

Senate Subcommittee Report

Agency: Kansas Department of Labor

Bill No. SB 153

Bill Sec. 19

Analyst: Wu

Analysis Page No. Vol. II, p. 1227

Budget Page No. 274

Expenditure Summary	Agency Estimate FY 2023	Governor Recommendation FY 2023	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 29,505,548	\$ 24,438,872	\$ 0
Federal Funds	33,447,705	33,447,705	0
Other Funds	169,029,569	169,029,569	0
<i>Subtotal</i>	<u>\$ 231,982,822</u>	<u>\$ 226,916,146</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 792,000	\$ 792,000	\$ 0
Federal Funds	528,000	528,000	0
Other Funds	-	-	0
<i>Subtotal</i>	<u>\$ 1,320,000</u>	<u>\$ 1,320,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 233,302,822</u></u>	<u><u>\$ 228,236,146</u></u>	<u><u>\$ 0</u></u>
 FTE positions	 442.3	 442.3	 0.0

Agency Estimate

The **agency** submits a revised estimate of \$233.3 million in on-budget expenditures and 442.3 on-budget FTE positions in FY 2023, including \$30.3 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The revised estimate represents an increase of \$14.8 million, or 6.8 percent, above the amount approved by the 2022 Legislature. The revised estimate includes seven supplemental requests, totaling \$25.6 million in additional spending. The largest request is for \$16.5 million SGF to support continued Pandemic Unemployment Assistance (PUA) operations in FY 2023. The agency indicates 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.

The agency also requests **\$3.0 million SGF for the unfunded portion of the UI modernization project** in FY 2023. The agency estimates the cost for modernization to be \$17.9 million in FY 2023, \$14.9 million of which is currently funded. Project tasks scheduled for FY 2023 include developing a requirements management tool, system design, system build and configuration, system testing, and data migration.

Additionally, the revised estimate also includes **\$3.9 million SGF for UI program positions** 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.

Lastly, the agency requests **\$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.

The FY 2023 revised estimate also includes \$378,516 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. In FY 2023, off-budget expenditures decrease by \$110,968, or 22.7 percent, below the approved amount.

Governor's Recommendation

The **Governor** recommends \$228.2 million in on-budget expenditures and 445.2 on-budget FTE positions in FY 2023, including \$25.2 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The recommendation is a decrease of \$5.1 million, or 2.2 percent, below the agency's revised estimate and is primarily due to the Governor's recommendation not to adopt the following supplemental requests: increased funding for UI program personnel (\$3.9 million SGF), additional law enforcement personnel (\$422,786 SGF), salary increases for the IT department (\$211,224 SGF), funding to repay overpayment of unemployment benefits (\$1.5 million SGF), and funding to support continued PUA operations (\$16.5 million SGF).

The decrease is partially offset by the Governor's recommendation for **\$20.5 million SGF in one-time expenditures for the unfunded portion of the UI modernization project** in FY 2023, instead of the agency request of \$3.0 million SGF in FY 2023 and \$10.0 million SGF for FY 2024. In total, the Governor recommends \$7.5 million SGF more than the amount requested by the agency. The Governor also recommends lapsing up to \$20.5 million SGF if federal funding, in excess of federal funds currently encumbered for the project, are available.

The recommendation also includes \$378,516 in off-budget expenditures and 2.9 off-budget FTE positions, which is the same as the agency's revised estimate in FY 2023.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation in FY 2023.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation in FY 2023.

House Budget Committee Report

Agency: Kansas Department of Labor

Bill No. HB 2274

Bill Sec. 19

Analyst: Wu

Analysis Page No. Vol. II, p. 1227

Budget Page No. 274

Expenditure Summary	Agency Estimate FY 2023	Governor Recommendation FY 2023	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 29,505,548	\$ 24,438,872	\$ (20,500,000)
Federal Funds	33,447,705	33,447,705	20,500,000
Other Funds	169,029,569	169,029,569	0
<i>Subtotal</i>	<u>\$ 231,982,822</u>	<u>\$ 226,916,146</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 792,000	\$ 792,000	\$ 0
Federal Funds	528,000	528,000	0
Other Funds	-	-	0
<i>Subtotal</i>	<u>\$ 1,320,000</u>	<u>\$ 1,320,000</u>	<u>\$ 0</u>
TOTAL	<u>\$ 233,302,822</u>	<u>\$ 228,236,146</u>	<u>\$ 0</u>
FTE positions	442.3	442.3	0.0

Agency Estimate

The **agency** submits a revised estimate of \$233.3 million in on-budget expenditures and 442.3 on-budget FTE positions in FY 2023, including \$30.3 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The revised estimate represents an increase of \$14.8 million, or 6.8 percent, above the amount approved by the 2022 Legislature. The revised estimate includes seven supplemental requests, totaling \$25.6 million in additional spending. The largest request is for **\$16.5 million SGF to support continued Pandemic Unemployment Assistance (PUA) operations** in FY 2023. The agency indicates 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.

The agency also requests **\$3.0 million SGF for the unfunded portion of the UI modernization project** in FY 2023. The agency estimates the cost for modernization to be \$17.9 million in FY 2023, \$14.9 million of which is currently funded. Project tasks scheduled for FY 2023 include developing a requirements management tool, system design, system build and configuration, system testing, and data migration.

Additionally, the revised estimate also includes **\$3.9 million SGF for UI program positions** 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.

Lastly, the agency requests **\$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.

The FY 2023 revised estimate also includes \$378,516 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. In FY 2023, off-budget expenditures decrease by \$110,968, or 22.7 percent, below the approved amount.

Governor's Recommendation

The **Governor** recommends \$228.2 million in on-budget expenditures and 445.2 on-budget FTE positions in FY 2023, including \$25.2 million SGF, \$138.8 million from the UI Trust Fund, and \$34.0 million from federal funds. The recommendation is a decrease of \$5.1 million, or 2.2 percent, below the agency's revised estimate and is primarily due to **the Governor's recommendation not to adopt the following supplemental requests**: increased funding for UI program personnel (\$3.9 million SGF), additional law enforcement personnel (\$422,786 SGF), salary increases for the IT department (\$211,224 SGF), funding to repay overpayment of unemployment benefits (\$1.5 million SGF), and funding to support continued PUA operations (\$16.5 million SGF).

The decrease is partially offset by the Governor's recommendation for **\$20.5 million SGF in one-time expenditures for the unfunded portion of the UI modernization project** in FY 2023, instead of the agency request of \$3.0 million SGF in FY 2023 and \$10.0 million SGF for FY 2024. In total, the Governor recommends \$7.5 million SGF more than the amount requested by the agency. The Governor also recommends lapsing up to \$20.5 million SGF if federal funding, in excess of federal funds currently encumbered for the project, are available.

The recommendation also includes \$378,516 in off-budget expenditures and 2.9 off-budget FTE positions, which is the same as the agency's revised estimate in FY 2023.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation in FY 2023 with the following adjustment:

1. Delete \$20.5 million SGF and add the same amount from federal funds for FY 2024. Transfer the same amount from the Legislature Employment Security Fund in the Legislative Coordinating Council to an American Rescue Plan Act (ARPA) account in the Kansas Department of Labor to fund the unfunded portion of the UI modernization project from the ARPA instead of the SGF.

House Committee Recommendation

The **Committee** concurs with the Budget Committee's recommendation in FY 2023.