



Modernization for our customers and staff



Annual Report 2006



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
- houses a research unit that compiles critical data on the labor market in Kansas
- offers workplace safety consultations for private employers and provides investigations into job-related accidents involving public employees

Jim Garner
Secretary of Labor



www.dol.ks.gov

785-296-5000



Modernization for customers and staff

Many major projects are underway at the Kansas Department of Labor that will improve systems and programs in the agency and modernize operations.

Unemployment Insurance Modernization

The largest of these projects is known as the Unemployment Insurance Modernization (UIM). Its goal is to develop a new, state-of-the-art operating system for the State’s unemployment insurance program. UIM is looking at both the work processes (how things are done) and the technology needed to support the processes.

UIM will help KDOL implement key concepts of the agency’s strategic plan:

- Establish a business model that supports customer-focused assisted self-service operations
- Establish an integrated, operationally efficient agency that leverages technology to provide enhanced customer service

UIM is an opportunity to make operations simpler and more customer-friendly. The new integrated operations model will result in greater staff efficiencies, as well as benefits for Kansas’ employers and unemployment claimants. The result should be improvements in timeliness, accuracy, flexibility, reliability and efficiency.

The first phase of the project – assessing current functions and operations for ways to improve and planning how such operations should be handled in the future – has been completed. The second phase – building a new unemployment system based on what has been learned – is now underway. All this work will culminate in a new, more efficient business model for KDOL

Thus far the UIM project remains on schedule and under budget. The project has presented a unique opportunity for collaboration in all areas of the agency during the review and planning processes. The continued success of this project rests on the staff at KDOL.

In 2006, KDOL made a supplemental budget request to the U.S. Department of Labor and received \$495,240. The funded projects are ongoing and include: implementation of the National Directory of New Hires; implementation of a debit card system for the payment of UI benefits; development of a state database for interstate claims; upgrading of the wage record database; development of a real-time data exchange system with the Social Security Administration to verify the identity of UI applicants; and development of a system to automate the weekly claims eligibility determination process.

CY 2006 Unemployment at a Glance

Initial Claims	128,815
Continued Claims	887,185
Benefit Payments	\$221,535,594
Average weekly benefit amount	\$282.42
Contributions Received	\$328,504,192
UI Trust Fund Balance	\$604,062,696

Actual expenditures for Fiscal Year 2006 are on page 6.



UI Call Center Consolidation

Another major project underway in the unemployment insurance area is consolidation of the UI Call Centers. This effort to improve efficiency began in September 2005 when KDOL purchased the Eastman building on the old State Hospital Grounds in Topeka. Over the past year, work has been underway to convert the space into the new call center for unemployment benefit claims. Beginning in late spring 2007, personnel from the three existing call centers in Kansas City, Topeka and Wichita will be moved to the new location.

Work in 2006 included:

- *Building renovations* – These changes include asbestos abatement; internal wall demolition and rebuilding; new heating and cooling systems; improved lighting, flooring and restrooms; and security systems made possible by a federal grant to provide closed circuit television, alarm systems and access control. The space also will provide training areas for call center and other KDOL personnel.
- *Technology improvements* – Claimants in Kansas City and Wichita will be able to continue using local phone numbers through use of a new technology at the Call Center. The new system will route all calls to customer service representatives in the new Topeka office. Helping make this possible is the use of Voice over Internet Protocol (VoIP) technology. Incoming calls will be routed over the state’s data network to the Topeka Call Center. Use of VoIP will greatly reduce costs to KDOL for these calls. KDOL is the first state agency to make large scale use of this technology.
- *Staffing planning* – Human resources personnel are working with all employees to make the transition – to a new location or a new job – as easy and seamless as possible.

How VoIP Works

VoIP services convert your voice into a digital signal that travels over the Internet. If you are calling a regular phone number, the signal is converted to a regular telephone signal before it reaches the destination. VoIP can allow you to make a call directly from a computer, a special VoIP phone or a traditional phone connected to a special adapter. In addition, wireless “hot spots” in locations such as airports, parks and cafes allow you to connect to the Internet and may enable you to use VoIP service wirelessly. KDOL is one of the first state agencies to make use of VoIP.

Call center consolidation will benefit customers of the KDOL unemployment insurance system and the State of Kansas by greatly reducing operating expenses. It also will provide a more modern, updated facility and equipment for call center staff.

Workers Compensation Mediation Project

KDOL launched an alternative dispute resolution pilot program in Workers Compensation. It was tested last year in Pittsburg and Independence. The program is designed to improve communications between the parties involved in a workers compensation dispute, leading to a quicker resolution for everyone involved. It also will conserve resources within the agency.

Under the pilot program, an approved mediator contacts the parties involved in a dispute prior to scheduling a hearing. The mediator helps the parties exchange information, often resolving issues without the need for a hearing. When a hearing is held, the parties are more

Workers Compensation by the Numbers

FY 2006:

Occupational Injuries & Illness Reports	66,469
Applications for Hearings	16,185
Ombudsman Information Contacts	28,332
Requests to Research Section	47,030



prepared and the process is more efficient. The program has proved successful, with positive feedback from participants.

Values-based Hiring

A new interviewing system, known as Values-based Hiring, was implemented in 2006 to help ensure that recruits are not just technically competent but also are a good match for the job and for KDOL. The system can help supervisors make better judgments during the hiring process that should lead to employees who are “just right” for the particular job.

Values-based hiring seeks to balance both an applicant’s technical skills and their behavioral competencies to find the perfect fit for each specific situation.

While people can learn new technical skills, they cannot change who they are. For example, just as each doctor or nurse is trained in the same basics, some like the pace of an office while others thrive in the ER. At KDOL, most people know how to use a keyboard, but that doesn’t mean they would all make good data entry personnel. While some would find the repetitive work hard to take, those who excel at data entry enjoy the fact that they can have a standard routine and set ever-increasing completion goals for themselves.

Values-based hiring asks questions that require an applicant to use examples of how they handled actual situations in their previous work or life experience, giving the interviewers an opportunity to see how they approach a situation. The system also makes use of teams for the interviews that include a member from outside the department or unit. A more diverse interview team provides a new perspective to the supervisor from the “outsider’s” viewpoint.

Kansas Safety Award Programs

A new workplace safety program was initiated during 2006. Known as *KSafe*, the program recognizes businesses that have long-term records of no lost-time accidents. The goal of this program is to encourage Kansas employers to develop and maintain safe work environments, reducing the number and severity of employee injuries. *KSafe* allows KDOL another way to recognize those businesses who have demonstrated a commitment to workplace safety.

Industrial Safety & Health by the Numbers	
CY 2006:	
Total number of safety consultations	1,155
Total number of boiler inspections	3,954
Number of SHARP recipients (total)	58
Number of <i>KSafe</i> award	24

KSafe targets employers that are safety conscious and either ineligible or do not wish to participate in the federal OSHA recognition programs.

Two Kansas companies were publicly recognized in 2006 for their safety records. Rubbermaid of Winfield and Orval Kent Foods of Baxter Springs attained more than one million work hours in 2005 without a lost-time accident. The businesses were recognized at the annual Kansas Safety and Health Conference in October and at special ceremonies with Governor Sebelius. Other Kansas companies also were recognized with plaques or certificates for achieving 500,000 and 100,000 employee hours worked without a lost-time incident during the year.

KDOL also provides safety and health consultations to Kansas employers to help them make their workplaces



safer and less likely to contribute to an accident. Primarily targeted for smaller businesses, this free consultation service, partially funded by the U.S. Occupational Safety and Health Administration (OSHA), helps employers discover potential hazards at their work sites and improve their occupational safety and health management systems.

Recovering Unpaid Wages

KDOL is responsible for enforcing Kansas employment laws, helping recover unpaid wages that are owed to Kansas employees. In 2006, the agency received 1,411 new claims for wages and collected more than \$1,930,000. This includes 166 former employees of A.O. Smith Corporation's Parsons manufacturing plant who received a total of more than \$950,000 in back wages, penalty and interest in a decision by the Kansas Court of Appeals.

This recovery represents the largest single wage recovery since the enactment of the Kansas Wage Payment Act.

Misclassification of Workers

In 2006, the Legislature passed House Bill 2772 authorizing a penalty for the intentional misclassification of an employee as an independent contractor to avoid state withholding taxes or unemployment insurance taxes. The law also allows for much greater cooperation between the Kansas Department of Revenue (KDOR) and KDOL in pursuing enforcement of the law.

Worker misclassification occurs when an employer incorrectly categorizes workers as "independent contractors" rather than employees. Consequently, employers may not make appropriate withholdings or tax payments for their employees. Workers who have been incorrectly classified as independent contractors may lose access to unemployment benefits, workers compensation, social security and withholding tax.

The vast majority of Kansas businesses are abiding by the rules and shouldn't foot the bill for the employers who evade the law.

The new Kansas law also allows KDOR to share taxpayer information with the staff attorneys at KDOL when intentional misclassification is suspected. A public education campaign is underway to help employers understand the law. Auditors started enforcing the new law in August.

In the last five months of 2006, 136 employers were found to have misclassified 1,363 workers. This represents \$171,262.60 in taxes due, of which, as of December 31, KDOL had collected \$82,763.03.

A Web site at www.kdor.org/misclass provides more information and gives Kansans a place to anonymously report potential misclassification issues. The agencies will jointly investigate all tips provided through the site.



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



KDOL Actual Expenditures FY 2006

	Actual Expenditures	Percent
KDOL	\$289,772,498	100.00%
State General Fund:		
General Administration	4,387	
Legal Services	128,141	
Support Services	0	
Data Processing	2,595	
Unemployment Insurance	42,002	
Employment Standards	26,935	
Public Employees Relation Board	164,774	
KSIP – Operating Expenditures	13,421	
Total SGF	\$382,255	0.13%
Fee Funded Programs:		
Boiler Inspection	529,208	0.18%
Workers Compensation	10,645,771	3.67%
Federal Funded Programs:		
Employment Security Administration	21,195,190	
Human Resources Special Projects Fund-Federal	275,000	
OSHA	550,446	
Total Federal	\$22,020,636	7.60%
Unemployment Insurance Benefits	\$253,784,381	87.58%
(Direct payments to claimants)		
Other Funds:		
America’s Job-Link Alliance	690,793	0.24%
Penalty and Interest Funds	535,415	0.18%
Federal Indirect Offset Fund	358,951	0.12%
Human Resources Special Projects Fund-State	392,918	0.14%
Miscellaneous Funds	432,170	0.15%

