

Kansas Department of Labor

	FY 2023			FY 2024		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate W/O Maj. Changes	\$ 3,479,212	\$ 218,395,279	516.1	\$ 3,968,199	\$ 206,638,301	446.2
1. UI Modernization	3,021,831	3,021,831	-	10,000,000	10,000,000	-
2. UI Program Staff	3,926,511	3,926,511	-	6,695,562	6,695,562	-
3. Law Enforcement Staff	422,786	422,786	-	404,656	404,656	-
4. IT Department Salaries	211,224	211,224	-	211,224	211,224	-
5. LWA Overpayments	1,484,324	1,484,324	-	-	-	-
6. PUA Development	16,500,000	16,500,000	-	-	-	-
7. Capital Improvements	792,000	-	-	795,000	-	-
8. UI Modernization Hardware	504,358	10,852,047	-	-	-	-
9. UI Benefits	-	(9,720,137)	-	-	-	-
10. Pandemic Programs Ending	225,498	(8,857,295)	-	-	-	-
11. Personnel Adjustments	(270,196)	(2,933,748)	(70.9)	-	-	-
12. State UI Administration	-	-	-	-	(9,978,164)	-
13. Federal UI Administration	-	-	-	-	(16,495,697)	-
<i>Subtotal – Agency Estimate</i>	<u>\$ 30,297,548</u>	<u>\$ 233,302,822</u>	<u>445.2</u>	<u>\$ 22,074,641</u>	<u>\$ 197,475,882</u>	<u>446.2</u>
Governor's Changes:						
14. UI Modernization	\$ 17,478,169	\$ 17,478,169	-	\$ (10,000,000)	\$ (10,000,000)	-
15. UI Program Staff	(3,926,511)	(3,926,511)	-	(6,695,562)	(6,695,562)	-
16. Law Enforcement Staff	(422,786)	(422,786)	-	(404,656)	(404,656)	-
17. IT Department Salaries	(211,224)	(211,224)	-	(211,224)	(211,224)	-
18. LWA Overpayments	(1,484,324)	(1,484,324)	-	-	-	-
19. PUA Development	(16,500,000)	(16,500,000)	-	-	-	-
20. GBA No. 1, Item 12 – Appeals Backlog	-	-	-	890,000	890,000	-
<i>Subtotal - Governor's Recommendation</i>	<u>\$ 25,230,872</u>	<u>\$ 228,236,146</u>	<u>445.2</u>	<u>\$ 5,653,199</u>	<u>\$ 181,054,440</u>	<u>446.2</u>
Change from Agency Est.	\$ (5,066,676)	\$ (5,066,676)	-	\$ (16,421,442)	\$ (16,421,442)	-
Percent Change from Agency Est.	(16.7)%	(2.2)%	0.0 %	(74.4)%	(8.3)%	0.0 %
Legislative Action:						
21. Forensic Audit Services	\$ 23,000	\$ 23,000	-	-	-	-
22. Unemployment Compensation	-	-	-	-	-	-
23. Adopt GBA No. 1, Item 12 – Appeals Backlog	-	-	-	-	-	-
24. Salary Increase	-	-	-	226,875	1,136,482	-
TOTAL APPROVED	<u>\$ 25,253,872</u>	<u>\$ 228,259,146</u>	<u>445.2</u>	<u>\$ 5,880,074</u>	<u>\$ 182,190,922</u>	<u>446.2</u>
Change from Gov. Rec.	\$ 23,000	\$ 23,000	-	\$ 226,875	\$ 1,136,482	-
Percent Change from Gov. Rec.	0.1 %	0.0 %	0.0 %	4.0 %	0.6 %	0.0 %
Change from Agency Est.	\$ (5,043,676)	\$ (5,043,676)	-	\$ (16,194,567)	\$ (15,284,960)	-
Percent Change from Agency Est.	(16.6)%	(2.2)%	0.0 %	(73.4)%	(7.7)%	0.0 %
Category of Expenditure:	SGF	All Funds		SGF	All Funds	
State Operations	\$ 24,461,872	\$ 88,094,706		\$ 5,085,074	\$ 43,267,000	
Aid to Local Units	-	-		-	-	
Other Assistance	-	138,844,440		-	137,598,922	
Capital Improvements	792,000	1,320,000		795,000	1,325,000	
TOTAL APPROVED	<u>\$ 25,253,872</u>	<u>\$ 228,259,146</u>		<u>\$ 5,880,074</u>	<u>\$ 182,190,922</u>	

- The agency added \$3.0 million SGF in FY 2023 and \$10.0 million SGF for FY 2024 to address the unfunded portion of the Unemployment Insurance (UI) modernization project. The agency estimated the cost of modernization to be \$17.9 million (\$14.9 million funded, \$3.0 million unfunded) in FY 2023 and \$16.3 million (\$6.3 million funded, \$10.0 million unfunded) for FY 2024. Project tasks included developing a requirements management tool, system design, system build and configuration, system testing, data migration, user acceptance testing, end-to-end testing, training, and go-live operations.

2. The agency added \$3.9 million SGF in FY 2023 and \$6.7 million SGF for FY 2024 for UI program positions. These positions were established to address the backlog resulting from the COVID-19 pandemic, and the agency indicated other funding sources are not currently available to be allocated for these positions.
3. The agency added \$422,786 SGF in FY 2023 and \$404,656 SGF for FY 2024 for law enforcement staff, including funding for salaries, supplies, and training, and the purchase of an additional vehicle for the program. These positions help investigate unemployment fraud and forward cases to courts for prosecution. During the COVID-19 pandemic, the agency increased its roster from two positions to eight. The unemployment grant that funded those positions no longer supports additional staffing in that area.
4. The agency added \$211,224 SGF to increase salaries for information technology (IT) staff in FY 2023 and for FY 2024. This funding would address high turnover in the IT Department as the agency seeks to fill several vacant positions, including Applications Developer, IT Manager, and Project Manager.
5. The agency added \$1.5 million SGF to repay overpayment of unemployment benefits owed to the Federal Emergency Management Agency (FEMA) for the Lost Wages Assistance (LWA) Program in FY 2023. The LWA Program allowed states to provide up to \$400 in additional weekly unemployment benefits to eligible claimants. Of that amount, \$300 was funded through a \$44.0 billion allocation from the FEMA Disaster Relief Fund. Repayment of overpaid benefits is a requirement of the FEMA grant.
6. The agency added \$16.5 million SGF to support continued Pandemic Unemployment Assistance (PUA) operations in FY 2023. The agency indicated this funding would allow it to repay the U.S. Department of Labor for an overage of PUA costs and continue to work through its backlog of pandemic program claims throughout the unemployment process, including adjudications and appeals.
7. The agency shifted capital improvement project funding sources from the Workmen's Compensation Fee Fund to the SGF by \$792,000 in FY 2023 and \$795,000 for FY 2024. This adjustment would result in a net zero change in overall expenditures.
8. The agency added \$10.9 million, including \$504,358 SGF, for capital outlay expenditures within the Administration Program in FY 2023. The majority of these expenditures are to purchase additional computers, servers, hardware, and software for the UI modernization project.
9. The agency deleted \$9.7 million, all from the UI Trust Fund, for unemployment insurance benefits in FY 2023 as the number of claims begins to return to normal levels.
10. The agency deleted \$8.9 million, including \$9.1 million from the UI Trust Fund, for contractual services expenditures within the Administration Program in FY 2023. The majority of the change is due to the end of programming for pandemic programs, partially offset by increased spending for the new UI system.
11. The agency deleted \$2.9 million, including \$270,196 SGF, for personnel adjustments throughout the agency in FY 2023. The majority of these adjustments are due to anticipated reductions in staff, as the agency transitions to post-pandemic operations where fewer staff are needed in Administration and Unemployment Insurance Services programs.
12. The agency deleted \$10.0 million, all from the Special Employment Security Fund, for FY 2024. The Special Employment Security Fund receives revenue from penalties paid by employers who are untimely in paying their contribution tax. KSA 44-716a states that these funds must be expended on costs that cannot be covered by federal funds for the administration of the employment security law.
13. The agency deleted \$16.5 million, all from federal funds, for the administration of the Unemployment Insurance Services Program for FY 2024. From FY 2020 to FY 2022, the agency received additional contingency funds as workloads increased in order to administer new federal benefit programs. As those programs ended, receipts and expenditures from this fund decreased.
14. The Governor added \$17.5 million SGF for the unfunded portion of the UI modernization project in FY 2023. This results in one-time expenditures of \$20.5 million instead of the agency estimate of \$3.0 million SGF in FY 2023 and \$10.0 million SGF for FY 2024. Additionally, the Governor also recommended lapsing up to \$20.5 million SGF if federal funding, in excess of federal funds currently encumbered for the project, is received.
15. The Governor deleted \$3.9 million SGF in FY 2023 and \$6.7 million SGF for FY 2024 to not provide additional funding for UI program positions.
16. The Governor deleted \$422,786 SGF in FY 2023 and \$404,656 SGF for FY 2024 to not provide additional funding for law enforcement staff.

17. The Governor deleted \$211,224 SGF in FY 2023 and for FY 2024 to not provide additional funding for IT Department salaries.
18. The Governor deleted \$1.5 million SGF in FY 2023 to not provide additional funding to repay overpayment of employment benefits owed to FEMA for the LWA Program.
19. The Governor deleted \$16.5 million SGF in FY 2023 to not provide additional funding for continued PUA operations.
20. The Governor added \$890,000 SGF for FY 2024 to address the unemployment insurance and pandemic unemployment assistance appeals backlog.
21. The Legislature added \$23,000 SGF for payment to FORVIS, LLC for forensic audit services in FY 2023. Subsequent to finalizing the contract with the Unemployment Compensation Modernization and Improvement Council, FORVIS received requests for additional work and meeting attendance outside the scope of the contract.
22. The Legislature added language for FY 2024 to amend law related to unemployment compensation to (1) begin an unemployment insurance benefit year on a Sunday, and to (2) only allow for rates to combine at the beginning of the year after a business acquires another business in Kansas.
23. The Legislature concurred with GBA No. 1, Item 12, to add \$890,000 SGF for FY 2024 to address the unemployment insurance and pandemic unemployment assistance appeals backlog.
24. The Legislature added \$1.1 million, including \$226,875 SGF, for a salary adjustment for most state employees based on the Department of Administration Market Survey and a 5.0 percent salary adjustment for employees with job classifications that are not included in the Market Survey for FY 2024.