



# 2010 Annual Report



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# Secretary's Letter



Greetings,

Each year the Kansas Department of Labor releases an Annual Report to provide an overview of what the agency has accomplished during the past year. This 2010 Annual Report is a brief summary of programs and services delivered by the previous administration. The new administration, led by Governor Sam Brownback, took office in January of 2011.

This report covers the many Divisions within the Kansas Department of Labor such as Workplace Safety programs, Workers Compensation law, an update on the Kansas Unemployment Insurance (UI) Trust Fund and information on the UI Contact Center, as well as many other topics.

I hope the reader finds the information in this report valuable. We are always interested in feedback, not only from our many customers, but from the public and those who review our reports as well. If you would like to contact the Kansas Department of Labor and offer your feedback, please contact us by e-mail at [communications@dol.ks.gov](mailto:communications@dol.ks.gov).

Thank you for your interest in the Kansas Department of Labor.

A handwritten signature in black ink that reads 'Karin Brownlee'. The signature is written in a cursive, flowing style.

Karin Brownlee  
Secretary  
Kansas Department of Labor

## **The many roles of the Kansas Department of Labor**

The Kansas Department of Labor 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 involving public employees;
- 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; and
- Overseeing the Public Employers and Employees Relations Act and the Public Negotiations Act.

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

## **Unemployment Insurance Contact Center: Finding ways to answer the call**

While the 2010 jobless news continued to be concerning, employees at the Unemployment Insurance Contact Center (UICC) worked hard to answer questions from out-of-work Kansans. There are many steps involved in applying for unemployment benefits. Nevertheless, our customer service representatives strive to assist our fellow Kansans any way possible, and to make sure every caller is treated with dignity and respect while getting the answers they need.

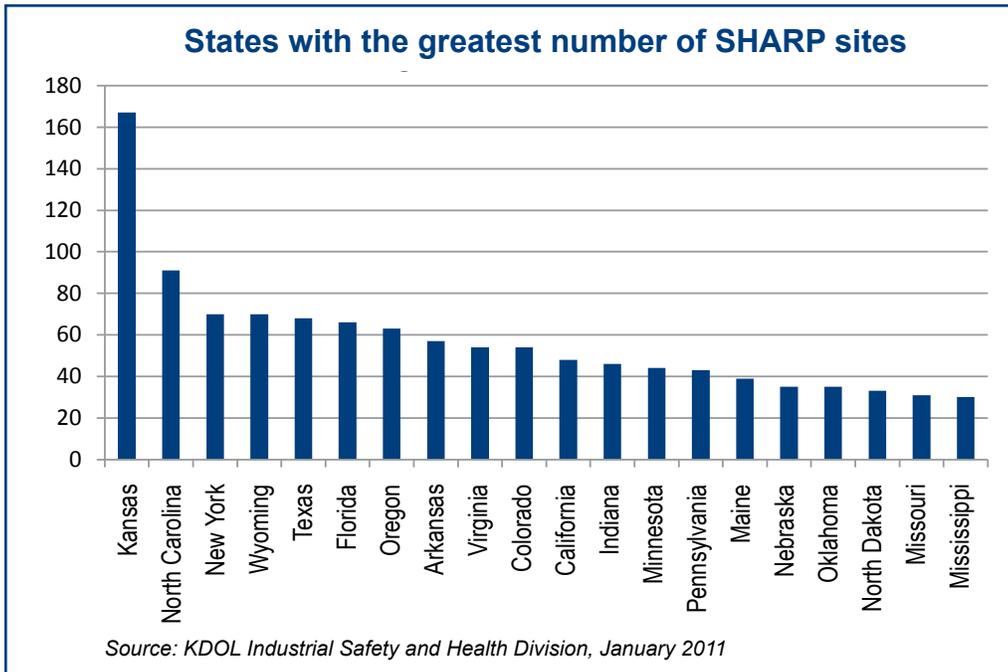
In 2010, we answered in excess of 479,000 calls from Kansas residents and employers. Those inquiries covered many different topics, including people who have lost their job and wonder what the next step is, to helping our country's military service men and women file their first claims following active duty.

In order to handle continued high workload and call volumes, several new procedures and items were implemented in 2010:

- Dynamic Fact Finding (DFF) was added to the online initial application to collect additional information up front regarding the claimant's separation—eliminating the need to call the UICC to speak with a representative.
- All UI Benefits and Contact Center staff were moved to one location to provide better communication and increased efficiencies between departments.

## **KDOL programs promote workplace safety**

Workplace safety remains a high priority for the state of Kansas. This is why KDOL offers employers a variety of services to prevent on-the-job injuries. In 2010, the Industrial Safety and Health Division at KDOL conducted 554 free safety and health consultations with Kansas private sector employers. Safe work places promote healthy and productive workers. Healthy and productive workers help to grow our Kansas economy.



In addition to the free consultation program, the agency also offers two safety award programs to encourage employers to maintain the safest workplaces possible. Twenty-six Kansas business locations were recognized as Safety and Health Achievement Recognition Program (SHARP) recipients in 2010. SHARP is a partnership with OSHA, the Occupational Safety and Health

Administration, and is designed to recognize businesses that have worked with KDOL to develop exemplary workplace safety programs. With a total of 167 sites, the state of Kansas ranks first in the nation for the number of SHARP locations.

Additionally, the Kansas State Safety Award Program (KSafe) recognized 16 private employers across the state dedicated to providing a safe work environment for their employees and reaching major milestones in safe operations; i.e. 100,000 hours, 500,000 hours and one million work hours without a lost time injury.

Also, there were 12,118 inspection certificates issued in 2010 for boilers and pressure vessels. The KDOL Boiler Safety unit inspects all boilers and pressure vessels in the state for both public and private systems.

As part of our efforts to ensure public sector employees are protected from unsafe working conditions, there were 181 public sector inspections (school districts, county entities, etc.) during the year, along with 175 state workplace inspections. KDOL also offers an online training program for these public sector employees.

## Employment Standards processes claims for unpaid wages

The Employment Standards section administers the Kansas Wage Payment Act, Kansas Minimum Wage and Overtime Laws, Kansas Child Labor Laws and the Kansas Private Employment Agency Law.

In 2010, Employment Standards received 1,079 new claims for unpaid wages, resulting in collection of \$1,105,267 in unpaid wages over the year.

## Communications employs social media to assist customers

KDOL implemented new Social Media avenues in 2010 with a presence on Twitter and YouTube. Our Twitter and YouTube accounts can be accessed at [www.Twitter.com/KansasDOL](http://www.Twitter.com/KansasDOL) and

[www.YouTube.com/KansasDOL](http://www.YouTube.com/KansasDOL). These avenues help KDOL provide information out to all of our customers quickly and effectively, and have already proven to be a great success.

Another very effective social media tool used by the Communications Division was the *Questions from Claimants* unemployment podcast. The Communications Division produced more than 25 podcast episodes in 2010, with topics ranging from answering general questions about the unemployment process to explaining confusing details about the Emergency Unemployment Compensation program. Claimants were also able to submit questions via e-mail, which were then answered in later episodes. This allowed KDOL to address the pertinent questions from our customers in a timely and effective manner.

In a combined effort with the UI Tax unit, the Communications division conducted online webinars for employers to assist with the quarterly wage report process. The webinars improved and enhanced communication with Kansas employers by proactively sharing information about new online services and providing the answers to frequently asked questions by UI Tax subject matter experts while the employers remained in their offices. These webinars were attended by large numbers of Kansas employers, accountants and third party administrators.

## **A real time look at Kansas jobs**

In March 2010 the Labor Market Information Services division began evaluating a Web-based platform to look at real time labor market information called the Help Wanted Online Data Series™ (HWOL). HWOL houses a comprehensive listing of unique, online advertised job vacancies and provides an up-to-date measure of labor demands based on online advertisements from over 1,200 internet job boards and newspaper websites nationwide on a monthly basis. HWOL provides both non-seasonally and seasonally adjusted data.

Currently, HWOL is being used to gather occupational time series data that will be placed on our website. The data will include, but is not limited to:

- the current top 10 online job openings
- a comparison of labor supply and labor demand
- job vacancy rates by local area
- the top five green jobs in the state

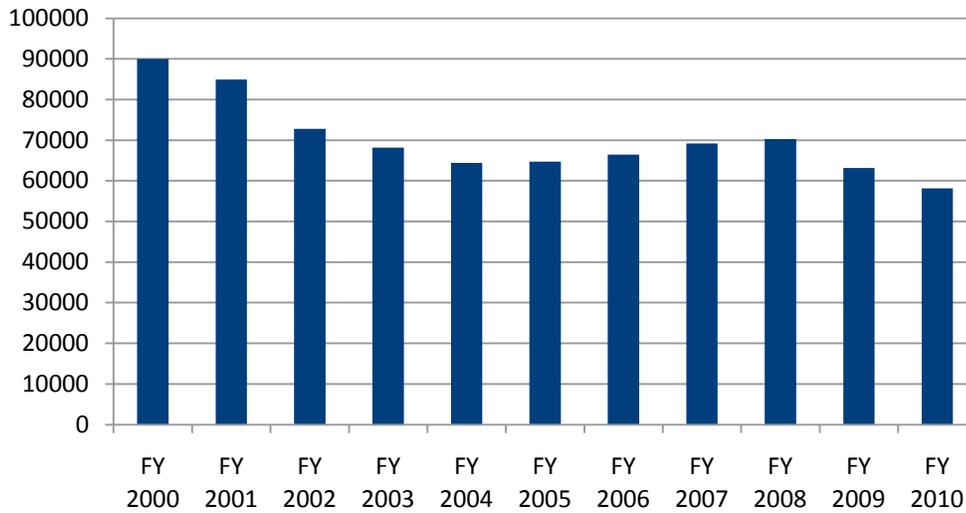
The information provides a snapshot of all online advertised job openings at any given point in time, but is also the ultimate flexibility in employment market intelligence, forecasting, analysis, mapping, job trend data, and much more.

## **Workers Compensation incident rate declines**

During Fiscal Year 2010, the Workers Compensation Division received reports of 58,188 occupational injuries and illnesses in the state.

- This represents a 7.8 percent decrease from the previous year's total.
- In the FY 2010, there were 46 reported deaths due to workplace injuries and accidents. FY 2009 saw 32 deaths in the workplace and the 16-year average is 53.3 deaths per 1,000.

## Kansas Illnesses and Injuries Reported Each Year



Source: KDOL Division of Workers Compensation

- In statistics available from the U.S. Department of Labor's Bureau of Labor Statistics, a near steady decline in the state's total injuries and illnesses incident rate continued in 2009, the last year for which these statistics are available.

- In 2009, the frequency rate of occupational injury and illness reached a 15-year low of 4.1 injuries

and illnesses per 100 full-time workers.

- The state's total injuries and illnesses rate has decreased more rapidly from 1995-2009 than the national rate.

The incident rate for total injuries and illnesses per 100 full-time equivalent (FTE) positions in 2009 was 4.5 in 2009, a decrease from 2008. The total injury and illness incidence rate has declined by 47.7 percent over the last 16 years and by 32.8 percent since 2000.

The National Council on Compensation Insurance report shows the Kansas workers compensation market is very stable. Workers compensation premium rates approved by the Kansas Insurance Department for 2011 will reflect an overall average rate increase of 0.7 percent.

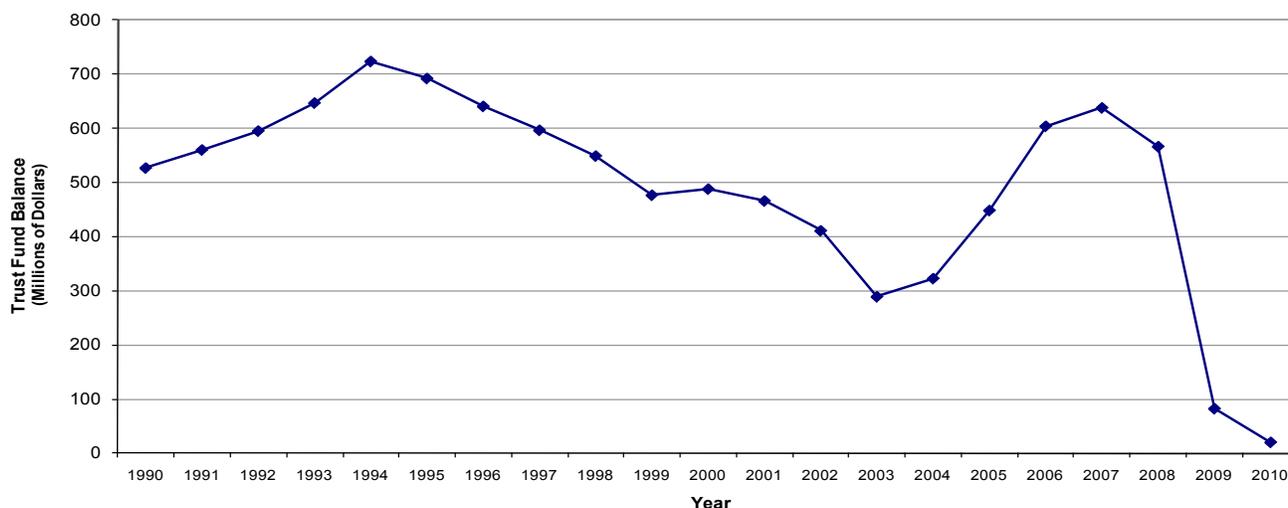
More information and statistics related to the Kansas workers compensation program may be found in the division's annual statistical report online at [www.dol.ks.gov/WC/doc/annual10.pdf](http://www.dol.ks.gov/WC/doc/annual10.pdf).

## Kansas UI Trust Fund update

In 2010, for the first time in the history of the state, the Unemployment Insurance Fund borrowed from the U.S. Treasury to continue paying unemployment benefits to out-of-work Kansans. During 2010, 33 other states and the Virgin Islands borrowed funds to support their UI Trust Funds. Ordinarily, the UI Trust Fund is supported by employers' payments into the fund through unemployment insurance taxes. However, exceedingly high levels of unemployment throughout Kansas in 2008, 2009 and 2010 made it clear the fund would not be sufficient to weather the recession and retain solvency.

Historically, however, the Kansas Trust Fund has been very sound, with balances above \$400 million in all but two years from 1990 through 2008. In fact, the fund appeared to be in such good health that an unemployment insurance moratorium was enacted from 1995 through 1999 and Kansas employers again benefited from reduced contribution rates from 2007 through 2009. The fund balance hovered at \$600 million for much of 2007 and 2008 before experiencing a steep decline in 2009.

## Kansas Trust Fund Balance 2000-2010



Source: KDOL Labor Market Information Services

As it became increasingly clear the Trust Fund would be depleted, KDOL obtained the first of several advances from the federal government in February 2010—steps that were required to ensure that unemployed Kansans continued to receive benefits. Kansas has since borrowed funds from the federal government on multiple occasions and as of December 31, 2010, had \$88.2 million in outstanding loans.

Further, high levels of unemployment prompted Kansas to participate in additional UI programs provided by the federal government such as the Emergency Unemployment Compensation (EUC) and the State Extended Benefits (EB) programs. These programs allow eligible UI claimants to obtain up to a total of 86 weeks of unemployment benefits. Although these programs were completely federally-funded in 2010 and 2011, they are set to expire Dec. 31, 2011.

As a result of the low Trust Fund balance in 2010, the annual tax yield required by statute increased, raising the standard contribution rates for Kansas employers. As legislators dealt with the challenge of rebuilding the Trust Fund balance, they also focused on how to alleviate severe tax increases passed onto Kansas employers – a result of the increase in unemployment numbers. Employers' contribution rates were reduced due to the enactment of 2010 House Bill 2676. This law lowered the tax rates for employers in rate groups 1 through 32, and set these rates for tax years 2010 and 2011.

## Information Technology Division releases first components of UIM Project

The first tangible pieces of the Unemployment Insurance Modernization project (UIM) were implemented in May 2010, with updates and enhancements to the UI Contact Center operations. Subsequent releases targeted modernizing UI tax operations; including making the quarterly wage report filings easier for business owners, as well as ensuring new employer filings and other employer related processes are simpler and faster for both employers and agency staff. New features allow employers to view, modify and update their records online. An electronic system of handling paper forms and applications called FileNet was also implemented to automate data entry and store information within the agency.

## Other IT accomplishments:

- Completed online employer status report and payment acceptance.
- All employer account information and maintenance is now in a Web-based system. Employers can now update their mailing address and account ownership and contacts without KDOL intervention. Internal users in the UI Tax unit now have the ability to set-up new accounts directly in the system.
- All updates now auto create the appropriate mailing forms for processing as well as auto creation of mandated documentation for federal audits.

## KDOL actual expenditures for Fiscal Year 2010

KDOL's budget is primarily federal and fee funded. The State General Fund budget makes up less than one percent of the agency's operating budget. The following table details the actual expenditures of the agency for Fiscal Year 2010.

|  | Actual Expenditures    | Percent       |
|--|------------------------|---------------|
| <b>Total KDOL</b>  | <b>\$1,429,124,973</b> | <b>100%</b>   |
| <b>State General Fund:</b>   |                        |               |
| General Administration   | 819                    |               |
| Legal Services   | 161,451                |               |
| Employment Standards   | 268                    |               |
| Public Employees Relation Board  | 248,751                |               |
| <b>Total SGF:</b>  | <b>\$411,289</b>       | <b>0.03%</b>  |
| <b>Fee Funded Programs:</b>  |                        |               |
| Boiler Inspection  | <b>\$512,555</b>       | <b>0.04%</b>  |
| Workers Compensation   | <b>\$11,941,199</b>    | <b>0.84%</b>  |
| <b>Federal Funded Programs:</b>  |                        |               |
| Employment Security Administration                                       | 33,094,283             |               |
| OSHA   | 514,955                |               |
| <b>Total Federal:</b>  | <b>\$33,609,238</b>    | <b>2.35%</b>  |
| <b>Unemployment Insurance Benefits</b><br>(Direct payments to claimants) | <b>\$1,381,215,146</b> | <b>96.65%</b> |
| <b>Other Funds:</b>  |                        |               |
| Penalty and Interest Funds   | <b>\$563,210</b>       | <b>0.04%</b>  |
| Federal Indirect Offset Fund   | <b>\$356,479</b>       | <b>0.02%</b>  |
| Human Resources Special Projects Fund-State                              | <b>\$412,453</b>       | <b>0.03%</b>  |
| Special Wage Payment Clearing Trust Fund                                 | <b>\$103,404</b>       | <b>0.01%</b>  |