



# Moving forward through challenges



DEPARTMENT OF LABOR

Annual Report for CY 2008

March 2009

Greetings:

2008 brought many new challenges for the Kansas Department of Labor, the State of Kansas and the country. The economic crisis moved to the forefront of our national challenges and continues to significantly impact the workload of the agency, particularly in the unemployment benefits area. In calendar year 2008, more than 178,000 initial claims for unemployment benefits were filed in Kansas, a 24 percent increase from 2007. The changing economy has impacted the agency in a number of ways, which are detailed within this report.



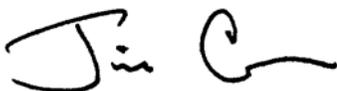
In addition to these challenges, the past year has seen exciting changes in the agency. We are moving forward with a revised plan to modernize our unemployment technology system. Parts of the plan already have been completed to help with the increased claims activity driven by the economy.

We set a goal to improve workplace safety in the state and our efforts have resulted in more businesses becoming part of our safety programs and developing plans that are reducing on-the-job accidents. Workers compensation records show that many accident incident rates are declining. Workplace fatalities in FY 2008 decreased 12 percent from the previous year (to 43 from 49 reported deaths), and fell well below the 14-year average for reported deaths. “Time Lost” injuries and illnesses totaled 31,442 which is a 0.87 percent decrease from the previous year.

To assist researchers of all types, our Labor Market Information Services division unveiled the Kansas Labor Information Center (KLIC), a new Web site that makes finding information and creating specialized reports of labor statistics simple and convenient for all users.

And KDOL has taken up the Governor’s challenge to promote waste reduction, recycling and responsible purchasing in agency operations with the formation of its own Green Team. The team is exploring and implementing recycling and energy conservation ideas within our facilities.

Within these pages we examine each of these challenges and accomplishments more fully. I also invite you to our Web site – [www.dol.ks.gov](http://www.dol.ks.gov) – for more information about the activities of the Kansas Department of Labor.

A handwritten signature in black ink that reads "Jim Garner". The signature is fluid and cursive.

Jim Garner  
Kansas Secretary of Labor

# The role of the Kansas Department of Labor

The agency has many responsibilities, including:

- administering the unemployment insurance program, processing benefit claims and collecting unemployment taxes;
- operating the state's workers compensation system;
- offering free workplace safety consultations for private employers and overseeing job safety involving public employees through the Industrial Safety & Health division;
- enforcing Kansas employment laws, including child labor laws and the Wage Payment Act;
- compiling data and performing research on the workforce and industries in Kansas through the Labor Market Information Services division; and
- overseeing the Public Employers and Employees Relations Act and the Public Negotiations Act.

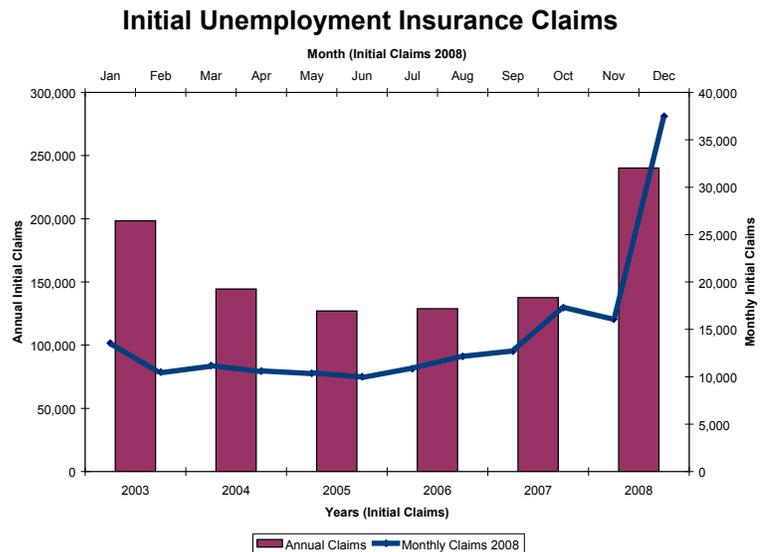
Our customers are the more than 72,000 employers and 1.4 million workers in Kansas.

## Unemployment rising in Kansas

While the unemployment rate in Kansas remains below the national average, it has risen and continues to rise significantly, impacting the lives of many Kansans. The chart below shows the growth in initial claims (the first filing) for unemployment over the past year (line) as well as for the past six years (bars). We anticipate the unemployment rate will continue to rise in 2009 as more businesses are forced into layoffs and those already unemployed remain jobless and continue to file claims.

At the end of 2008, Kansas' unemployment rate was 4.9 percent. The national average was 7.2 percent.

Many states are dealing with concerns about the solvency of their unemployment trust funds, but in Kansas the trust fund balance remains healthy. The trust fund is used to pay claims for unemployment benefits. While decreasing, we expect the balance to remain sufficient to meet the needs of Kansas claimants (see chart on next page). Under Kansas law, the Secretary must certify the solvency of the UI Trust Fund annually to the Governor. In 2008, the Trust Fund was certified as adequate to pay projected benefits during calendar year 2009 without increasing the tax rates paid by employers. Reduced unemployment insurance tax rates made possible by a Kansas law passed in 2007,



The chart above shows two examples of the growth in Kansas initial claims for unemployment. The bars indicate its change over the past six years while the line shows what happened each month of 2008, where there was a large jump from November to December.

resulted in \$97.1 million in savings to Kansas employers in 2008.

In 2008, some \$321 million in unemployment benefits were paid to out-of-work Kansans.

While funding for unemployment benefits remains adequate, our unemployment Contact Center has struggled to meet the demand created by the quickly increasing filings. Longer wait times and

even frequent busy signals have frustrated claimants seeking answers from the Contact Center. To address the situation, additional staff has been added and employees from other areas of the agency stepped in to help process the backlog of paperwork, including extended benefits (see next page) which must be handled manually. Improvements are being made to both the Web site and the telephone systems and hours of

operation have been expanded, all to better serve claimants during this demanding time.

Since the beginning of 2009, the number of calls handled by the Contact Center each day has doubled and the average wait times have been cut in half.

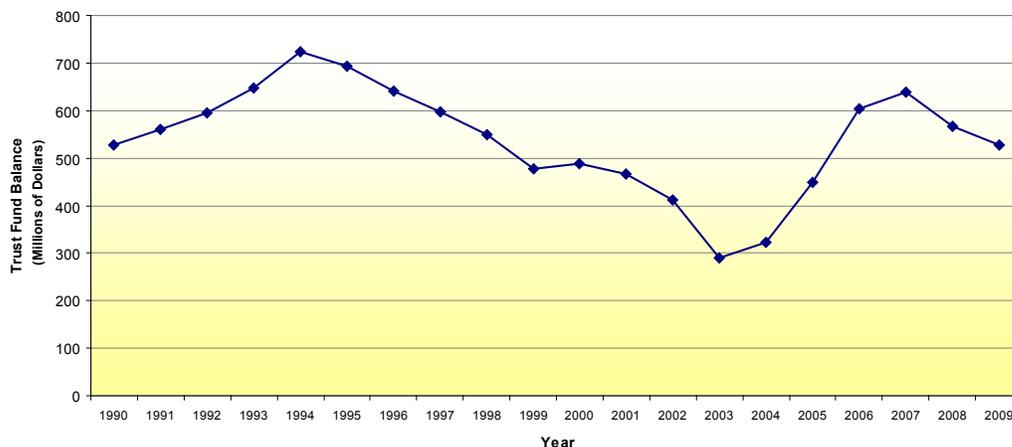
## Technology changes are playing a key role

Progress continues on the multi-year project to revamp the processes and technology that support Kansas' unemployment insurance

system. When completed, unemployment insurance modernization (UIM) will result in a new, state-of-the-art operating system for the State's unemployment insurance program. The UIM project considers both the work processes (how things are done) and the technology needed to support the processes. Several functions of the new system already have been put in place.

On November 17, 2008, a new, paperless benefit payment plan went into use in Kansas. The printing of weekly checks was replaced by the use of debit cards. (Claimants still are able to request a transfer of funds of their benefits directly to their bank.) This change saves the state about \$300,000 a year by eliminating paper checks and weekly mailing costs. Claimants use the same card while on unemployment and it is "refilled" with their benefit amount each week they claim. Knowing the change could be confusing for those unfamiliar with a debit card, communications were undertaken to help claimants with the use of the debit cards, including instructions on its use that were sent with the card and available online. Overall, the transition went smoothly.

**Kansas Trust Fund Balance, 1990 - 2009**



*Kansas' Unemployment Insurance Trust Fund is able to meet the growing need for unemployment benefits in the state.*

### **UI Trust Fund Balance as of January 2009:**

\$566.5 million, down \$71.6 million or 12.6% from the year before.

### **Total contributions to the Trust Fund July - December 2008:**

\$63.4 million, up \$700 thousand or 1.1% from the year before.

### **UI benefit payments July - December 2008:**

\$168.8 million, an increase of \$58.1 million or 34.4% from the year before.

In another move toward paperless UI claims and employer tax processing, paper documents are being scanned for electronic retrieval by those working with the information. There is also a push to have as many claims and tax reports as possible completed and submitted online. By the end of FY 2009, 100 percent of all incoming UI tax and UI benefits information will be scanned and electronically routed. Additionally, over the past year, many historic files were scanned, allowing what was a large file room to be converted to office space.

During the 2008 Kansas legislative session, a law was passed requiring certain employers to file their quarterly wage reports and pay their UI taxes electronically. Since July 1, 2008,

employers with 250 or more employees, or third-party administrators with 250 or more client employees, are required to electronically file all quarterly wage reports and contribution returns and make any quarterly tax payments online. A similar requirement goes into effect after June 30, 2009, for employers or third-party administrators with 100 or more employees or client employees and after June 30, 2010, for third-party administrators with 50 or more client employees. The data is sent to KDOL in real time and tax contribution information is automatically calculated for the employer. This transition has progressed smoothly.

### **Paper files are on the way out**

To facilitate the move to more electronic documents, the agency has undertaken the revision of all the forms used in the UI process. Claimants and employers sent paper documents to complete will have the documents “read” into the electronic file. The new system eliminates most needs for intermediary data entry to get information off a form and into the computer system. The new system gathers data in two ways: claimants or employers can enter it directly into the system over the Web, or KDOL staffers scan the document using optical character recognition (OCR) technology. Both provide instantaneous data availability to users.

Work also is progressing on changes to the agency Web site that will simplify some basic tasks for UI claimants and employers. These include making address updates, online registration for new employer tax accounts and the ability to retrieve user names and reset passwords on electronic accounts.

## **Online project aids labor statistic researchers and job seekers**

A new online service of Labor Market Information Services (LMIS) went into operation in December. Known as the Kansas Labor Information Center (KLIC), the site offers a variety of search capabilities putting a wealth of Kansas labor information at customers fingertips at <https://klic.dol.ks.gov>. The goal of the project is to provide up-to-date Kansas labor market statistics to our customers in an easy-to-use format with features allowing users to customize the information for their needs. KLIC is another way to meet the agency’s goal of assisted self-service for our customers.

### **Emergency Unemployment Compensation**

In response to the lengthening periods of unemployment throughout the country, Congress passed and the President signed into law extensions of UI benefits in 2008. Extended benefits are additional unemployment insurance (UI) benefits that are available to unemployed workers when they have exhausted their regular UI benefits. Extended benefits are funded by the federal government and not by the Kansas UI Trust Fund.

The Emergency Unemployment Compensation (EUC08) Act was first passed in July 2008 and was extended in November. It provides a maximum of 20 additional weeks of unemployment benefits in Kansas. More than 25,000 claims for extended benefits have been processed in Kansas.

The Economic Stimulus Act signed in February 2009 continues the extended unemployment benefits program through the remainder of 2009. The new law also provides an additional weekly benefit amount of \$25 for those receiving unemployment benefits

In addition to employment and unemployment statistics, you can search information about the Consumer Price Index, commuting patterns and population trends in Kansas. There also are links to information about Kansas industries. The new site provides a link to the [kansasworks.com](http://kansasworks.com) site where users can view available job opportunities.

## Workers Compensation incident rate declining

The total injuries and illnesses incidence rate for the private sector in Kansas, as produced by a Federal Bureau of Labor Statistics survey, reveals a decrease in the frequency of occupational injury and illness every successive year except for a slight spike in 2000 (up from 7.6 to 7.8; see graph below). This annual decline in the frequency of injuries and illnesses is consistent with the national trend in “Total Injury and Illness” incidence rates, but Kansas still has a higher frequency of injuries than the national rate for every year of the study. The Kansas total injuries rate remained the same at 5.1 and the national total injuries rate decreased to 4.2 in 2007.

The Kansas “Total Injuries and Illnesses” rate is down by 4.6 injuries and illnesses per 100 workers for the period 1995-2007, a relative change of 47.4 percent. Similarly, the national average for total injuries has decreased by 3.9 injuries and illnesses per 100 workers, or 48.1 percent, between 1995 and 2007.

This and other Kansas workers compensation statistics are available in detail in that division’s annual report found [online](#).

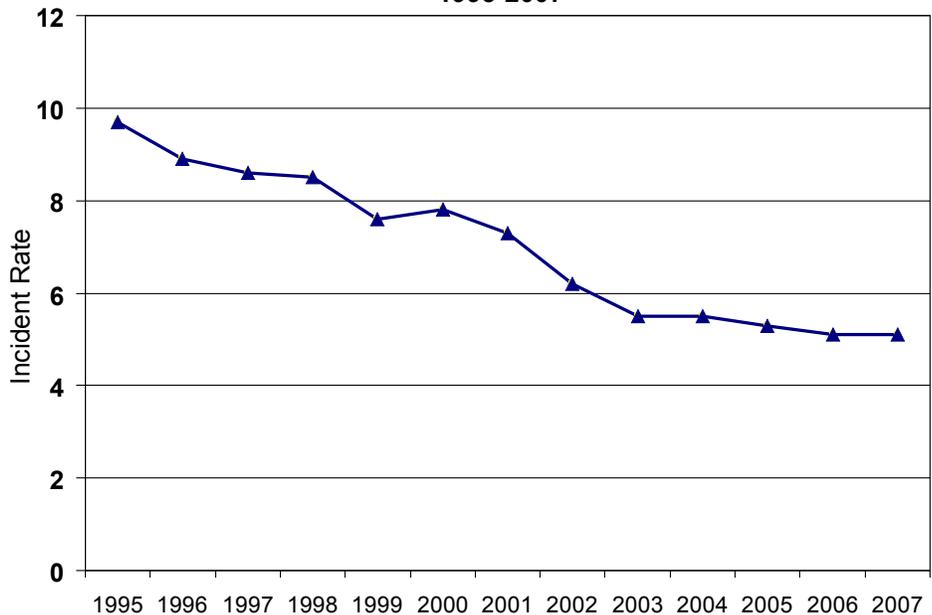
### Kansas Workers Comp rates low

Based on a study performed every two years by the State of Oregon, Kansas’ workers compensation premium costs are among the nation’s lowest. According to the October 2008 report, Kansas ranks 42nd (1 is highest and 51 is lowest) in the nation with a premium rate index of \$1.77 per \$100 of payroll, or 78 percent of the national median. The highest rate was in Alaska (\$3.97 per \$100 of payroll) and the lowest was North Dakota (\$1.08 per \$100 of payroll).

### Cutting more paper

During 2008, the Division of Workers Compensation also made greater use of electronic communications. Web-based coverage verification service that allows external users access to proof of coverage was implemented. There were more than 1,300 searches on this site per month during FY 2008. The electronic data exchange (EDI) is now being used by more than 200 insurance carriers and 20 self-insured employers to submit injury reports. This represents 36 percent of the total accident reports filed. This number should increase as two large reporters, the Kansas Association of School Boards and the Kansas State Self-Insurance Fund, move to EDI in the new fiscal year.

**Kansas Private Sector Occupational Injury & Illness Incident Rate 1995-2007**



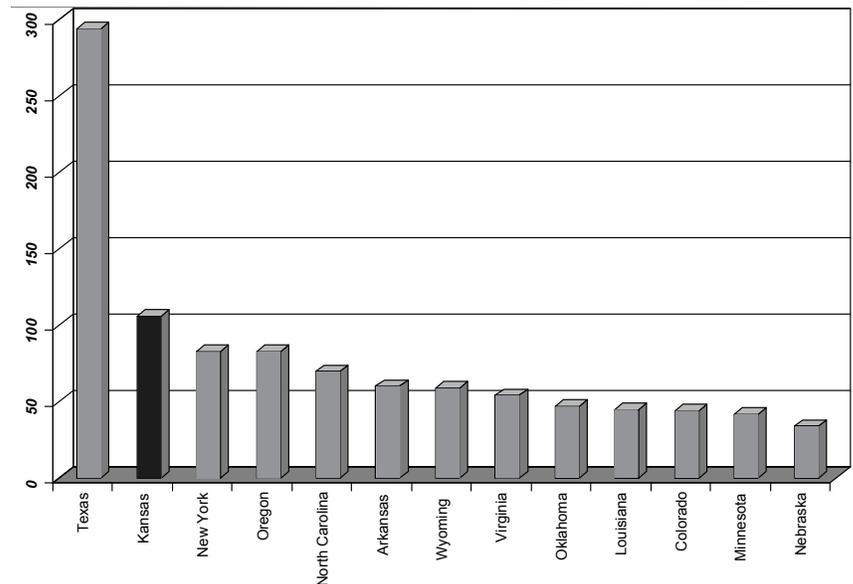
Source: U.S. Department of Labor, Bureau of Labor Statistics

Since the beginning of January 2008, e-mail has been used to send notices of Workers Comp hearings, providing more timely notification and a savings to the agency in postage and printing costs. Approximately 90 percent of employees, employers, insurance carriers and attorneys have provided us with e-mail addresses.

## Safety efforts are good for Kansas

KDOL is committed to making workplace safety a top priority for Kansas. The Division of Industrial Safety and Health reached a significant accomplishment in 2008 when participation in the SHARP program surpassed 100 workplaces. SHARP (the Safety and Health Achievement Recognition Program) is an OSHA program designed to honor smaller businesses that have developed exemplary safety programs. Kansas businesses work with KDOL to assure workplace safety through the development of safety plans and the involvement of all employees. Kansas now has the second most SHARP-designated worksites in the nation (see chart at right).

SHARP sites by state - January 2009



An outreach program during the year targeted 310 high-risk employers to receive information about KDOL's free safety consultation program. Thus far, about five percent of these businesses took advantage of the offer of services. Overall, the agency made more than 650 free safety and health consultations with employers last year.

Seven private employers across the state were recognized in 2008 for dedication to providing safe work environments for their employees. Each reached at least one major milestone in safe operations – 100,000, 500,000 or 1,000,000 work hours without a lost time injury.

## Legal decisions on public negotiations now online

The Office of Labor Relations has moved more than 700 public employment labor decisions [online](#). These are decisions made under the Professional Negotiations Act and the Public Employer Employee Relations Act. The Open Records Act requires that all of these legal decisions be available to the public. Until recently, this required that the files be located, copied and mailed. Today, with Google search technology, anyone can find them online. The new database is searchable by chronological order, subject or key word.

## Green Team makes saving recommendations

Reduce, Reuse, Recycle, or **R3**, is the name of the KDOL Green Team. Following the Governor's initiative encouraging state employees to recycle, reduce waste and purchase environmentally friendly products, the agency formed its own Green Team. The KDOL team has been actively working to identify methods of reducing waste. This includes using recycled products, recycling as many items as possible, reducing paper



usage with electronic mail and more efficient trip planning to reduce fuel use. All of the KDOL buildings have recycling bins, along with shredding bins, which are picked up on a scheduled basis.

The agency also utilizes community copiers and printers to reduce the amount of toner necessary for small printers. When possible, the agency considers green potential when updating operations and purchasing new equipment or office materials.

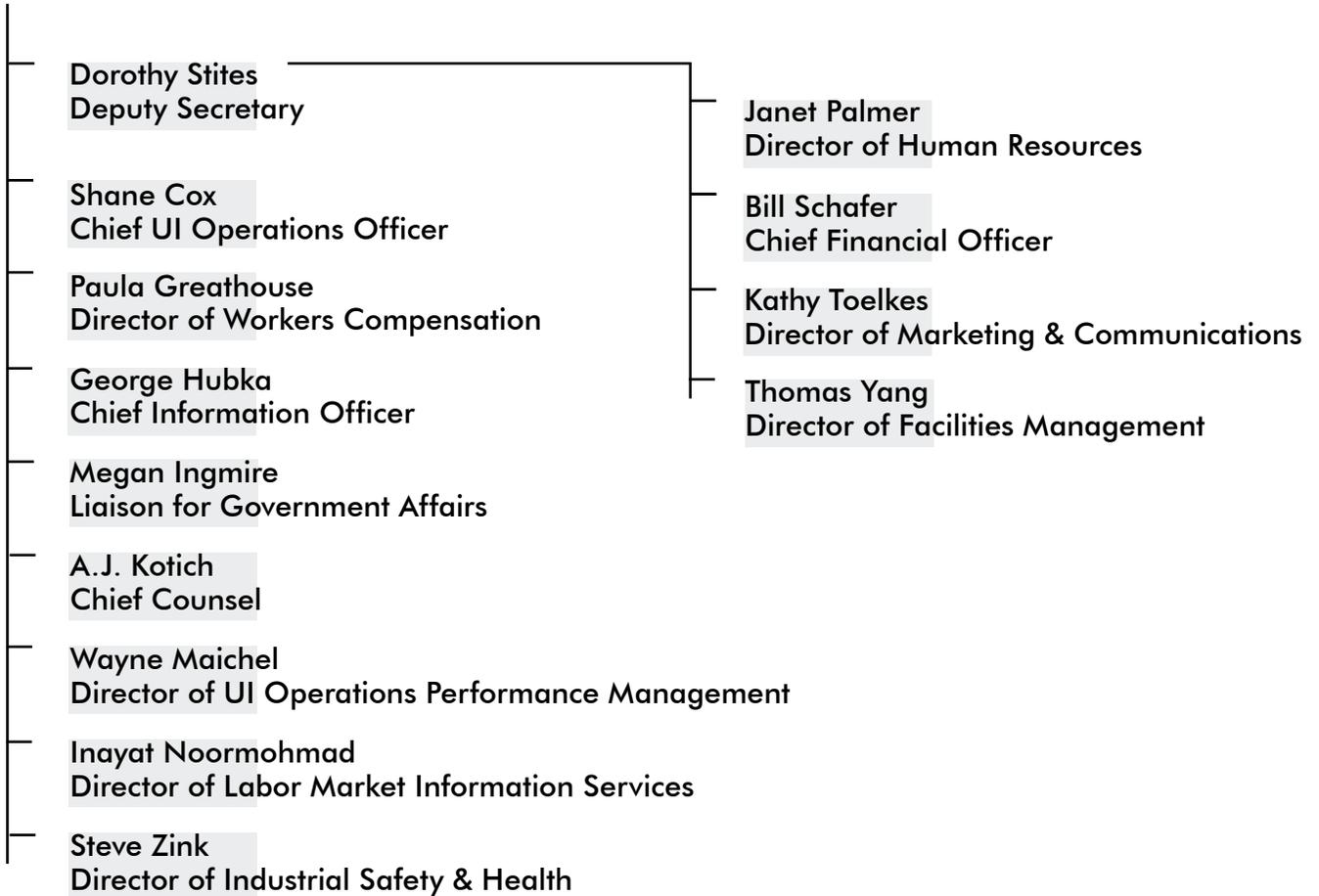


# KDOL Actual Expenditures FY 2008

	<b>Actual Expenditures</b>	<b>Percent</b>
<b>KDOL</b>	<b><u>\$316,046,286</u></b>	<b>100.00%</b>
<b>State General Fund:</b>		
General Administration	\$ 763	
Legal Services	238,366	
Employment Standards	28,710	
Public Employees Relation Board	209,564	
KSIP – Operating Expenditures	<u>3,615</u>	
<b>Total SGF</b>	<b>\$ 481,018</b>	<b>0.15%</b>
<b>Fee Funded Programs:</b>		
Boiler Inspection	<u>\$ 525,722</u>	<b>0.17%</b>
Workers Compensation	<u>\$ 11,381,025</u>	<b>3.60%</b>
WC Fee Fund Kansas Savings Incentive Program	<u>\$ 220,090</u>	<b>0.07%</b>
<b>Federal Funded Programs:</b>		
Employment Security Administration	\$ 22,581,064	
OSHA	<u>627,309</u>	
<b>Total Federal</b>	<b>\$ 23,208,373</b>	<b>7.34%</b>
<b>Unemployment Insurance Benefits</b> (Direct payments to claimants)	<b><u>\$ 278,228,145</u></b>	<b>88.03%</b>
<b>Other Funds:</b>		
Penalty and Interest Funds	<u>\$ 747,979</u>	<b>0.24%</b>
Federal Indirect Offset Fund	<u>\$ 418,641</u>	<b>0.13%</b>
Human Resources Special Projects Fund-State	<u>\$ 781,679</u>	<b>0.25%</b>
Special Wage Payment Clearing Trust Fund	<u>\$ 53,614</u>	<b>0.02%</b>

# The Kansas Department of Labor Organization

**Jim Garner**  
Secretary of Labor



[www.dol.ks.gov](http://www.dol.ks.gov)

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