



# 2011 Annual Report

*A year of positive change – working smarter*



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

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# Message from the Secretary



At the Kansas Department of Labor (KDOL), we look at our jobs as a true public service. The work we do has such an impact on people in a time of crisis – from losing a job and having to apply for unemployment benefits, to being injured while at work and needing workers compensation. The hard work and dedication of our employees to assist customers, enables us to meet our goal of making customer service our first priority.

2011 was a year of significant change for KDOL. A new administration tends to bring this about anyway, but at KDOL the changes have been dramatic. The agency is about one-third smaller than it was one year ago, yet our service has improved significantly. The call center was overwhelmed and answering only a small percentage of incoming calls, but is now answering close to 2,000 calls per day.

It takes special people to do this type of work, which is demanding but also very rewarding. As one experienced member of our Contact Center staff put it;

“I take a great deal of satisfaction in assisting people at what is a very difficult time of their life. For most of our claimants, this is the first time they have been unemployed. It’s a frightening time for them and for their families. If I can bring some support and direction to them at this time, it makes me feel good. I feel I am making a real difference.”

In addition to improved customer service, we have improved our processes by reducing our dependence on paper. The employer unemployment tax reporting was predominately paper driven. Now approximately 83 percent of all employers file online saving time, labor and paper costs. The Division of Workers Compensation has made many of their publications and forms available in digital and/or downloadable formats, saving the division over \$100,000 per year.

This annual report is a brief summary of the programs and services delivered by KDOL in 2011. I hope you find the information in this report valuable. There is additional information available on our websites – [www.dol.ks.gov](http://www.dol.ks.gov), [www.GetKansasBenefits.gov](http://www.GetKansasBenefits.gov) for unemployment benefits and [www.KansasEmployer.gov](http://www.KansasEmployer.gov) for unemployment tax information.

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 email us at [communications@dol.ks.gov](mailto:communications@dol.ks.gov).

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

Sincerely,

A handwritten signature in cursive script that reads "Karin Brownlee". The ink is dark and the signature is fluid and legible.

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 for 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.
- 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.

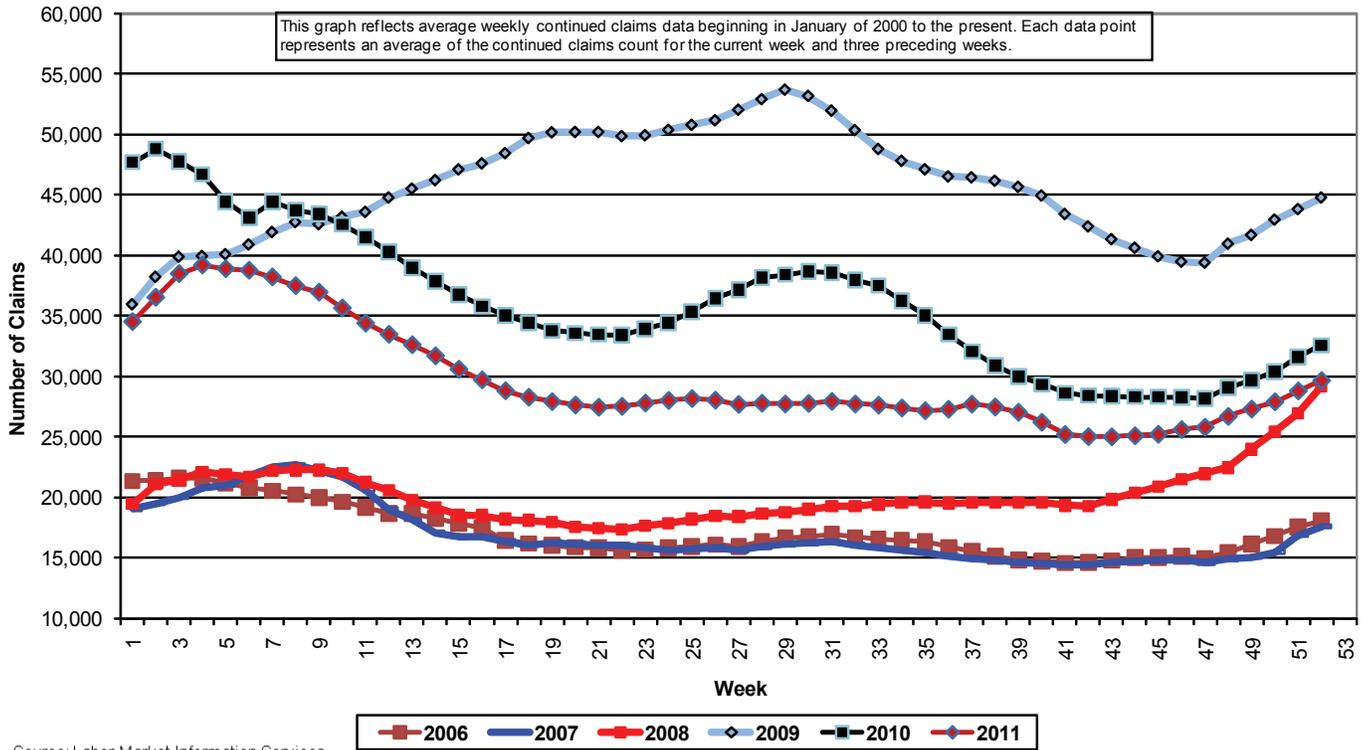
### Highlights of key Unemployment Insurance activities

A significant reduction in many of the Unemployment Insurance (UI) activities occurred in 2011. The lowest number of individuals received unemployment insurance benefit payments since 2008. Furthermore, as employment and wages increased, the amount of contributions collected from employers in 2011 also increased. Tax rates remained static for all employers as required by House Bill 2676, allowing relief to employers as they continued to recover after the Great Recession. Approximately 36,800 positive balance employers received a combined relief of more than \$75 million in 2011.

<b>Kansas Unemployment Insurance - Key Highlights</b> <b>All Programs (Regular, EUC, &amp; EB)</b> <b>2010 - 2011</b>			
	2010	2011	Percent Change 2010 - 2011
Initial Claims	271,353	249,792	-7.9%
Continued Claims	3,182,195	2,655,387	-16.6%
Individuals Receiving Payments	171,439	140,352	-18.1%
Contributions	\$ 365,793,518	\$ 408,510,251	11.7%
Benefit Payments	\$ 1,112,112,880	\$ 815,631,950	-26.7%
Average Duration (in weeks)	35.5	30.0	-15.5%

Both initial claims and continued claims declined from 2010, although they still remain high from pre-recession levels. As the overall economy and the job markets improved in 2011, we saw sharp reductions in benefit payments and significant drops in the average duration that an individual received UI benefits.

**Weekly Continued Claims (4 week moving average)  
Kansas  
January 1, 2006 - December 30, 2011**



## Kansas UI Trust Fund update

The Unemployment Insurance (UI) Trust Fund is funded by employers' payments through unemployment insurance taxes. Historically the UI Trust Fund has been very sound, but exceedingly high levels of unemployment throughout Kansas in 2008, 2009 and 2010 made it necessary for KDOL to obtain advances from the federal government. The agency first obtained loans from the U.S. Treasury in February 2010.

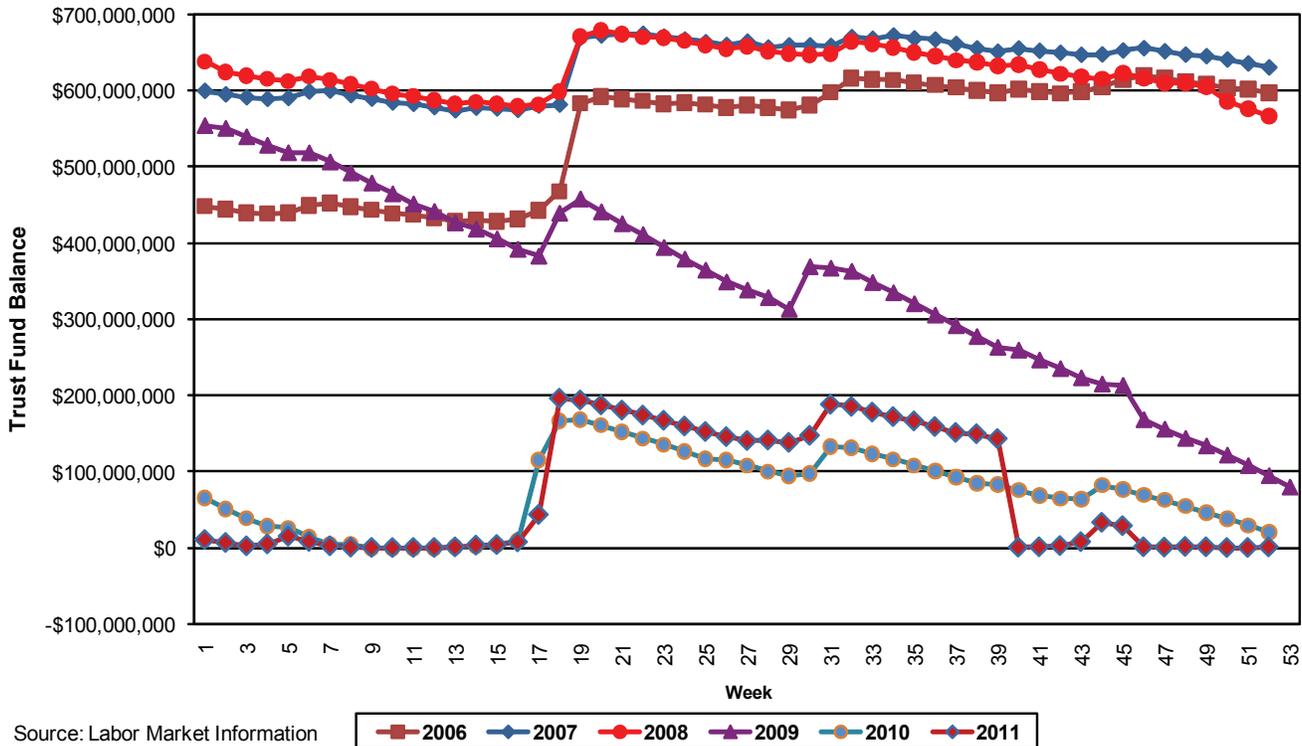
Although the level of initial and continued unemployment claims in Kansas fell in 2011 from 2010 and 2009 levels, claims were still higher than pre-recession levels, continuing the need for KDOL to obtain federal loans. In 2011, KDOL began making payments on the principal amount of the loan using any excess funds in the UI Trust Fund as they are accrued. This minimizes the amount of interest paid on the loans.

This is how it works:

- KDOL borrows money on a daily basis as funds are needed to make benefit payments.
- At this same time, Kansas employers continue to make payments into the Fund through unemployment insurance taxes.

- If the Trust Fund has a positive balance, the excess money is used to pay down the principle amount of the loan from the U.S. Treasury. KDOL has made two payments on the principle amount of the loan—one in October 2011 and another in November 2011.

**Weekly Trust Fund Balance <sup>1/</sup>**  
**January 1, 2006 - December 31, 2011**



Source: Labor Market Information

<sup>1/</sup> Trust fund balance does not include outstanding loans issued from the Federal Unemployment Account (FUA).

As of December 31, 2011, Kansas had slightly more than \$63 million in outstanding loans. Kansas also paid interest to the U.S. Treasury in the amount of \$4,601,743.91 on September 30, 2011. As a result of the low Trust Fund balances from 2009 through 2011, the annual tax yield has increased, raising the tax rates for Kansas employers. Legislators addressed this dilemma in the 2011 session through Senate Bill 77, which became effective on May 19, 2011.

Continued high levels of unemployment in 2011 prompted Kansas, and many other states, to take advantage of the special federally-funded UI programs, Emergency Unemployment Compensation (EUC) and Extended Benefits (EB). These programs allowed UI claimants to obtain up to 86 weeks of unemployment in 2011. Kansas ended the EB program on April 7, 2012 due to a declining unemployment rate, bringing the number of available weeks to 73. The EUC program is set to expire in December 2012.

## **Claimants find help and answers at the UI Contact Center**

2011 found the Unemployment Insurance (UI) Contact Center facing an extremely high number of calls from Kansans needing assistance filing their claims. Intake agents fielded more than 440,700 calls. In addition, contacts sent via the Web accounted for more than 60,000 exchanges. That’s a total of more than half of a million contacts.

Kansas residents were eligible to file for Federal Emergency Unemployment Compensation (EUC) benefits once they exhausted their regular unemployment benefits. Intake agents processed more than 89,500 EUC applications during the year.

Federally-funded State Extended Benefits (EB) were also available for those individuals who exhausted all other available benefits. KDOL processed more than 15,400 EB applications throughout the year.

For those claims needing mediation, the adjudication team contacted both employers and claimants and evaluated paperwork to make a determination. This team wrote more than 80,000 determinations in 2011.

To handle the continued high workload and call volumes, the Department implemented the following in 2011:

- Condensed hours of operation to 8:00 a.m. to 4:15 p.m. Monday through Friday. This allowed centralization of staffing, while cutting operating expenses.
- Call monitoring to ensure quality conversations and correct processes.
- Improved access and ease of use for UI claimants on the website [www.GetKansasBenefits.gov](http://www.GetKansasBenefits.gov), allowing them to do more online.

## **Unemployment taxes fund UI benefits**

Approximately 72,000 Kansas employers are responsible for reporting under the State Unemployment Tax Act. Each employer is required to file a Quarterly Wage Report (QWR), listing all wages earned by their employees.

In 2011, KDOL improved electronic filing and tax payment methods for employers. They can now upload an Excel spreadsheet, which has been effective for smaller, less computerized employers. The UI Tax unit also provided employers with more quality information about the filing requirements and processes and provided more one-on-one assistance for employers. These improvements resulted in approximately a 10 percent increase in electronically filed business returns between 2010 and 2011.

In 2011, the Contributions unit received a total assignment/investigation case load of almost 64,000, or 5,330 assignments per month. They completed 98 percent of these cases, consisting of status investigations, collections, audits and employer adjustments. This is an improvement from 55,777 assignments and 91.6 percent completion in 2010. Additionally, this was accomplished with 33 percent fewer staff in 2011.

Quality is a focal point of the unit and it is seeing many successes. The Federal Tax Performance System Review (TPS)-Annual Federal Performance Standards is a system of federally-mandated reviews on different program operations within UI. In 2011 the Audit Quality section of the TPS received its first 100 percent result and all additional reviews exceeded previous ratings.

UI Tax Administration includes employer liability, collections and field unit processing, benefit fraud and payment control. This unit was relocated to a single location and strategically realigned to create more efficiency. Division accomplishments include:

- The Secretary promised that KDOL would provide Kansas employers with their 2012 Experience Rate Notice (UI tax rate) in the first week of November. This promise was delivered, allowing employers approximately six weeks more planning time.

- Reduced the mailing of paper QWRs by approximately 60,000 mailings each quarter. Employer newsletters are now distributed electronically and available at [www.KansasEmployer.gov](http://www.KansasEmployer.gov).
- Developed a system where 99 percent of checks are processed within 24 hours of the date of receipt. This process has created efficient operations, safe keeping of payments and gave KDOL an exceptional rating on the federal cashing review.

The units that monitor the quality of KDOL work continue to show marked improvement in the agency. Federally mandated audits and reviews are showing improved scores over previous years as well.

## Actions to prevent UI fraud

Fraud detection and prevention had many accomplishments in 2011 including:

- A real time Social Security number cross-match was implemented on all claims filed. This assists with the detection of false Social Security numbers prior to payment of benefits.
- An agreement was made with the Kansas Department of Health and Environment to use their death certificates database. This allows KDOL to detect fraudulent use of Social Security numbers and prevents making benefit payments to the deceased.
- Benefit claims are now compared with the National New Hires Directory.
- The Department is also pursuing agreements with other state agencies at this time.

KDOL is aggressively pursuing development of the State Information Data Exchange System (SIDES) program, slated to be ready for use in spring 2012. Employers will enter their separation information into a central repository, allowing KDOL to identify separation issues at the same time a claim is filed. This eliminates delays caused by mailing the documents.

## Improved labor market information

In 2011, Labor Market Information Services (LMIS) launched a redesigned version of its Kansas Labor Information Center (KLIC) website. The redesign reflects considerable attention to the overall look and feel of the website and the individual products it includes. The new site incorporates more choices and a different organizational scheme to promote its visual appeal and value to customers. Data is now readily available in map form and many of the recurring products, such as the Job Vacancy Survey and the Kansas Wage Survey, have been redesigned in a simpler, more user-friendly format. Additionally, the redesigned KLIC site marked the launch of two new LMIS products, Help Wanted Online (HWOL) and Regional Focus.

The new KLIC website also encourages increased efficiency. Website changes and data updates can now be handled by LMIS staff members, saving the time and effort of the Communications and Information Technology departments. These changes also ensure that the KLIC site provides the most up-to-date information possible. KLIC is found at <https://klic.dol.ks.gov/>.



### **2011 labor market data:**

- The seasonally adjusted unemployment rate decreased from 7 percent in December 2010, to 6.4 percent in December 2011.
- Private sector employment grew by 13,700 jobs in 2011.
- Nonfarm employment grew by 8,200 jobs from December 2010 to December 2011.

### **LMIS products produced every year:**

- Help Wanted Online Posting: Released monthly
- Labor Report: Released monthly
- Regional Focus: Released monthly
- UI Reference Guide: Released in April
- Customer Satisfaction Survey: Released in May
- Job Vacancy Survey: Released in June
- Short Term Projections: Released in July
- Annual Re-filing Survey: Released in August
- Census of Fatal Occupational Injuries report: Released in August
- Wage Survey: Released in August
- Economic Report: Released in September
- School Survey: Released in September
- Occupational Outlook (every two years): Released in November

LMIS also answers special requests from a number of sources such as Chambers of Commerce, Kansas universities, businesses, individuals and others.

### **LMIS took steps in 2011 to reduce overhead costs, including:**

- Switched to a computer-based fax program for outgoing faxes, eliminating one fax machine and all associated costs with this machine.
- Eliminated the printing of the Economic Report and At-a-Glance brochures for the Kansas Wage Survey, the Job Vacancy Survey and other publications. All of this information is available online.
- Implemented emailing instead of postal service mailings wherever possible.

## **Workers Compensation marks 100 years with major change**

Revisions to the Workers Compensation Act (Substitute for HB 2134) were passed by the 2011 Kansas Legislature unanimously and signed by Governor Brownback. The changes in this bill took effect on May 15, 2011. The Workers Compensation Division implemented HB 2134 with training for Administrative Law Judges, Board members, legal assistants, Ombudsmen and other personnel. The division also edited regulations, forms and publications to conform to the new law.

In 2011, reorganization of the division and reduced staff levels from attrition, led to greater efficiency and savings. Additionally, workers compensation operations were moved at the end of the year from leased space in downtown Topeka into department owned space for a savings of more than \$325,000 per year.

Other activities in the division:

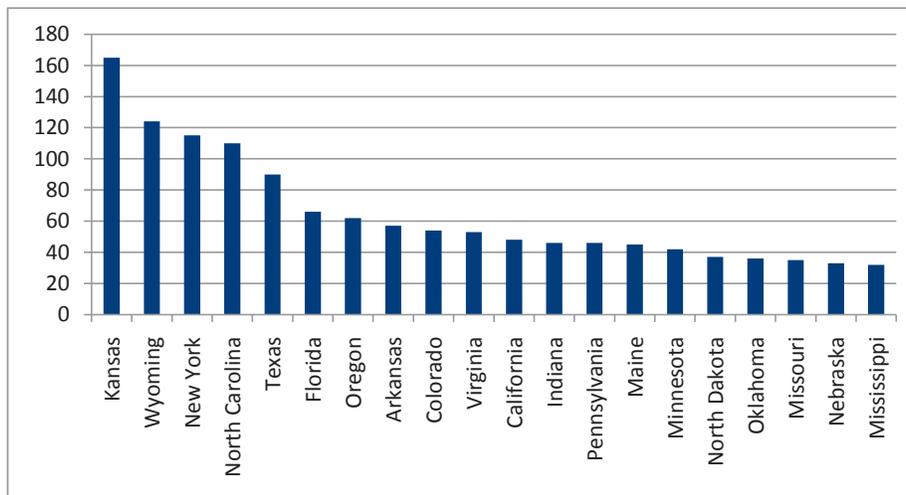
- A total of 58,296 injuries and illnesses were reported to the division in 2011, nearly holding steady with 2010 which had 58,188 reports.
- Completed a year-long analysis of the current judicial process and information management system, creating viable recommendations to implement a digital adjudication system.
- Announced the intention to mandate the IAIABC Release 3 claims electronic data interchange (EDI) standard beginning in January 2013. The current system is a voluntary Release 1 claims system and KDOL continues to collect injury reports via the paper 1101-A form.
- Received 573 fraud referrals, closed more than 559 cases, prosecuted 29 administrative cases and one criminal case, collecting more than \$200,000 in fines and restitution.
- Provided 13 presentations to employer, insurance and medical groups about the changes in the Workers Compensation Law, reaching more than 1,000 people.
- Assisted 22,834 injured workers, insurance agents, attorneys, employers and health care providers with questions about the law.
- Hosted more than 700 attendees at the annual Workers Compensation Seminar in October, that focused on the new law.
- Settled more than 200 disputes between providers and payers.

## **Safety in the workplace**

Identifying safety hazards and helping Kansas businesses and public entities eliminate unsafe practices are the goals of the Industrial Safety and Health Division. These programs are promoted throughout the state, but sell themselves by word of mouth from satisfied employers. In 2011:

- The Kansas Consultation Program, in cooperation with the Occupational Safety and Health Administration (OSHA), conducted 601 safety and health visits. These visits identified 1,814 hazards in a variety of industries. OSHA has placed an emphasis on construction, oil and gas, manufacturing facilities with amputation hazards and grain handling. OSHA has scaled back its high-hazard list and removed nursing homes and automotive tire shops, placing them as a lower priority.
- The Safety and Health Achievement Recognition Program (SHARP) continues to grow in Kansas with 165 sites and two pre-SHARP sites. This is an increase of six sites from 2010. Kansas has the greatest number of SHARP sites in the nation and the highest percentage of SHARP sites per workplace establishment in states under federal OSHA jurisdiction.

## Comparison of SHARP sites by state

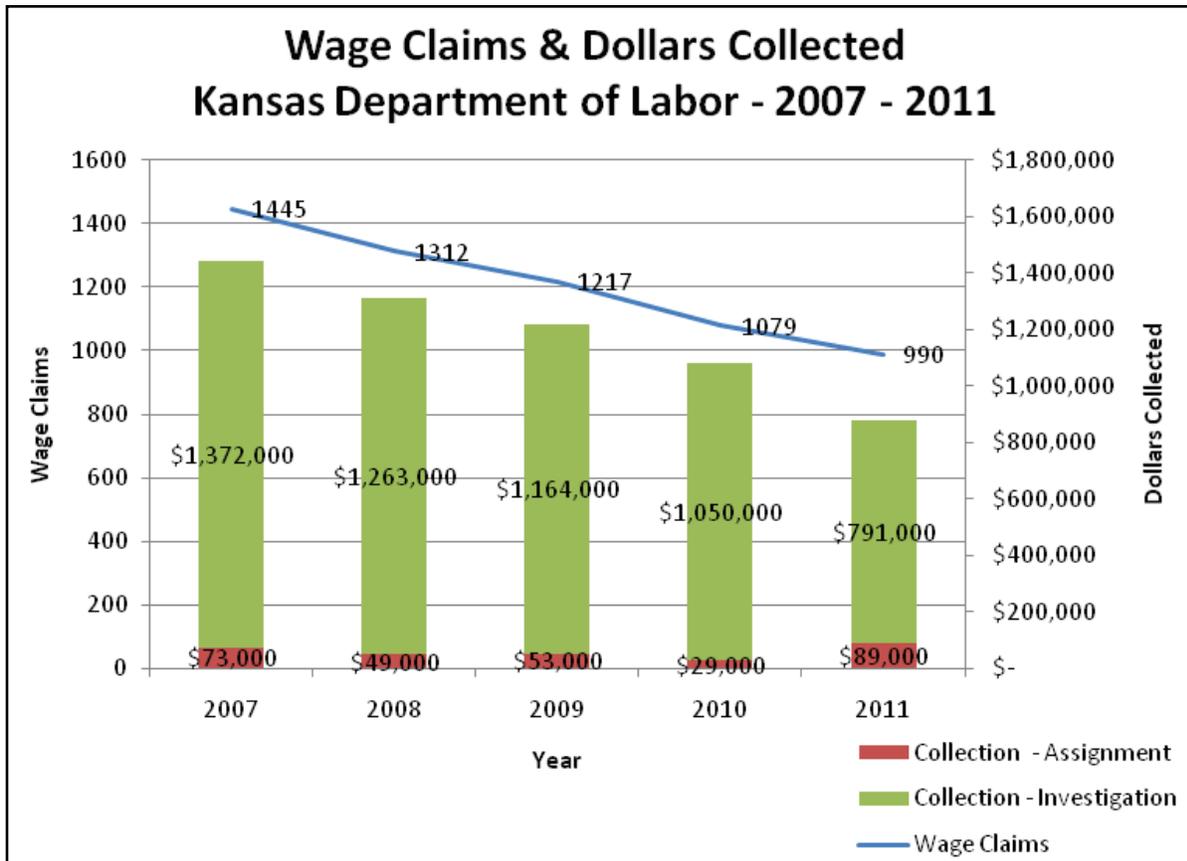


- A SHARP Association was formed in 2011 of companies in the program. The group provides an avenue for networking and mentoring, serving as a valuable tool for businesses.
- The KSafe recognition program, awarding businesses for accident-free work hours, recognized 12 businesses in 2011. The program has formally ended and a new program to focus on the public sector – state and local governments, state universities and unified school districts – is being developed for implementation in 2012.
- The division is responsible for investigating safety and health issues with public entities. During 2011, 167 visits were completed at cities, counties and school districts and 182 visits were completed at state agencies. Together these totaled 1,097 sites, affecting 20,729 employees.
- For nearly 20 years as a prerequisite for authority to provide workers compensation insurance coverage, Kansas insurance companies, or group-funded plans, have been required to provide accident prevention programs upon request of the covered employer. KDOL is charged with inspecting these programs. The division completed five inspections in 2011, uncovering three insurance companies not in compliance.
- The Boiler Safety unit is responsible for inspecting high pressure boilers, low pressure heating boilers and unfired pressure vessels. Its operation is fee funded. There are currently 19,517 registered active boilers and pressure vessels in the state. KDOL is responsible for inspecting uninsured boilers and conducting inspections of all new and relocated vessels. Insured boilers are inspected by the insurance companies. State inspectors performed 3,958 regular inspections in 2011.
- In collaboration with the Kansas Department of Agriculture (KDA), the Boiler Safety unit is inspecting stationary anhydrous ammonia tanks that have been repaired, moved or newly installed. KDA is required to inspect these tanks for safe working conditions. Using KDOL's qualified staff, there will be a reduction in tasks for the agencies and a safer environment for the general public.

The 62nd Safety and Health Conference was held October 4-7, 2011, in Topeka with 264 persons and 37 exhibitors in attendance. Feedback from those in attendance indicated the conference was “excellent, well organized,” and provided a “good assortment of safety and health topics which covered a variety of industries.”

## Assuring Kansans are paid their wages

Kansas law provides a procedure for the Office of Employment Standards to help employees collect unpaid wages. Employment Standards held almost 200 hearings and closed more than 900 cases in 2011, collecting more than \$800,000 in unpaid wages for Kansas citizens.



## Adjustments in Information Technology create major savings

Changes within the IT division in 2011 resulted in major savings and improvements including:

- Streamlined mainframe storage, cutting costs by tens of thousands of dollars per month.
- Reduced the number of software licenses, totaling approximately \$550,000 in annual savings. Negotiations are holding these costs down for 2012 as well.
- In October, the Department began using a new postal software for address corrections. From October to December 2011, returned mail was reduced by 3,800 pieces, saving approximately \$1,330.
- During summer 2011, there were 12 paper production forms converted to PDF attachments. This reduced printing by approximately 8,000 sheets of paper per week and saved the labor costs involved with scanning them into the system when the paper form was returned. More forms will be converted to PDF files in 2012.

## Communicating our messages

From revised customer materials, to videos helping employers understand how the unemployment tax system works, KDOL Marketing and Communications worked to bring a clearer message about the agency to all audiences.

An enlarged video podcast format was launched in 2011 to provide information about many areas within the agency. Labor News used YouTube to provide information on topics from how an employer files a Quarterly Wage Report, to the statistics that are found in the agency's 2008-2018 Occupational Outlook.

The division continued its efforts to bring improvements that make using KDOL websites more understandable and increase online information for customers.

## Fiscal Year 2011 Actual Expenditures

				KDOL	
				FY 2011 Actuals	
				Actual Expenditures	Percent
				<b>\$1,022,308,211</b>	<b>100.00%</b>
<b>State General Fund:</b>					
	General Administration			1,006	
	Legal Services			200,380	
	Employment Standards			49,176	
	Public Employees Relations Board			187,678	
	<b>Total SGF</b>			<b>\$438,240</b>	<b>0.04%</b>
<b>Fee Funded Programs:</b>					
	Boiler Inspection			<b>\$524,576</b>	<b>0.05%</b>
	Workers Compensation			<b>\$11,087,472</b>	<b>1.08%</b>
<b>Federal Funded Programs:</b>					
	Unemployment Insurance			36,311,117	
	Wagner Peyser (LMI One-Stop)			532,999	
	OSHA			695,756	
	Labor Force Statistics (BLS)			1,142,962	
	OSH/CFOI			89,785	
	LMI OSHA			76,989	
	<b>Total Federal</b>			<b>\$38,849,608</b>	<b>3.80%</b>
<b>Unemployment Insurance Benefits:</b>				<b>\$969,611,018</b>	<b>94.85%</b>
<b>Other Funds</b>					
	Penalty & Interest Funds			<b>\$555,442</b>	<b>0.05%</b>
	Federal Indirect Offset Fund			<b>\$394,031</b>	<b>0.04%</b>
	Human Resources Special Projects Fund			<b>\$209,930</b>	<b>0.02%</b>
	Special Wage Payment Clearing Trust Fund			<b>\$134,794</b>	<b>0.01%</b>
	KDOL Off Budget(MOUs)			<b>\$503,100</b>	<b>0.05%</b>
	Interest For UI Trust Fund Advances			<b>0</b>	<b>0.00%</b>