



Efficiency and Effectiveness: Responding to our Customers

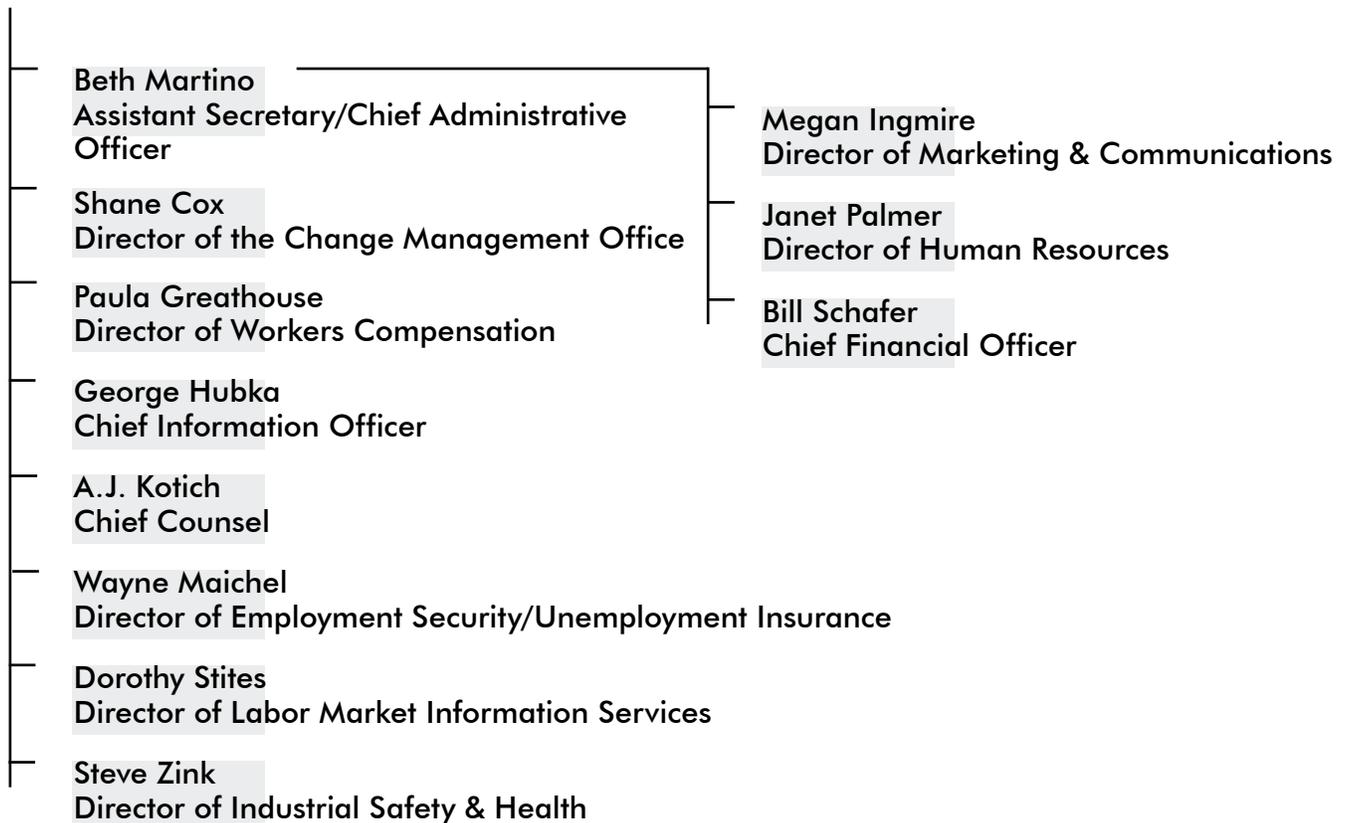
Annual Report 2007



The Kansas Department of Labor:

- administers Kansas' unemployment insurance program, processing claims for unemployment benefits and collecting taxes to fund the system
- operates the state's workers compensation system
- enforces Kansas employment standards including wage payment and child labor laws
- compiles critical data on the labor market in Kansas
- offers workplace safety consultations for private employers and provides oversight of workplace safety matters involving public employees

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Secretary of Labor



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

Unemployment Insurance Modernization Project Moving Forward

The Unemployment Insurance Modernization (UIM) project is a rewrite of the KDOL unemployment insurance system and an opportunity to make operations simpler and more competitive.

Phase II Underway – IBM is the lead vendor on this project, and Phase II of the project was kicked off in 2007. This phase will see implementation of the new system and reorganization of unemployment insurance (UI) business operations. The project is progressing on schedule and on budget.

Call Center Consolidation – Part of the UIM project has been the creation of a single customer contact center in Topeka to handle all initial claims processing for UI claimants. During the summer of 2007 the three former call centers consolidated into one new contact center. In this undertaking, KDOL is the first state agency to use Voice Over IP technology on a large scale. VOIP permits the agency to forward calls from claimants in Wichita and Kansas City over data lines to maintain a local exchange call for these customers.

Kansas Unemployment by the Numbers for CY 2007:

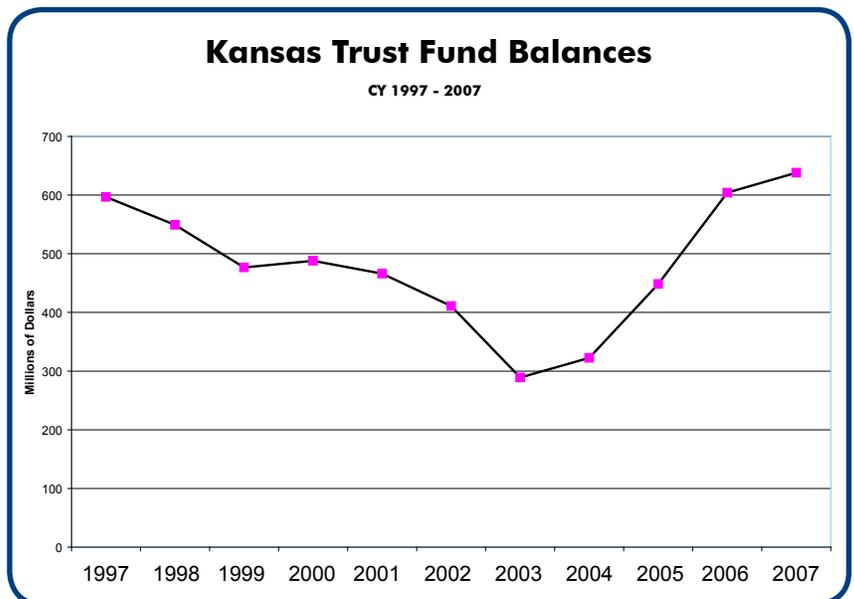
Total Initial Claims	137,682
Total Continued Claims	897,500
Total Benefit Payments	\$235,489,959
Average Weekly benefit amount	\$297.83
Total Contributions received	\$228,187,000
Year-end UI Trust Fund Balance	\$638,068,632

Since the consolidation, KDOL has focused efforts on improving customer service. Call center performance will continue to be monitored closely.

Unemployment Tax Reductions Remain in Effect

One of the most significant new laws for KDOL in the 2007 session, Senate Bill 83, provided major tax relief to most employers by reducing UI tax rates, some to zero. It also reformed the antiquated waiting week for those receiving UI benefits.

In 2007, KDOL collected \$100 million less in UI taxes than in 2006 – a real tax saving to most employers in Kansas. The good news is that the UI Trust Fund balance remains very healthy, and the reduced tax rates for positive balance employers will continue for another year. The agency estimates that employers will save another \$94 million in 2008.



Imaging Projects Make Files More Accessible in Workers Compensation and Unemployment Insurance

In 2007, KDOL's Workers Compensation Division completed its project to create electronic images of 1.9 million documents. The new electronic imaging system replaces the division's microfilm operation. This new system allows KDOL staff to quickly retrieve documents. In the past, employees had to make a request for a document and wait for the processing unit to retrieve, print and send it.

Besides greatly improving customer service, the imaging project has reduced the costs for supplies to provide hard copy documents (paper, postage, faxing, envelopes, toner, film cartridges and duplicate cartridges).

Workers Compensation by the Numbers for FY 2007:

Total Occupational Injuries & Illness Reports	69,211
Total Applications for Hearings	15,615
Total Ombudsman Information Contacts	25,366
Total Requests to Research Section	51,507

Electronic imaging is also part of the Unemployment Insurance Modernization (UIM) project. A process is underway to convert all unemployment records from paper to electronic files for UI contributions, benefits and appeals at a single location. The imaging project will make all files readily available to UI staff.

The file room staff from contributions, benefits and appeals began working together as one imaging unit at mid-year in a consolidated electronic file room.

Employment Standards Works to Support Labor Laws

Enforcing some state labor laws is the responsibility of Employment Standards, part of KDOL's Legal Services Division. These state laws regulate wage payments, overtime and minimum wage, child labor and private employment agencies. The unit also answers questions about issues from vacation pay to break and lunch rules to the display of required workplace posters.

The Wage Payment Act protects Kansans and sees they are paid what they are due. In calendar year 2007 KDOL received 1,445 new claims for wages which allegedly were not paid properly. Of that amount, 1,328 were processed by Employment Standards. The remainder were not served but referred to another agency or sent back for additional information. The total amount of unpaid wages collected was \$1,338,618.98.

Workplace Safety and Health Programs Improving Job Sites

KDOL is committed to making workplace safety a top priority for the State of Kansas. It is important for employers to have a variety of services available to them to prevent injuries and illnesses in the workplace.

In 2006, KDOL introduced the Kansas State Safety (KSafe) Award Program. This program recognizes private employers across the state who are dedicated to providing safe work environments for their employees and who

Industrial Safety & Health by the Numbers for CY 2007:

Total number of safety consultations	1,069
Total number of boiler inspections	15,248
Number of SHARP recipients	15
Number of KSafe awards	17

have reached major milestones in their safe operations (100,000 hours, 500,000 hours and one million hours of operating without a lost-time injury). There were 17 recipients recognized through this program in 2007.

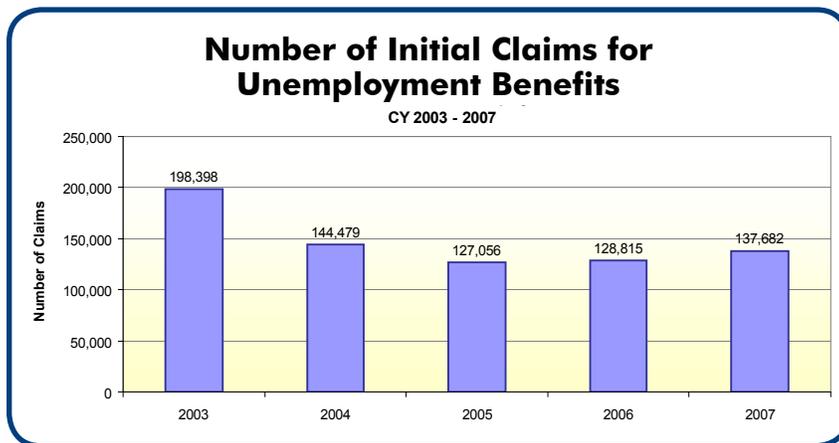
This year, Kansas also recognized more businesses as part of the SHARP program. The Safety and Health Achievement Recognition Program is a partnership with OSHA designed to recognize businesses that have worked with KDOL to develop exemplary safety programs. These are the premier work sites for safety. Companies that achieve the SHARP

designation are exempt from OSHA inspections for two years. As of the end of 2007, Kansas had 71 companies participating in the SHARP program. Nationwide, only Texas and Oregon have more total SHARP sites than Kansas.

Labor Market Information Provides New Services

In 2007, KDOL produced the first *Kansas Economic Report*, which was released on Labor Day. It is intended that this report become an annual publication. It can be found at www.dol.ks.gov.

The report provides valuable information about the key economic indicators that influenced Kansas' economy in 2006. This includes information on employment, unemployment and changes within certain industry sectors – manufacturing and health care – over past years. Also included is information on fast growing occupations, the Gross Domestic Product, personal income, global business, the Consumer Price Index and population.



According to December 2007 estimates*, Kansas businesses added approximately 15,900 jobs in the last year, a 1.1 percent increase. All metropolitan areas in the state and eight of 11 major industry sectors added jobs during the year. The greatest gains over the year were in manufacturing and government, each adding 3,700 jobs. The majority of manufacturing jobs came from the aerospace manufacturing sector in Wichita.

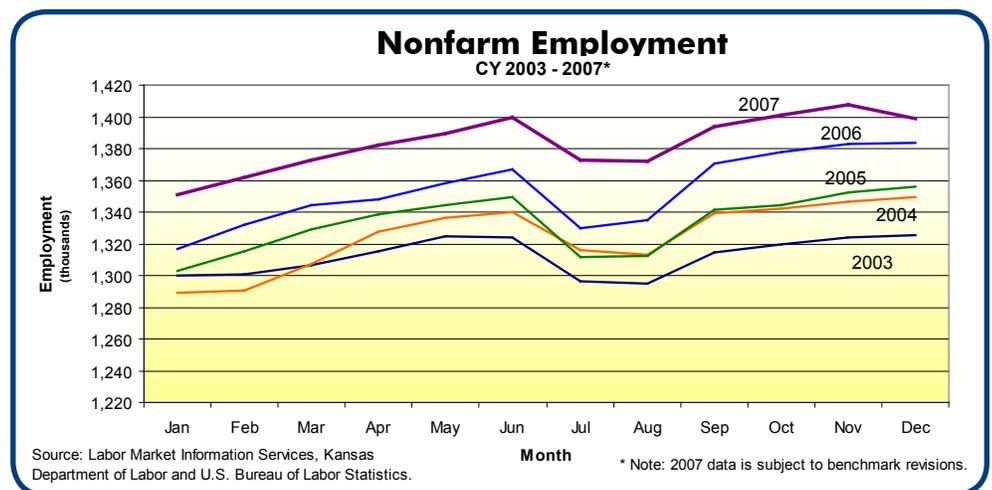
The effects of the national downturn in the financial and housing sectors have not yet significantly affected the employment market in Kansas.

*Benchmarking of 2007 data will occur in early 2008.

Natural Disasters Impact Many Workers and Businesses

Major natural disasters in Kansas during 2007 called for responses by KDOL. The agency was one of the partnering agencies that responded to the request of Governor Kathleen Sebelius for coordinated state government action to assist individuals and businesses impacted by these disasters. KDOL staff was physically located in the Disaster Recovery Center (DRC) in Haviland for four weeks to help residents of Greensburg process claims for regular UI and Disaster Unemployment Assistance following the tornado in May. Staff also was located at the DRC in Coffeyville for four weeks following the terrible floods in Southeast Kansas.

In addition, Governor Sebelius issued emergency directives waiving penalty and interest on late UI tax filings by businesses impacted by these disasters and allowing them extended time to file quarterly reports with KDOL. A directive also suspended the fees associated with installing replacement boilers.



KDOL Actual Expenditures FY 2007

KDOL	Actual Expenditures \$305,427,861	Percent 100.00%
State General Fund:		
General Administration	\$ 13,265	
Legal Services	173,547	
Support Services	0	
Employment Standards	26,593	
Public Employees Relation Board	159,473	
KSIP – Operating Expenditures	9,858	
Total SGF	\$ 382,736	0.13%
Fee Funded Programs:		
Boiler Inspection	\$ 485,142	0.16%
Workers Compensation	10,540,854	3.45%
WC Fee Fund Kansas Savings Incentive Program	232,822	0.08%
Federal Funded Programs:		
Employment Security Administration*	44,447,668	
Human Resources Special Projects Fund-Federal	0	
OSHA	571,377	
Total Federal	\$ 45,019,045	14.74%
Unemployment Insurance Benefits	\$ 246,608,232	80.74%
(Direct payments to claimants)		
Other Funds:		
Penalty and Interest Funds	\$ 647,843	0.21%
Federal Indirect Offset Fund	402,439	0.13%
Human Resources Special Projects Fund-State	1,070,307	0.35%
America’s Job-Link Alliance	11,678	0.00%
Special Wage Payment Clearing Trust Fund	26,763	0.01%

* This includes \$21 million for the UIM bond issuance.