

Senate Subcommittee Report

Agency: Kansas Department of Labor

Bill No. SB 155

Bill Sec. 49

Analyst: Wu

Analysis Page No. Vol. II, p. 1227

Budget Page No. 274

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,279,641	\$ 3,968,199	\$ 0
Federal Funds	16,979,809	16,979,809	0
Other Funds	157,891,432	157,891,432	0
<i>Subtotal</i>	<u>\$ 196,150,882</u>	<u>\$ 178,839,440</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 795,000	\$ 795,000	\$ 0
Federal Funds	530,000	530,000	0
Other Funds	-	-	0
<i>Subtotal</i>	<u>\$ 1,325,000</u>	<u>\$ 1,325,000</u>	<u>\$ 0</u>
TOTAL	<u>\$ 197,475,882</u>	<u>\$ 180,164,440</u>	<u>\$ 0</u>
 FTE positions	 442.3	 442.3	 0.0

Agency Request

The **agency** requests \$197.5 million in on-budget expenditures and 443.2 on-budget FTE positions for FY 2024, including \$22.1 million SGF, \$137.6 million from the UI Trust Fund, and \$17.5 million from federal funds. This represents a decrease of \$35.8 million, or 15.4 percent, below the revised estimate in FY 2023. The request includes enhancement funding for five items, totaling \$17.3 million in additional spending. The largest request is for **\$10.0 million SGF for the unfunded portion of the UI modernization project** for FY 2024. This is an increase of \$7.0 million SGF above the amount requested for the same purpose in FY 2023. The agency estimates the cost for modernization to be \$16.3 million for FY 2024, \$6.3 million of which is currently funded. Project tasks scheduled for FY 2024 include user acceptance testing, end-to-end testing, training, and go-live operations.

The agency also requests **\$6.7 million SGF for UI program positions** for FY 2024. This is an increase of \$2.8 million SGF above the amount requested for the same purpose in FY 2023. These positions were established to address the backlog resulting from the COVID-19 pandemic, and the agency indicates other funding sources are not currently available to be allocated for these positions. This funding would support UI program operations as some existing personnel are diverted to the UI modernization project. This funding also provides salary increases to certain positions that the agency has found to be inequitable compared to other positions.

The request also includes \$418,262 in off-budget expenditures and 2.9 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state

agency to another. For FY 2024, off-budget expenditures increase by \$39,746, or 10.5 percent, above the revised estimate in FY 2023.

Governor's Recommendation

The **Governor** recommends \$180.2 million in on-budget expenditures and 443.3 on-budget FTE positions for FY 2024, including \$4.8 million SGF, \$137.6 million from the UI Trust Fund, and \$34.0 million from federal funds. The recommendation is a decrease of \$17.3 million, or 78.4 percent, below the agency request and is primarily due to **funding the unfunded portion of the UI modernization project in FY 2023 instead of FY 2024** (\$10.0 million SGF). The decrease is also due to **the Governor's recommendation not to adopt the following enhancement requests**: increased funding for UI program personnel (\$6.7 million SGF), additional law enforcement personnel (\$404,656 SGF), and salary increases for the IT department (\$211,224 SGF).

The recommendation also includes \$418,262 in off-budget expenditures and 2.9 off-budget FTE positions, which is the same as the agency's request for FY 2024.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation for FY 2024.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation for FY 2024.

House Budget Committee Report

Agency: Kansas Department of Labor

Bill No. HB 2273

Bill Sec. 49

Analyst: Wu

Analysis Page No. Vol. II, p. 1227

Budget Page No. 274

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,279,641	\$ 3,968,199	\$ 0
Federal Funds	16,979,809	16,979,809	0
Other Funds	157,891,432	157,891,432	0
<i>Subtotal</i>	<u>\$ 196,150,882</u>	<u>\$ 178,839,440</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 795,000	\$ 795,000	\$ 0
Federal Funds	530,000	530,000	0
Other Funds	-	-	0
<i>Subtotal</i>	<u>\$ 1,325,000</u>	<u>\$ 1,325,000</u>	<u>\$ 0</u>
TOTAL	<u>\$ 197,475,882</u>	<u>\$ 180,164,440</u>	<u>\$ 0</u>
FTE positions	442.3	442.3	0.0

Agency Request

The **agency** requests \$197.5 million in on-budget expenditures and 443.2 on-budget FTE positions for FY 2024, including \$22.1 million SGF, \$137.6 million from the UI Trust Fund, and \$17.5 million from federal funds. This represents a decrease of \$35.8 million, or 15.4 percent, below the revised estimate in FY 2023. The request includes enhancement funding for five items, totaling \$17.3 million in additional spending. The largest request is for **\$10.0 million SGF for the unfunded portion of the UI modernization project** for FY 2024. This is an increase of \$7.0 million SGF above the amount requested for the same purpose in FY 2023. The agency estimates the cost for modernization to be \$16.3 million for FY 2024, \$6.3 million of which is currently funded. Project tasks scheduled for FY 2024 include user acceptance testing, end-to-end testing, training, and go-live operations.

The agency also requests **\$6.7 million SGF for UI program positions** for FY 2024. This is an increase of \$2.8 million SGF above the amount requested for the same purpose in FY 2023. These positions were established to address the backlog resulting from the COVID-19 pandemic, and the agency indicates other funding sources are not currently available to be allocated for these positions. This funding would support UI program operations as some existing personnel are diverted to the UI modernization project. This funding also provides salary increases to certain positions that the agency has found to be inequitable compared to other positions.

The request also includes \$418,262 in off-budget expenditures and 2.9 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2024, off-budget expenditures increase by \$39,746, or 10.5 percent, above the revised estimate in FY 2023.

Governor's Recommendation

The **Governor** recommends \$180.2 million in on-budget expenditures and 443.3 on-budget FTE positions for FY 2024, including \$4.8 million SGF, \$137.6 million from the UI Trust Fund, and \$34.0 million from federal funds. The recommendation is a decrease of \$17.3 million, or 78.4 percent, below the agency request and is primarily due to **funding the unfunded portion of the UI modernization project in FY 2023 instead of FY 2024** (\$10.0 million SGF). The decrease is also due to **the Governor's recommendation not to adopt the following enhancement requests**: increased funding for UI program personnel (\$6.7 million SGF), additional law enforcement personnel (\$404,656 SGF), and salary increases for the IT department (\$211,224 SGF).

The recommendation also includes \$418,262 in off-budget expenditures and 2.9 off-budget FTE positions, which is the same as the agency's request for FY 2024.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2024 with the following notation:

1. The Budget Committee is concerned with the high turnover in the agency's IT Department and recommends the House Committee on Appropriations review during deliberation on the statewide 5.0 percent pay plan increase. Furthermore, the Budget Committee requests additional information from the agency, including the current salaries of IT staff, what those salaries would be increased to, and what market pay for those positions are.

House Committee Recommendation

The **Committee** concurs with the Budget Committee's recommendation for FY 2024.