence MSA			
<i>(Douglas County)</i>			
All Industries	52.1	51.7	51.6
Natural Resources and Construction	2.9	2.9	2.7
Manufacturing	3.4	3.4	3.4
Trade, Transportation and Utilities	8.3	8.1	8.2
Information	2.1	2.1	2.2
Financial Activities	1.8	1.8	1.8
Professional and Business Services	4.7	4.8	4.7
Educational and Health Services	5.8	5.7	5.6
Leisure and Hospitality	5.6	5.6	5.6
Other Services	2.3	2.3	2.3
Government	15.2	15.0	15.1
Topeka MSA			
<i>(Shawnee County)</i>			
All Industries	98.9	98.9	100.3
Natural Resources and Construction	4.3	4.4	4.8
Manufacturing	6.5	6.5	6.8
Trade, Transportation and Utilities	19.1	19.2	19.2
Information	3.8	3.6	3.9
Financial Activities	6.8	6.8	6.7
Professional and Business Services	8.1	8.0	8.6
Educational and Health Services	15.5	15.4	15.4
Leisure and Hospitality	7.3	7.4	7.3
Other Services	4.5	4.5	4.7
Government	23.0	23.1	22.9
Wichita MSA			
<i>(Butler, Harvey, and Sedgwick Counties)</i>			
All Industries	276.7	275.9	275.5
Natural Resources and Mining	0.9	0.9	0.9
Construction	15.0	15.1	14.9
Manufacturing	58.8	58.4	56.9
Trade, Transportation and Utilities	47.2	46.9	47.4
Information	5.1	5.2	5.8
Financial Activities	12.4	12.4	12.3
Professional and Business Services	27.4	27.4	26.1
Educational and Health Services	38.3	38.2	37.2
Leisure and Hospitality	22.8	22.8	24.4
Other Services	11.8	11.7	11.6
Government	37.0	36.9	38.0

Developed in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Adjusted to a March 2003 Benchmark.



KANSAS

DEPARTMENT OF LABOR

*We advance the economic well-being of all Kansans
through responsive workforce services.*

Annual Report 2004

A Year of Change

The Kansas Department of Labor:

- administers Kansas' unemployment insurance program and processes claims for unemployment benefits
- operates the state's workers compensation system
- enforces Kansas employment standards including wage and hour laws and child labor laws
- houses a research unit that compiles critical data on employment in Kansas

Jim Garner, Secretary

John Polzar, Special Assistant to the Secretary

Paula Greathouse, Director of Workers Compensation

Linda Hubbard, Director of Building & Office Services

A.J. Kotich, Chief Counsel

Jeff Lewis, Chief Information Officer

Wayne Maichel, Director of Employment Security/Unemployment Insurance

Beth Martino, Director of Marketing & Communications

Janet Palmer, Director of Human Resources

Dorothy Stites, Director of Labor Market Information Services

Gerald Schneider, Chief Financial Officer

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2004 – *A Year of Change*

Kansas Department of Labor

This year was marked by major change for the agency. On July 1, 2004, the Kansas Department of Human Resources was re-named the Department of Labor under Executive Reorganization Order 31. Under the Order, Employment and Training programs were transferred to the Kansas Department of Commerce. Additionally, the Kansas Commission on Disability Concerns moved to Commerce. Two other commissions which had been housed here – the Kansas Advisory Committee on Hispanic Affairs and the Kansas African-American Affairs Commission – joined the Governor's Office.

Throughout all of these changes I am proud to say the employees of the agency continued to perform their duties in an exemplary fashion. Information, claims, payments and decisions continued to flow in a timely manner and those using the important services we provide found the changes to be transparent to their interaction with the agency. The pieces of our organization are interlocking. Divisions and units within the Department of Labor are finding strength in mutual efforts and we are reaching out to other state agencies where we can provide support and information.

Our vision for the future is an integrated, customer-focused agency, with centralized operations and communications, working to find ways to provide Kansans with the important workforce services they need. In 2005, a new strategic plan for the agency will be introduced. I am excited about the future at KDOL.

The following pages provide more details on the activities of the Kansas Department of Labor in 2004.



Jim Garner, Secretary



KDOL employees join Secretary Garner and Governor Sebelius in celebrating the new agency name on July 1.

**Additional information
about KDOL is available at
the Web site
www.dol.ks.gov**

Working together toward a common goal

There are many divisions and units within KDOL, but they all work together and support a single mission.



Unemployment Insurance

An insurance program, unemployment benefits provide temporary weekly unemployment checks to qualified unemployed workers.

KDOL determines eligibility for benefits and issues the checks to unemployed workers. Recipients must meet certain eligibility requirements in order to receive unemployment benefits. The agency also is responsible for the collection of state unemployment taxes from employers.

Tax Filing – Late in 2004, the online unemployment tax system expanded to 24-hours a day, seven-days a week rather than just during the regular business day. More than 4,500 of Kansas' 69,500 employers currently use the online filing system to register their business, file quarterly wage reports and unemployment tax returns, and pay state unemployment taxes. Allowing these transactions to take place at any time and providing for electronic payments makes the service more valuable to employers and their accountants.

The new service is available at www.uitax.com.

System Modernization – Work is in progress to revise the Unemployment Insurance (UI) Benefits System. This mission-critical system ensures millions of dollars in benefits are processed to assist unemployed workers throughout the state.

The system maintains information about collections from employers. The programs in use, developed in the 1970s, are no longer efficient to support. Additionally, current staff is not familiar with the archaic system and cannot modify or manage it without problems and errors. Modifications have been made over the years, but changes in one part of the program often cause unpredicted results in another part of the program.

CY 2004 Unemployment at a Glance

Initial Claims	144,479
Continued Claims	1,199,429
Benefit Payments	\$294,440,137
Average weekly benefit amount	\$ 267.27

This translates to significant delays that impact the agency's mission. Simple changes take weeks and more complex changes can take months.

Many other states are facing or have faced a similar challenge with their systems. The approach at KDOL will be to integrate all the UI systems and make it easier for all users to operate.

Ultimately, KDOL will have a system that provides the flexibility and resiliency needed to accommodate the high level of change prevalent within the UI industry while making it easier for all users – internal and external – to work electronically.

The entire project, which was approved in the summer of 2004, will begin in 2005 and require an estimated 36 months to implement.

Overview of Current UI Benefits System

- Processes all types of claims, payments to claimants, appeals, overpayments, employer account charges and associated statistics
- Has 17 interfaces with its major counterpart, the UI Tax System

Workers Compensation

Responsible for the administration of the provisions of the Kansas Workers Compensation Act, the division is fee-funded. Workers Compensation is an insurance plan, paid under the law by employers, to provide employee benefits for job-related injuries, disability or death. Employees who are disabled due to a job-related injury or disease are entitled to:

- Medical expenses to treat injury or illness
- Income benefits to replace part of the wages lost due to disability

In Workers Compensation by the numbers during FY 2004:

Occupational Injuries & Illness Reports	65,894
Applications for Hearings	15,566
Ombudsman Information Contacts	27,502
Requests to Research Section	35,048

EDI – Launched in January, Electronic Data Interchange (EDI) allows transmission of workers compensation claims and/or coverage information from insurers to the state. Insurance carriers, self-insured employers and group-funded insurance pools can stop sending paper forms to KDOL and send the information electronically. Participants also can report their claims data electronically.

Before EDI, accident reports on work-related injuries and illnesses were made on paper and stored on microfilm. Meeting Legislative requirements for additional data triggered the need for a new system that can provide more information than the paper filings.

EDI provides faster reporting of data, is more cost-effective for all participants and assures more accurate data by eliminating data re-entry errors. EDI is a major step toward adopting a paperless business environment.

In the months following its launch, EDI has been well received by Kansas employers and insurers, exceeding expectations. Participation in the Kansas EDI program is voluntary. About one-third of all accident reports are now filed electronically.

Board of Appeals – A pilot mediation program launched in 2004 to assist claimants and employers in reaching settlements more quickly and easily. The program has reduced the time to complete claims from weeks to days. These settlements eliminate the need for lengthy court judgements.

Industrial Health and Safety – Assuring safe practices in Kansas workplaces is the mission of Industrial Health and Safety (IH&S).

KDOL formed a partnership with the Kansas Department of Administration in 2004 to use the agency's tools and experts to provide testing and sampling inspections to DOA. An expanded agreement with the Kansas Department of Health and Environment will allow KDOL-collected data on injuries to be analyzed by KDHE.

SHARP (Safety and Health Achievement Recognition Program) added three safety-conscious locations in 2004 – Montezuma Manufacturing, Inc., Western Beverage, Dodge City, and the Cross Manufacturing facility in Pratt, bring the total number of facilities in Kansas that have gained this impressive work-place safety recognition to 32. Currently there are 25 sites which are active in the program.

Industrial Safety and Health FY 2004

Private Employers

Consultations Performed	1,534
Hazards Identified	5,635

Public Sector

Inspections Performed	525
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Boiler Safety

Inspections Performed	3,320
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Labor Market Information Services

Statistics about all facets of the labor market and the Kansas workforce is the province of Labor Market Information Services (LMIS). It provides current and historical labor market information about:

- Employment and Unemployment
- Wage statistics
- Labor conditions
- Occupational trends

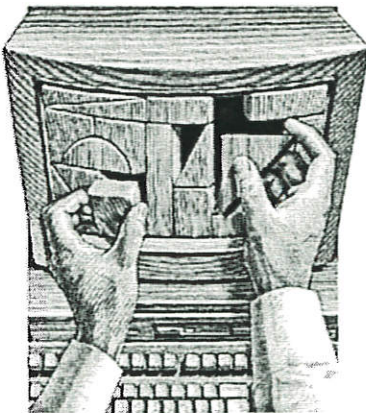
L. provides current employment data, including the unemployment rate for the state, each county and metropolitan area each month.

Workforce decision-making information is found in the *2004 Job Vacancy Survey*, produced statewide for the first time by KDOL. The survey provides a better understanding of the labor demands in Kansas in various job classifications. It assists area businesses in developing their recruitment strategies as well as assisting educational entities in determining necessary training for higher demand jobs. It revealed there were approximately 33,600 job vacancies in the state during the second quarter of 2004. The average job vacancy rate across all occupations in the state was 2.6 percent, or just over two and a half job vacancies for every 100 filled positions.

Persons looking at a new career can discover what they might expect to be paid in the annual *Kansas Wage Survey*. It provides information about wages for a variety of occupations in the state. In addition to job seekers, this can be useful to businesses, educational institutions and career counselors. Businesses can compare their wage levels to those statewide and in four metropolitan statistical areas (Kansas City, Lawrence, Topeka and Wichita).

All LMIS publications are found at www.dol.ks.gov.

Support Services



Providing legal, financial, maintenance, computer technology, personnel and communications support to KDOL are the functions of the divisions within Support Services.

Information

Technology – Heavy reliance on computer technology marks the work of KDOL. In addition to undertaking the UI Modernization Project (see page 2), IT completed several computing infrastructure

improvements during the year. Other changes included a new agency domain (dol.ks.gov) and e-mail addresses, and the personnel and equipment moves resulting from completion of remodeling at the 401 Topeka Blvd. administration building.

Upgrades were completed on the customer relationship management software (Siebel) used by Unemployment Insurance employees across the agency. The system for electronic workers compensation reporting (see EDI, page 3) also was implemented.

America's Job Link Alliance - Technical Support

– Unique among the units within the Kansas Department of Labor is the technical support team for America's Job Link Alliance (AJLA). AJLA-Technical Support's charge is to develop, maintain and market workforce development software used in Kansas and by other states and organizations. Twenty-nine states participate in AJLA. Many are using various software packages developed here.

AJL (America's JobLink) is an Internet-based job matching and workforce information system for both employers and job seekers. Four states use this KDOL system, and others are expected to participate.



Kansas uses

AJL software for operation of www.kansasjoblink.com.

Users of other AJLA-TS products, representing workforce development agencies across the country and the US Department of Labor, provide input and expectations for software improvements to AJLA-TS.

The DART (Data Analysis Reporting Tool) system has 26 states as customers, with three added in 2004. This product provides data manipulating (query building) and reporting capabilities.

Added to AJLA-TS products in 2004, FiscalLink provides case management budget tracking. It coordinates with ServiceLink, which allows interviewers and case managers to track their case loads and report results.

A. TS products reduce costs for users, while providing better access to many types of workforce data and the ability to create necessary reports. AJLA-TS is funded by subscriptions and also receives Federal grants to develop specific enhancements to the systems.

Employment Standards – This office enforces State Labor Laws which regulate wage payments, overtime and minimum wage, child labor laws and private employment agencies. It is part of the Legal Services Division, which has responsibility for all civil litigation for KDOL before administrative agencies, state courts, federal courts and appellate courts.

State and Federal laws require the display of certain posters concerning working conditions. KDOL provides several of these posters that Kansas employers are required to display in the workplace. All the posters are free of charge (both Kansas and Federal) and can be obtained through Employment Standards or at www.dol.ks.gov.

During the year, 1,832 claims for unpaid wages were processed and closed by investigation or by order. A total of \$860,405 was collected and returned to Kansas employees in 2004.

Communications and Marketing – The new agency name and a revised KDOL Internet Web site were both launched on July 1. Please visit the new Web site at www.dol.ks.gov.

The Communications division offers employees at KDOL the opportunity to improve their communication with Spanish-speaking customers. Attendees at KDOL's Workplace Spanish classes discover Spanish speaking clients are more apt to attempt to communicate in English when given the opportunity to also provide information in Spanish. By strengthening the lines of communication, the agency hopes to minimize cultural barriers that may be preventing customers from receiving much

needed services. Students learn "key phrases" used on the job during everyday contact with Spanish speaking individuals.

Workplace Spanish, an extension of the nationally recognized course *Command Spanish*, teaches employees greetings, social niceties and communication strategies by using direct phrases

employees can use right away. The program, which was initiated in early January, is a 16-hour course and is taught by a certified KDOL instructor.

Human Resources – When the Agency ceased to be called "Human Resources" the title reverted to the division previously known as "Personnel." HR is responsible for managing and directing the agency's human resource programs. A major thrust of work in 2004 was the transfer of approximately 285 staff members and their records to the Commerce Department at mid-year. The transfer was accomplished smoothly while continuing to provide training and support for employee needs.

Twenty-two days of workplace harassment prevention training was provided throughout the year, assuring that all KDOL employees across the state participated. Other training, in areas from stress management to team building, also were held as necessary.

Three KDOL employees graduated from the state-sponsored Certified Public Manager program in 2004. The year-long class instructs managers and potential managers, in all areas of government, about how the system works.

Building and Office Services – Facilities management, purchasing, maintenance, the mail/supply center, the switchboard and graphic design are all part of BOS. As with the other support divisions in KDOL, its year was spent dealing with change. Changes to signs and forms to reflect a new agency name and the transfer of many publications

¡Hola!

In 2004, 58 KDOL employees and 6 other State employees were trained in Workplace Spanish, at a total of six sessions, to better serve the needs of customers.

to Department of Commerce provided the opportunity to evaluate the necessity of many publications and forms (see box below).

In 2004:

720 unnecessary forms or publications were eliminated

Efficiency measures reduced postage costs more than \$314,000 in FY 2004

Some 4,000 address corrections were made to assure claimants continue to receive their UI benefit checks

Fiscal – The processing and tracking of financial transactions is maintained by the Fiscal division. It coordinates the preparation of KDOL state and federal budgets and prepares federal and internal financial reports.

The move of all training programs to the Department of Commerce was more than just the movement of people. It also transferred the management of certain federal funds. Fiscal provided training to the other agency in these programs and continues to assist in this transition.

State changes in the Central Motor Pool required Fiscal to establish new procedures for managing the vehicles transferred to the agency.

Federal grants provide improvements at lower cost to State

KDOL was awarded three grants from the U.S. Department of Labor to assess current security and develop a security plan for the Unemployment Insurance system. The grants, totaling \$299,000, will help develop a state-of-the-art security plan, provide a security plan assessment and produce a business continuity plan.

These grants provide an opportunity for KDOL to make improvements to account for rapid changes in technology. The federal grants are an opportunity to improve operations through objective assessments from an outside source with expertise in the information technology field.

A security plan assures that the procedures and controls are in place to deal with the quickly

changing technology on the Internet and assure that sensitive information collected is safe. A security assessment looks for system threats and how vulnerable the agency is to those threats. It also seeks cost-effective safeguards.

A business continuity plan assures that operations are ongoing in case of a disaster. It outlines the internal policies and procedures that are to be employed should a disaster occur. In the event of a disaster, all time-sensitive services, systems and applications must be restored and available on a priority basis to maintain vital KDOL operations.

Other grants, received from the U.S. Department of Homeland Security, will help to protect the physical facilities through enhanced access control.



KDOL Employees Care

Kansas Department of Labor employees are involved with their communities and with one another. In addition to the important agency services they support, special events throughout the year helped build team spirit and assisted those less fortunate in our communities. In 2004 in Topeka, \$6,023.27 was raised for Project Topeka, the community food drive, and \$20,128.02 was raised for the United Way campaign.

KDOL Actual Expenditures FY 2004

KDOL	Actual Expenditures \$544,183,103	Percent 100.00%
State General Fund:		
General Administration	30,012	
Native American Affairs*	88,620	
Legal Services	80,739	
Support Services	218,424	
Data Processing	113,049	
African American Affairs*	156,967	
Industrial Safety	186,699	
Employment Services*		
SCSEP	4,444	
OKEP	229,430	
NIYEA	9,878	
Employment Standards	31,026	
PERB	150,352	
Hispanic Affairs*	170,642	
Apprenticeship Training*	123,801	
Disability Concerns*	216,215	
Capital Improvements	18,816	
KSIP – Operating Expenditures	23,596	
Welfare to Work Grant – State Match*	109,045	
Total SGF	\$1,961,755	0.36%
Fee Funded Programs:		
Boiler Inspection	455,563	0.08%
Workers Compensation	8,809,282	1.62%
Federal Funded Programs:		
Employment Security Administration		
Unemployment Insurance	20,049,860	
Job Service (Wagner Peyser)*	7,934,809	
Labor Mrkt Info Coop Agreement	1,036,902	
Disabled Veterans Outreach Program*	729,921	
Local Veterans Employment Program*	624,105	
TRADE Act*	1,329,121	
Kansas JobLink	855,492	
Other	2,757,341	
HRSPF-Federal	1,561,760	
Workforce Investment Act*	22,668,473	
Welfare to Work Grant*	921,095	
OSHA	596,401	
Total Federal	\$61,065,280	11.22%
Unemployment Insurance Benefits (Direct payments to claimants)	\$468,426,209	86.08%
Other Funds:		
America's Job Link Alliance	2,283,918	0.42%
Penalty and Interest Fund	604,613	0.11%
Federal Indirect Offset Fund	317,793	0.06%
Miscellaneous Funds	258,690	0.05%

* In FY 2005, these programs will not be part of the KDOL budget.
The programs have been transferred to other agencies.