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## **Kansas Department of Labor Strategic Staffing Plan, State Fiscal Year 2023**

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### **Introduction**

2021 HB 2196, which created the Unemployment Compensation Modernization and Improvement Council (UCMIC), directs the Secretary of the Kansas Department of Labor (KDOL) to “develop a written strategic staffing plan to be implemented whenever there is a substantial increase or a substantial decrease in the number of inquiries or claims for benefits [...]” This document represents the strategic staffing plan for State Fiscal Year 2023, as required by state law.

This plan has been incorporated into KDOL’s Continuity of Operations Plan (COOP).

### **Executive Summary**

The Kansas Department of Labor has identified four economic phases that will impact the resource levels needed to continue administration of the unemployment insurance program during an economic downturn when data shows that demand for services is the highest. The agency has also identified a set of triggers associated with each phase to initiate the agency action steps outlined in this plan. While this plan provides the agency with a clear plan and action items, the most critical action the agency can take in preparing for the next economic downturn is to ensure that the current UI modernization project is completed on time. Retirement of the legacy IT platform and complete implementation of a modernized system is the single most important action the agency can take in the next two years. Following the most recent economic downturn caused by the COVID-19 pandemic data shows that states with modernized systems outperformed states who remained on legacy systems, despite having similar demands, including implementation of new systems authorized by Congress. Kansas could have avoided most, if not all, of the issues incited by the pandemic if the agency’s modernization had not been abruptly halted in 2011.

### **Background**

In March of 2020, the rapid onset of the COVID-19 pandemic immediately exposed the degree to which state agencies administering unemployment insurance (UI) programs across the country were unprepared for the challenges of a nearly overnight onslaught of new unemployment claims. In Kansas, the number of initial claims rose from 1,820 to over 55,000 during a two-week period in March of 2020, and our unemployment rate skyrocketed from 3.1% to 12.2%. Nationally, initial claims for unemployment benefits jumped from 221,000 to 5,946,000 in the same two-week period. To demonstrate that the agency is better equipped to handle the next economic downturn or other events, the agency has assembled this strategic

staffing plan to prepare for future substantial increases (or decreases) in the number of unemployment claims filed in the state.

KDOL receives most funding through unemployment insurance administrative grants from the U.S. Department of Labor (USDOL). USDOL's formula for funding is the Resource Justification Model (RJM), which is a reactive funding mechanism based on previous years' administrative costs. This model is fundamentally inefficient and inadequate to forecast or react to economic downturns, let alone allow the agency to proactively implement best practices. Supplemental funds for the agency are typically in the form of State General Funds (SGF), which until the pandemic were approximately 1% of the agency's budget.

During the COVID-19 pandemic, KDOL was **only** able to react to pandemic demands through funding provided by Congress. Should another economic downturn occur, the agency would **not** be able to fund portions of this plan without additional funding. Lastly, federal funding requires the agency to follow the Wagner-Peyser Act regarding merit staffing.

### **Strategic Staffing Plan – Phases and Triggers**

The agency has identified four economic phases that will determine the agency's staff posture in the unemployment program.

1. *Steady Phase*: This occurs when the state's three-month seasonally adjusted average unemployment rate is less than 5% and the four-week moving average of initial claims for unemployment benefits is less than 0.5% of the non-farm labor force in the state.
2. *Building Phase*: This occurs when the state's three-month seasonally adjusted average unemployment rate is greater than 5% but less than 6% or the four-week moving average of initial claims for unemployment benefits is greater than 0.5% of the non-farm labor force in the state.
3. *Immediate Action Phase*: The agency enters this phase if any of the events below occur:
  - a. The state's three-month seasonally adjusted average unemployment rate is greater than 6%.
  - b. The U.S. Department of Labor informs KDOL that the state has triggered the Extended Benefits program.
  - c. The number of initial claims for unemployment benefits is greater than 0.75% of the non-farm workforce in the state.
  - d. Action from Congress creates or reinstates a new federal unemployment program administered by state unemployment agencies.

The *immediate action phase* may also be triggered at the discretion of the Governor on the recommendation of the Kansas Secretary of Labor. In circumstances including, but not limited to, a Disaster Unemployment Assistance activating event occurs in the state or when the National Bureau of Economic Research determines that the U.S. has entered a recession or other significant economic crisis.

4. *Recovery Phase*: This occurs when the agency is in the *immediate action phase* or *building phase* and one or more of the indicators begin trending in a positive economic direction. This phase is triggered at the discretion of the Governor on the recommendation of the Kansas Secretary of Labor.

### Agency Operations in Steady Phase

In a *steady phase* the agency will strive to meet the following staff goals in the unemployment insurance program:

Customer Service Representatives (CSR)	35-55
Adjudicators	15-25
Administrative/Back Office Staff	5-10
Fraud Investigators	10-15

In a *steady phase*, the agency will strive to meet all staffing needs through the recruitment and retention of full-time State of Kansas employees.

### Agency Operations in Building Phase

In the *building phase*, the agency will begin building staffing resources for the following targets.

Customer Service Representatives (CSR)	55-75
Adjudicators	25-35
Administrative/Back Office Staff	10-12
Fraud Investigators	15-20

The agency's goal will be to meet as many of these resource needs as possible through the recruitment and retention of full-time State of Kansas employees. In this phase, the agency may also engage other state agencies, staffing agencies, or other staffing contractors to meet the agency's resources needs.

### Agency Operations in an Immediate Action Phase

In an *immediate action phase*, the agency will immediately begin building resources to the minimum target levels below:

Customer Service Representatives (CSR)	75
Adjudicators	35
Administrative/Back Office Staff	12
Fraud Investigators	20

Once the minimum target levels are met the Secretary of Labor will determine if additional staffing resources are needed to meet the agency’s operational needs, in doing so the following factors will be considered:

- Key call center performance metrics such as, for example, percentage of unique callers serviced, the average hold time for callers, and the number of calls abandoned.
- Availability of funds at the state and federal levels.
- The capacity of KDOL infrastructure to support additional resources.
- USDOL Core performance measures for the Unemployment Insurance program.

In this phase, significant staffing resources will be temporary and/or contract staff to provide maximum flexibility for the agency as economic conditions change.

### **Agency Operations in Recovery Phase**

When the agency is in this phase, the Secretary of Labor will begin taking action to return the agency’s staffing levels to the steady phase targets. This will be done first by rolling off all contracted and temporary resources, then through staff attrition. Permanent staff may also be transitioned to other areas of the agency where needs remain during a recovery phase. Staff layoffs will be considered as a last resort for workforce reduction.

### **Agency Action Taken to Improve Recruitment & Retention, and Prepare for a Change in the Economic Phase**

The COVID-19 pandemic underscored the importance of maintaining strong unemployment insurance administration and the need for the state’s unemployment system to be prepared for economic conditions that result in an increased number of claimants, federal program changes, and fraudulent activity. KDOL learned that there were several weaknesses in the system that prevented the agency from scaling up quickly to address the need created by the onslaught of pandemic-related claims.

### *System Complexity*

KDOL's legacy system is complex and antiquated. As a result, to access and retrieve even basic information about a claim or claimant, staff must navigate several windows that represent the mainframe, database, claim submission, account information, and more. Unemployment modernization will resolve this issue in two ways: it will make it easier for claimants to access information and manage their own claim, and it will be easier to train staff to assist claimants, communicate with employers, and prevent fraud when more capacity is needed. Additionally, modernization will allow the agency more flexibility in responding to any future new federal programs that may be created.

### *IT Scalability*

The agency's IT team has worked to configure our technology infrastructure to be ready to scale as needed. Scalability was a significant challenge as the agency added large numbers of resources during the COVID-19 pandemic, which used an outdated programming language that made new program creation and problem-solving difficult. Moving key infrastructure into the cloud will prepare our hardware supply chain to be ready to absorb a significant spike in demand.

### *Staffing Availability*

Staffing utilization for all phases will be at the discretion of the Secretary of Labor. A full-time equivalency (FTE) is a unit of measurement equivalent to one full-time position. Temporary positions are limited to not more than 999 hours of employment in a 12-month period. Temporary positions do not affect the position limitation of an agency. Contracting positions are individuals hired for a specific project or a certain timeframe for a set fee either through an existing agreement or through a procurement process.

In all instances, existing UI FTEs will be utilized to their fullest extent. Additionally, the Secretary of Labor will engage non-UI employees from within the Department of Labor as needed, starting with individuals with prior training on UI policies and systems, with other employees being engaged as is appropriate while maintaining critical agency functions.

Support from employees of other agencies will be requested through their appointing authority by the Secretary of Labor if circumstances allow re-assignment without interrupting the functions of those agencies.

Temporary or contracted positions will be utilized if the agency meets the *Immediate* or *Building Action* phases and/or as the agency's operational metrics are negatively impacted.

The agency is working in coordination with other state agencies to prepare an RFP to ensure the agency has access to standby call center resources so that the agency can move quickly through the procurement process when needed.